

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number: 001-33296



NATIONAL CINEMEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware
**(State or Other Jurisdiction of
Incorporation or Organization)**

6300 S. Syracuse Way, Suite 300
(Address of Principal Executive Offices)

Centennial Colorado

20-5665602
**(I.R.S. Employer
Identification No.)**

80111
(Zip Code)

Registrant's telephone number, including area code: (303) 792-3600

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.01 per share
(Title of each class)

NCMI
(Trading symbol)

The Nasdaq Stock Market LLC
(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 4, 2022, 81,754,381 shares of the registrant's common stock (including unvested restricted shares), par value of \$0.01 per share, were outstanding.

TABLE OF CONTENTS

Page

PART I

Item 1.	Unaudited Financial Statements	1
	Unaudited Condensed Consolidated Balance Sheets	1
	Unaudited Condensed Consolidated Statements of Income and Comprehensive Income	2
	Unaudited Condensed Consolidated Statements of Cash Flows	3
	Unaudited Condensed Consolidated Statements of Equity/(Deficit)	5
	Notes to Unaudited Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	31
Item 4.	Controls and Procedures	31

PART II

Item 1.	Legal Proceedings	32
Item 1A.	Risk Factors	32
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3.	Defaults Upon Senior Securities	32
Item 4.	Mine Safety Disclosures	32
Item 5.	Other Information	32
Item 6.	Exhibits	33
	Signatures	34

Item 1. Financial Statements

PART I

**NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)
(UNAUDITED)**

	As of	
	March 31, 2022	December 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 113.8	\$ 101.2
Short-term marketable securities	0.3	0.3
Receivables, net of allowance of \$1.4 and \$1.7, respectively	43.0	53.0
Other current assets and prepaid expenses	6.7	3.9
Total current assets	163.8	158.4
NON-CURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$56.2 and \$59.9, respectively	14.2	21.3
Intangible assets, net of accumulated amortization of \$251.7 and \$245.6, respectively	610.7	606.3
Deferred tax assets, net of valuation allowance of \$225.5 and \$223.8, respectively	—	—
Other investments	0.8	0.8
Long-term marketable securities	1.0	1.0
Debt issuance costs, net	7.9	4.5
Other assets	23.2	25.1
Total non-current assets	657.8	659.0
TOTAL ASSETS	\$ 821.6	\$ 817.4
LIABILITIES AND EQUITY/(DEFICIT)		
CURRENT LIABILITIES:		
Amounts due to founding members, net	\$ 11.2	\$ 11.8
Accrued expenses	13.0	13.4
Accrued payroll and related expenses	5.1	7.9
Accounts payable	13.1	16.3
Deferred revenue	9.8	15.0
Short-term debt	3.2	3.2
Other current liabilities	2.3	2.2
Total current liabilities	57.7	69.8
NON-CURRENT LIABILITIES:		
Long-term debt, net of debt issuance costs of \$9.9 and \$10.5, respectively	1,143.3	1,094.3
Payable to founding members under tax receivable agreement (including payables to related parties of \$11.9 and \$11.9, respectively)	22.2	16.4
Other liabilities	19.8	20.4
Total non-current liabilities	1,185.3	1,131.1
Total liabilities	1,243.0	1,200.9
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
EQUITY/(DEFICIT):		
NCM, Inc. Stockholders' Equity/(Deficit):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding, respectively	—	—
Common stock, \$0.01 par value; 175,000,000 shares authorized, 81,403,872 and 80,626,889 issued and outstanding, respectively	0.8	0.8
Additional paid in capital/(deficit)	(191.5)	(195.5)
Retained earnings (distributions in excess of earnings)	(361.4)	(332.0)
Total NCM, Inc. stockholders' equity/(deficit)	(552.1)	(526.7)
Noncontrolling interests	130.7	143.2
Total equity/(deficit)	(421.4)	(383.5)
TOTAL LIABILITIES AND EQUITY/(DEFICIT)	\$ 821.6	\$ 817.4

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In millions, except share and per share data)
(UNAUDITED)

	Three Months Ended	
	March 31, 2022	April 1, 2021
REVENUE (including revenue from related parties of \$2.8 and \$0.4, respectively)	\$ 35.9	\$ 5.4
OPERATING EXPENSES:		
Advertising operating costs	4.7	1.5
Network costs	2.0	1.8
Theater access fees and revenue share to founding members (including fees to related parties of \$12.8 and \$1.3, respectively)	17.9	3.1
Selling and marketing costs	10.2	7.7
Administrative and other costs	9.7	10.2
Impairment of long-lived assets	5.8	—
Depreciation expense	2.0	3.3
Amortization of intangibles recorded for network theater screen leases	6.1	6.1
Total	58.4	33.7
OPERATING LOSS	(22.5)	(28.3)
NON-OPERATING EXPENSES (INCOME):		
Interest on borrowings	17.2	14.7
Loss on modification and retirement of debt, net	—	0.4
Loss (gain) on re-measurement of the payable to founding members under the tax receivable agreement	6.4	(1.5)
Other non-operating expense (income)	(0.1)	0.1
Total	23.5	13.7
LOSS BEFORE INCOME TAXES	(46.0)	(42.0)
Income tax expense	—	—
CONSOLIDATED NET LOSS	(46.0)	(42.0)
Less: Net loss attributable to noncontrolling interests	(20.8)	(22.6)
NET LOSS ATTRIBUTABLE TO NCM, INC.	\$ (25.2)	\$ (19.4)
COMPREHENSIVE LOSS ATTRIBUTABLE TO NCM, INC.	\$ (25.2)	\$ (19.4)
NET LOSS PER NCM, INC. COMMON SHARE:		
Basic	\$ (0.31)	\$ (0.25)
Diluted	\$ (0.31)	\$ (0.25)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	81,040,652	78,481,355
Diluted	81,040,652	78,481,355

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions) (UNAUDITED)

	Three Months Ended	
	March 31, 2022	April 1, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	\$ (46.0)	\$ (42.0)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Depreciation expense	2.0	3.3
Amortization of intangibles recorded for network theater screen leases	6.1	6.1
Non-cash share-based compensation	1.4	2.7
Impairment of long-lived assets	5.8	—
Amortization of debt issuance costs	2.2	0.7
Loss on modification and retirement of debt, net	—	0.4
Non-cash loss (gain) on re-measurement of the payable to founding members under the tax receivable agreement	6.4	(1.5)
Other	(0.1)	—
Founding member integration and other encumbered theater payments	1.2	—
Payment to the founding members under tax receivable agreement (including payments to related parties of \$0.0 and \$0.6, respectively)	—	(0.9)
Other cash flows from operating activities	(0.2)	0.1
Changes in operating assets and liabilities:		
Receivables, net	10.0	8.8
Accounts payable and accrued expenses	(4.1)	(0.2)
Amounts due to/from founding members, net	(1.6)	(1.1)
Deferred revenue	(5.2)	(0.2)
Other, net	(1.5)	(1.2)
Net cash used in operating activities	(23.6)	(25.0)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(0.7)	(2.0)
Net cash used in investing activities	(0.7)	(2.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	(4.5)	(4.8)
Issuance of revolving credit facility	50.0	—
Issuance of term loans	—	50.0
Repayment of term loan facility	(1.6)	(0.7)
Payment of debt issuance costs	(6.8)	(6.0)
Repurchase of stock for restricted stock tax withholding	(0.2)	(1.1)
Net cash provided by financing activities	36.9	37.4
CHANGE IN CASH AND CASH EQUIVALENTS:		
	12.6	10.4
Cash and cash equivalents at beginning of period	101.2	180.3
Cash and cash equivalents at end of period	\$ 113.8	\$ 190.7

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In millions)
(UNAUDITED)

	Three Months Ended	
	March 31, 2022	April 1, 2021
Supplemental disclosure of non-cash financing and investing activity:		
Purchase of an intangible asset with NCM LLC equity	\$ 10.4	\$ 14.1
Purchase of subsidiary equity with NCM, Inc. equity	\$ —	\$ 6.6
Increase in dividend equivalent accrual not requiring cash in the period	\$ 0.1	\$ 0.5
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 15.6	\$ 10.9
Cash refunds for income taxes	\$ —	\$ (0.1)

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY/(DEFICIT)
(In millions, except share and per share data)
(UNAUDITED)

	NCM, Inc.					
	Consolidated	Common Stock		Additional Paid in Capital (Deficit)	Retained Earnings (Distribution in Excess of Earnings)	Noncontrolling Interest
		Shares	Amount			
Balance—December 31, 2020	\$ (268.6)	78,040,818	\$ 0.8	\$ (207.5)	\$ (266.4)	\$ 204.5
NCM LLC equity issued for purchase of intangible asset	14.1	—	—	6.8	—	7.3
Income tax and other impacts of NCM LLC ownership changes	(0.1)	—	—	0.7	—	(0.8)
Issuance of shares	6.6	1,390,567	—	6.6	—	—
NCM LLC common membership redemption	(6.6)	—	—	(6.6)	—	—
Comprehensive loss, net of tax	(42.0)	—	—	—	(19.4)	(22.6)
Share-based compensation issued	(1.1)	586,166	—	(1.1)	—	—
Share-based compensation expensed/capitalized	2.9	—	—	2.2	—	0.7
Cash dividends declared \$0.05 per share	(4.5)	—	—	—	(4.5)	—
Balance—April 1, 2021	<u>\$ (299.3)</u>	<u>80,017,551</u>	<u>\$ 0.8</u>	<u>\$ (198.9)</u>	<u>\$ (290.3)</u>	<u>\$ 189.1</u>
Balance—December 30, 2021	\$ (383.5)	80,626,889	\$ 0.8	\$ (195.5)	\$ (332.0)	\$ 143.2
NCM LLC equity issued for purchase of intangible asset	10.4	—	—	4.9	—	5.5
Income tax and other impacts of NCM LLC ownership changes	0.6	—	—	(1.7)	—	2.3
Comprehensive loss, net of tax	(46.0)	—	—	—	(25.2)	(20.8)
Share-based compensation issued	(0.1)	776,983	—	(0.1)	—	—
Share-based compensation expensed/capitalized	1.4	—	—	0.9	—	0.5
Cash dividends declared \$0.05 per share	(4.2)	—	—	—	(4.2)	—
Balance—March 31, 2022	<u>\$ (421.4)</u>	<u>81,403,872</u>	<u>\$ 0.8</u>	<u>\$ (191.5)</u>	<u>\$ (361.4)</u>	<u>\$ 130.7</u>

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. THE COMPANY

Description of Business

National CineMedia, Inc., a Delaware corporation (“NCM, Inc.”), is a holding company with the sole purpose of becoming a member and sole manager of National CineMedia, LLC (“NCM LLC”), a Delaware limited liability company. NCM LLC is currently owned by NCM, Inc., Regal Cinemas, Inc. and Regal CineMedia Corporation, wholly owned subsidiaries of Cineworld Group plc and Regal Entertainment Group (“Regal”), Cinemark Media, Inc. and Cinemark USA, Inc., wholly owned subsidiaries of Cinemark Holdings, Inc. (“Cinemark”), and American Multi-Cinema, Inc., a wholly owned subsidiary of AMC Entertainment, Inc. (“AMC”). The terms “NCM”, “the Company” or “we” shall, unless the context otherwise requires, be deemed to include the consolidated entity. AMC, Regal, Cinemark and their affiliates are referred to in this document as “founding members”.

The Company operates the largest cinema advertising network reaching movie audiences in the U.S. and sells advertising under long-term exhibitor service agreements (“ESAs”) with the founding members and with certain third-party network affiliates, under long-term network affiliate agreements. As previously disclosed, the COVID-19 pandemic has had a significant impact on the world and the Company’s business as the United States’ government and other state and local governments issued restrictions on travel, public gatherings and other events and issued social distancing guidelines. These and subsequent developments are referred to as the “COVID-19 Pandemic.” All of the theaters within the Company’s network have been open and the release of major motion pictures has resumed since the third quarter of 2021 resulting in the highest theater attendance since the start of the COVID-19 Pandemic. Despite the increase in network attendance, in-theater advertising revenue for the year ended December 30, 2021 and the quarter ended March 31, 2022 remained below historical levels due to the lag between the recovery of attendees and advertisers.

On September 17, 2019, NCM LLC entered into amendments to the ESAs with Cinemark and Regal (collectively, the “2019 ESA Amendments”). The 2019 ESA Amendments extended the contract life of the ESAs with Cinemark and Regal by four years resulting in a weighted average remaining term of the ESAs with the founding members (weighted based upon pre-COVID-19 attendance levels) of approximately 17.5 years as of March 31, 2022. The network affiliate agreements expire at various dates between July 2022 and December 2037. The weighted average remaining term of the ESAs and the network affiliate agreements together is 15.2 years as of March 31, 2022 (weighted based upon pre-COVID-19 attendance levels).

As of March 31, 2022, NCM LLC had 171,733,112 common membership units outstanding, of which 81,403,872 (47.4%) were owned by NCM, Inc., 40,683,797 (23.7%) were owned by Regal, 43,690,797 (25.4%) were owned by Cinemark and 5,954,646 (3.5%) were owned by AMC. The membership units held by the founding members are exchangeable into NCM, Inc. common stock on a one-for-one basis.

Basis of Presentation

The Company has prepared the unaudited Condensed Consolidated Financial Statements and related notes of NCM, Inc. in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures typically included in an annual report have been condensed or omitted for this quarterly report. The balance sheet as of December 30, 2021 is derived from the audited financial statements of NCM, Inc. Therefore, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company’s annual report on Form 10-K filed for the fiscal year ended December 30, 2021.

In the opinion of management, all adjustments necessary to present fairly in all material respects the financial position, results of operations and cash flows for all periods presented have been made. Historically, the Company’s business has been seasonal and for this and other reasons operating results for interim periods have not been indicative of the Company’s full year results or future performance. As a result of the various related party agreements discussed in Note 5—*Related Party Transactions*, the operating results as presented are not necessarily indicative of the results that might have occurred if all agreements were with non-related third parties. The Company manages its business under one reportable segment of advertising.

Estimates—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the reserve for uncollectible accounts receivable, share-based compensation and income taxes. Actual results could differ from estimates.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Significant Accounting Policies

The Company's annual financial statements included in its Form 10-K filed for the fiscal year ended December 30, 2021 contain a complete discussion of the Company's significant accounting policies. Following is additional information related to the Company's accounting policies.

Revenue Recognition—The Company derives revenue principally from the advertising business, which includes advertising through its on-screen cinema network, lobby network (LEN) and lobby promotions in theaters, and on websites, mobile applications and out-of-home locations owned by NCM LLC and other companies. Revenue is recognized over time as the customer receives the benefits provided by NCM LLC's advertising services and the Company has the right to payment for performance to date. The Company considers the terms of each arrangement to determine the appropriate accounting treatment. The Company has changed the classification of the make good provision, retrospectively, to now be included within "Deferred Revenue" on the unaudited Consolidated Balance Sheet rather than "Accrued Expenses" as of March 31, 2022.

Concentration of Credit Risk and Significant Customers—The risk of credit loss related to the Company's trade receivables and unbilled receivables balances is accounted for through the allowance for doubtful accounts, a contra asset account which reduces the net receivables balance. The allowance for doubtful accounts balance is determined by pooling the Company's receivables with similar risk characteristics, specifically by type of customer (national or local/ regional) and then age of receivable and applying historical write off percentages to these pools in order to determine the amount of expected credit losses as of the balance sheet date. National receivables are with large advertising agencies with strong reputations in the advertising industry and clients with stable financial positions and good credit ratings, represent larger receivables balances per customer and have significantly lower historical and expected credit loss patterns. Local and regional receivables are with smaller companies sometimes with less credit history, represent smaller receivable balances per customer and have higher historical and expected credit loss patterns. The Company has smaller contracts with many local clients that are not individually significant. The Company also considers current economic conditions and trends to determine whether adjustments to historical loss rates are necessary. The Company also reserves for specific receivable balances that it expects to write off based on known concerns regarding the financial health of the customer. Receivables are written off when management determines amounts are uncollectible.

The Company had one agency through which it sourced advertising revenue that accounted for 21.8% and 15.7% of the Company's gross outstanding receivable balance as of March 31, 2022 and December 30, 2021, respectively. During the three months ended March 31, 2022 and April 1, 2021, the Company had one customer that accounted for 11.4% and 14.0% of the Company's revenue, respectively.

Long-lived Assets—The Company assesses impairment of long-lived assets pursuant to ASC 360 – *Property, Plant and Equipment*. This includes determining whether certain triggering events have occurred that could affect the value of an asset. The Company recorded losses of \$5.8 million and \$0.0 million related to the write-off of certain internally developed software during the three months ended March 31, 2022 and April 1, 2021, respectively.

Share-Based Compensation—The Company has issued stock options, restricted stock, and restricted stock units to certain employees and its independent directors. The restricted stock and restricted stock unit grants for Company management vest upon the achievement of Company performance measures and/or service conditions, while non-management grants vest only upon the achievement of service conditions. Compensation expense of restricted stock and restricted stock units that vest upon the achievement of Company performance measures is based on management's financial projections and the probability of achieving the projections, which require considerable judgment. A cumulative adjustment is recorded to share-based compensation expense in periods that management changes its estimate of the number of shares of restricted stock and restricted stock units expected to vest. Ultimately, the Company adjusts the expense recognized to reflect the actual vested shares following the resolution of the performance conditions. Dividends are accrued when declared on unvested restricted stock and restricted stock units that are expected to vest and are only paid with respect to shares that actually vest. On January 19, 2022, March 2, 2021 and February 28, 2021, the Company's Board of Directors approved certain modifications to equity awards awarded under the Company's 2016 Equity Incentive Plan and 2020 Omnibus Equity Incentive Plan to adjust performance metrics, vesting amount and future performance goals in light of the COVID-19 Pandemic resulting in incremental share-based compensation expense of \$0.2 million and \$1.3 million for the three months ended March 31, 2022 and April 1, 2021, respectively. During the three months ended March 31, 2022 and April 1, 2021, 855,753 and 843,729, shares of restricted stock and restricted stock units vested, respectively.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Consolidation—NCM, Inc. consolidates the accounts of NCM LLC under the provisions of ASC 810, *Consolidation*. The following table presents the changes in NCM, Inc.’s equity resulting from net income attributable to NCM, Inc. and transfers to or from noncontrolling interests (in millions):

	Three Months Ended	
	March 31, 2022	April 1, 2021
Net loss attributable to NCM, Inc.	\$ (25.2)	\$ (19.4)
NCM LLC equity issued for purchase of intangible asset	4.9	6.8
Income tax and other impacts of subsidiary ownership changes	(1.7)	0.7
NCM LLC common membership unit redemption	—	(6.6)
Issuance of shares to founding members	—	6.6
Change from net loss income attributable to NCM, Inc. and transfers from noncontrolling interests	<u>\$ (22.0)</u>	<u>\$ (11.9)</u>

Recently Adopted Accounting Pronouncements

During the first quarter of 2021, the Company adopted Accounting Standards Update 2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which removes the following exceptions for the Company to analyze in a given period: the exception to the incremental approach for intraperiod tax allocation; the exception to accounting for basis differences when there are ownership changes in foreign investments; and the exception in interim periods income tax accounting for year-to-date losses that exceed anticipated losses. The Company’s adoption of ASU 2019-12 did not have a material impact on the unaudited Condensed Consolidated Financial Statements or notes thereto.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, Reference Rate Reform (“ASU 2020-04”), which provides temporary optional guidance to companies impacted by the transition away from the London Interbank Offered Rate (“LIBOR”). The guidance provides certain expedients and exceptions to applying GAAP in order to lessen the potential accounting burden when contracts, hedging relationships, and other transactions that reference LIBOR as a benchmark rate are modified. This guidance is effective upon issuance and expires on December 31, 2022. The Company concluded the LIBOR transition did not have a material impact on the Company’s unaudited Condensed Consolidated Financial Statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its unaudited Condensed Consolidated Financial Statements or notes thereto.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS AND ACCOUNTS RECEIVABLE

Revenue Recognition

The Company derives revenue principally from the sale of advertising to national, regional and local businesses in *Noovie*®, the Company’s cinema advertising and entertainment pre-show. The Company also sells advertising through the LEN, a series of strategically placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. In addition, the Company sells online and mobile advertising, including through *Noovie* Audience Accelerator, through NCM’s digital gaming products including *Noovie* Trivia, *Noovie* ARcade, *Name That Movie* and *Noovie* Shuffle, which can be played on the mobile apps and through partnerships with certain internet platforms. Further the Company sells advertising in a variety of complementary out of home venues, including restaurants, convenience stores and college campuses. The Company also has a long-term agreement to exhibit the advertising of the founding members’ beverage suppliers.

The Company makes contractual guarantees to deliver a specified number of impressions to view the customers’ advertising. If the contracted number of impressions are not delivered, the Company will run additional advertising to deliver the contracted impressions at a later date. The deferred portion of the revenue associated with undelivered impressions is referred to as a make-good provision. The Company defers the revenue associated with the make-good until the advertising airs to the audience specified in the advertising contract or the make-good period expires. The make-good provision is recorded within deferred revenue in the unaudited Condensed Consolidated Balance Sheet.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The Company does not have any contracts with customers with terms in excess of one year that are noncancellable as of March 31, 2022. Agreements with a duration less than one year are not included within this disclosure as the Company elected to use the practical expedient in ASC 606-10-50-14 for those contracts. In addition, the Company's other contracts longer than one year that are cancellable are not included within this disclosure.

Disaggregation of Revenue

The Company disaggregates revenue based upon the type of customer: national and regional, local and beverage concessionaire. This method of disaggregation is in alignment with how revenue is reviewed by management and discussed with, and historically disclosed to investors.

The following table summarizes revenue from contracts with customers for the three months ended March 31, 2022 and April 1, 2021 (in millions):

	Three Months Ended	
	March 31, 2022	April 1, 2021
National advertising revenue	\$ 26.3	\$ 3.2
Local and regional advertising revenue	6.1	1.7
Founding member advertising revenue from beverage concessionaire agreements	3.5	0.5
Total revenue	<u>\$ 35.9</u>	<u>\$ 5.4</u>

Deferred Revenue and Unbilled Accounts Receivable

Revenue recognized in the three months ended March 31, 2022 that was included within the Deferred Revenue balance as of December 30, 2021 was \$4.5 million. As of March 31, 2022 and December 30, 2021, the Company had \$3.9 million and \$4.4 million in unbilled accounts receivable, respectively.

Allowance for Doubtful Accounts

The allowance for doubtful accounts balance is determined separately for each pool of the Company's receivables with similar risk characteristics. The Company has determined that two pools, national customers and local/regional customers, is appropriate. The changes within the allowance for doubtful accounts balances for the three months ended March 31, 2022 and April 1, 2021, respectively, were as follows (in millions):

	Three Months Ended			
	March 31, 2022		April 1, 2021	
	Allowance for National Customer Receivables	Allowance for Local/ Regional Customer Receivables	Allowance for National Customer Receivables	Allowance for Local/ Regional Customer Receivables
Balance at beginning of period	\$ 0.3	\$ 1.4	\$ 0.2	\$ 2.1
Provision for bad debt	—	0.1	—	(0.3)
Write-offs, net	(0.2)	(0.2)	—	(0.1)
Balance at end of period	<u>\$ 0.1</u>	<u>\$ 1.3</u>	<u>\$ 0.2</u>	<u>\$ 1.7</u>

3. LOSS PER SHARE

Basic loss per share is computed on the basis of the weighted average number of common shares outstanding. Diluted loss per share is computed on the basis of the weighted average number of common shares outstanding plus the effect of potentially dilutive common stock options, restricted stock and restricted stock units using the treasury stock method. The components of basic and diluted loss per NCM, Inc. share are as follows:

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	Three Months Ended	
	March 31, 2022	April 1, 2021
Net loss attributable to NCM, Inc. (in millions)	\$ (25.2)	\$ (19.4)
Weighted average shares outstanding:		
Basic	81,040,652	78,481,355
Add: Dilutive effect of stock options, restricted stock and exchangeable membership units	—	—
Diluted	81,040,652	78,481,355
Loss per NCM, Inc. share:		
Basic	\$ (0.31)	\$ (0.25)
Diluted	\$ (0.31)	\$ (0.25)

The effect of 86,233,848 and 84,427,289 weighted average exchangeable NCM LLC common units held by the founding members for the three months ended March 31, 2022 and April 1, 2021, respectively, have been excluded from the calculation of diluted weighted average shares and loss per NCM, Inc. share as they were anti-dilutive. NCM LLC common units do not participate in dividends paid on NCM, Inc.'s common stock. In addition, there were 3,463,302 and 5,523,285 stock options and non-vested (restricted) shares for the three months ended March 31, 2022 and April 1, 2021, respectively, excluded from the calculation as they were anti-dilutive. The Company's non-vested (restricted) shares do not meet the definition of a participating security as the dividends will not be paid if the shares do not vest.

4. INTANGIBLE ASSETS

Intangible assets consist of contractual rights to provide the Company's services within the theaters of the founding members and network affiliates and are stated at cost, net of accumulated amortization. The Company's intangible assets with its founding members are recorded at the fair market value of NCM, Inc.'s publicly traded stock as of the date on which the common membership units were issued. The NCM LLC common membership units are fully convertible into NCM, Inc.'s common stock. In addition, the Company records intangible assets for up-front fees paid to network affiliates upon commencement of a network affiliate agreement. The Company's intangible assets have a finite useful life and the Company amortizes the assets over the remaining useful life corresponding with the ESAs or the term of the network affiliate agreement. During the fourth quarter of 2021, the Company determined that recent adverse changes in macroeconomic trends, reduced cash flows as a consequence of the temporary, and sometimes permanent, closure of the theaters within the Company's network in response to the COVID-19 Pandemic, a decline in the fair value of NCM LLC's debt and the further sustained decline in the market price of NCM, Inc.'s common stock constituted a triggering event for certain of its intangible assets under *Accounting Standards Certification No. 360, Impairment and Disposal of Long-Lived Assets*. Management considered possible scenarios in a probability-weighted estimated future undiscounted cash flow analysis, including the potential of further delays in major motion picture releases, a delay in audience return to the theaters and other potential adverse impacts to certain of NCM LLC's founding members' and affiliates' financial liquidity related to the COVID-19 Pandemic. The estimated future cash flows from the ESAs calculated within the probability-weighted analyses were in excess of the net book value of these intangible assets and no impairment charges were recorded in the year ended December 30, 2021. Such analysis required management to make estimates and assumptions based on historical data and consideration of future market conditions. Given the uncertainty inherent in any projection, heightened by the possibility of unforeseen additional effects of the COVID-19 Pandemic, including potential adverse impacts to NCM LLC's founding members' and affiliates' financial liquidity, actual results may differ from the estimates and assumptions used, or conditions may change, which could result in impairment charges in the future.

Common Unit Adjustments—In accordance with NCM LLC's Common Unit Adjustment Agreement with its founding members, on an annual basis NCM LLC determines the amount of common membership units to be issued to or returned by the founding members based on theater additions, new builds or dispositions during the previous year. In the event a founding member does not have sufficient common membership units to return, the adjustment is satisfied in cash in an amount calculated pursuant to NCM LLC's Common Unit Adjustment Agreement. In addition, NCM LLC's Common Unit Adjustment Agreement requires that a Common Unit Adjustment occur for a specific founding member if its acquisition or disposition of theaters, in a single transaction or cumulatively since the most recent Common Unit Adjustment, results in an attendance increase or decrease in excess of two percent of the annual total attendance at the prior adjustment date.

During the first quarter of 2022, NCM LLC issued 6,483,893 common membership units to two founding members for the rights to exclusive access to the theater screens and attendees added, net of dispositions, to NCM LLC's network during the 2021 fiscal year and calculated a negative common membership unit adjustment for one founding member resulting in a

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

reduction of 2,342,997 to its common membership unit balance. The net impact as a result of the Common Unit Adjustment to the intangible asset was \$10.4 million during the first quarter of 2022.

During the first quarter of 2021, NCM LLC issued 3,047,582 common membership units to two founding members for the rights to exclusive access to the theater screens and attendees added, net of dispositions, to NCM LLC's network during the 2020 fiscal year and calculated a negative common membership unit adjustment for one founding member resulting in a receivable included within "Other assets and prepaid expenses" on the unaudited Consolidated Balance Sheet. The net impact as a result of the Common Unit Adjustment to the intangible asset was \$4.8 million during the first quarter of 2021.

Integration Payments and Other Encumbered Theater Payments—If an existing on-screen advertising agreement with an alternative provider is in place with respect to any acquired theaters ("encumbered theaters"), the founding members may elect to receive common membership units related to those encumbered theaters in connection with the Common Unit Adjustment. If the founding members make this election, then they are required to make payments on a quarterly basis in arrears in accordance with certain run-out provisions pursuant to the ESAs ("integration payments"). Because the Carmike Cinemas, Inc. ("Carmike") theaters acquired by AMC are subject to an existing on-screen advertising agreement with an alternative provider, AMC makes integration payments to NCM LLC. The integration payments will continue until the earlier of (i) the date the theaters are transferred to NCM LLC's network or (ii) the expiration of the ESA. Integration payments are calculated based upon the advertising cash flow that the Company would have generated if it had exclusive access to sell advertising in the theaters with pre-existing advertising agreements. The ESAs additionally entitle NCM LLC to payments related to the founding members' on-screen advertising commitments under their beverage concessionaire agreements for encumbered theaters. These payments are also accounted for as a reduction to the intangible assets. During the three months ended March 31, 2022 and April 1, 2021, the Company recorded a reduction to net intangible assets of \$0.2 million and \$0.0 million, respectively, related to other encumbered theater payments. No integration payments were earned for the three months ended March 31, 2022 because the Company generated negative Adjusted Operating Income Before Depreciation and Amortization ("Adjusted OIBDA") during this period. During the three months ended March 31, 2022 and April 1, 2021, AMC and Cinemark paid a total of \$1.2 million and \$0.0 million, respectively, in integration and other encumbered theater payments (as payments are made one quarter and one month in arrears, respectively). The payments received during the three months ended April 1, 2021 primarily relate to AMC's acquisition of theaters from Carmike. If common membership units are issued to a founding member for newly acquired theaters that are subject to an existing on-screen advertising agreement with an alternative provider, the amortization of the intangible asset commences after the existing agreement expires and NCM LLC can utilize the theaters for all of its services.

5. RELATED PARTY TRANSACTIONS

Founding Member Transactions—In connection with NCM, Inc.'s initial public offering ("IPO"), the Company entered into several agreements to define and regulate the relationships among NCM, Inc., NCM LLC and the founding members which are outlined below. AMC has owned less than 5% of NCM LLC since July 2018 and is no longer a related party. AMC remains a party to the ESA, Common Unit Adjustment Agreement, Tax Receivable Agreement ("TRA") and certain other original agreements and is a member under the terms of the NCM LLC operating agreement, subject to fulfilling the requirements of Section 3.1 of the NCM LLC operating agreement. AMC will continue to participate in the annual Common Unit Adjustment and receive available cash distributions or allocation of earnings and losses in NCM LLC (as long as its ownership is greater than zero), TRA payments and theater access fees. Further, AMC will continue to pay beverage revenue, among other things. AMC's ownership percentage does not impact future integration payments and other encumbered theater payments owed to NCM LLC by AMC. As of March 31, 2022, AMC's ownership was 3.5%.

The material agreements with the founding members are as follows:

- **ESAs.** Under the ESAs, NCM LLC is the exclusive provider within the United States of advertising services in the founding members' theaters (subject to pre-existing contractual obligations and other limited exceptions for the benefit of the founding members). The advertising services include the use of the digital content network ("DCN") equipment required to deliver the on-screen advertising and other content included in the *Noovie*® pre-show, use of the LEN and rights to sell and display certain lobby promotions. Further, NCM LLC's founding members have elected to purchase 30 seconds to 60 seconds of advertising, out of the 90 seconds allowed for under the ESA, in the *Noovie* pre-show to satisfy the founding members' on-screen advertising commitments under their beverage concessionaire agreements. In consideration for access to the founding members' theaters, theater patrons, the network equipment required to display on-screen and LEN video advertising and the use of theaters for lobby promotions, the founding members receive a monthly theater access fee. In conjunction with the 2019 ESA Amendments, NCM LLC agreed to pay Cinemark and Regal incremental monthly theater access

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

fees and, subject to NCM LLC's use of specified inventory, a revenue share in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film beginning November 1, 2019, and the underlying term of the ESAs were extended until 2041. The ESAs and 2019 ESA Amendments with Cinemark and Regal are considered leases with related parties under ASC 842.

- **Common Unit Adjustment Agreement.** The Common Unit Adjustment Agreement provides a mechanism for increasing or decreasing the membership units held by the founding members based on the acquisition or construction of new theaters or sale or closure of theaters that are operated by each founding member and included in NCM LLC's network.
- **Tax Receivable Agreement.** The TRA provides for the effective payment by NCM, Inc. to the founding members of 90% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that is actually realized as a result of certain increases in NCM, Inc.'s proportionate share of tax basis in NCM LLC's tangible and intangible assets resulting from the IPO and related transactions.
- **Software License Agreement.** At the date of the Company's IPO, NCM LLC was granted a perpetual, royalty-free license from NCM LLC's founding members to use certain proprietary software that existed at the time for the delivery of digital advertising and other content through the DCN to screens in the U.S. NCM LLC has made improvements to this software since the IPO date and NCM LLC owns those improvements, except for improvements that were developed jointly by NCM LLC and NCM LLC's founding members, if any.

The following tables provide summaries of the transactions between the Company and the related party founding members (in millions):

<i>Included in the unaudited Condensed Consolidated Statements of Income:</i>	Three Months Ended	
	March 31, 2022	April 1, 2021
Revenue:		
Beverage concessionaire revenue (included in advertising revenue) (1)	\$ 2.8	\$ 0.4
Operating expenses:		
Theater access fee and revenue share to founding members (2)	\$ 12.8	\$ 1.3
Advertising operating costs (3)	\$ —	\$ 0.1

- (1) For the three months ended March 31, 2022 and April 1, 2021, Cinemark and Regal purchased 60 seconds of on-screen advertising time from NCM LLC to satisfy their obligations under their beverage concessionaire agreements at a 30 seconds equivalent CPM rate specified by the ESA. Beverage revenue was limited for periods of reduced attendance due to the COVID-19 Pandemic.
- (2) Comprised of payments per theater attendee, payments per digital screen with respect to the founding member theaters included in the Company's network and payments for access to higher quality digital cinema equipment. Following the 2019 ESA Amendments this also includes payments to Cinemark and Regal for their share of the revenue from the sale of an additional single unit that is either 30 or 60 seconds of the *Noovie* pre-show in the trailer position directly prior to the "attached" trailers preceding the feature film (the "Platinum Spot"). Theater access fees and revenue share expenses were reduced for periods of reduced attendance due to the COVID-19 Pandemic.
- (3) Includes purchase of movie tickets, concession products, rental of theater space primarily for marketing to NCM LLC's advertising clients and other payments made to the founding members in the ordinary course of business.

<i>Included in the unaudited Condensed Consolidated Balance Sheets:</i>	As of	
	March 31, 2022	December 30, 2021
Common unit adjustments and ESA extension costs, net of amortization and integration payments (included in intangible assets) (1)	\$ 593.3	\$ 589.6
Long-term payable to founding members under tax receivable agreement (2)	\$ 11.9	\$ 11.9

- (1) Refer to Note 4—*Intangible Assets* for further information on common unit adjustments and integration payments. This balance includes common unit adjustments issued to all of the founding members (including AMC) as the Company's intangible balance is considered one asset inclusive of all common unit adjustment activity.
- (2) The Company paid Cinemark and Regal \$0.2 million and \$0.4 million during 2021, respectively, in payments pursuant to the TRA which were for the 2019 tax year.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Pursuant to the terms of the NCM LLC operating agreement in place since the completion of the Company's IPO, NCM LLC is required to make mandatory distributions on a proportionate basis to its members of available cash, as defined in the NCM LLC operating agreement, on a quarterly basis in arrears. Due to the continued recovery from the COVID-19 Pandemic during the three months ended March 31, 2022 and decrease in 2021 in-theater advertising revenue, the mandatory distributions of available cash by NCM LLC to its related party founding members and NCM, Inc. for the three months ended March 31, 2022 were calculated as negative \$26.3 million (including negative \$6.9 million for Cinemark, negative \$6.5 million for Regal and negative \$12.9 million for NCM, Inc.). Therefore, there will be no payment made for the first quarter of 2022. Under the terms of the NCM LLC operating agreement, these negative amounts will be netted against future positive available cash distributions after the extended covenant waiver holiday, contingent upon the Company's compliance with the covenants outlined within the Credit Agreement Third Amendment defined within Note 6—*Borrowings* and in accordance with the NCM LLC operating agreement.

Amounts due to related party founding members, net, as of March 31, 2022 were comprised of the following (in millions):

	Cinemark	Regal	Total
Theater access fees and revenue share, net of beverage revenues and other encumbered theater payments	\$ 6.3	\$ 2.1	\$ 8.4
Total amounts due to founding members, net	<u>\$ 6.3</u>	<u>\$ 2.1</u>	<u>\$ 8.4</u>

Amounts due to related party founding members, net as of December 30, 2021 were comprised of the following (in millions):

	Cinemark	Regal	Total
Theater access fees and revenue share, net of beverage revenues and other encumbered theater payments	\$ 5.1	\$ 6.3	\$ 11.4
Total amounts due to founding members, net	<u>\$ 5.1</u>	<u>\$ 6.3</u>	<u>\$ 11.4</u>

AC JV, LLC Transactions—In December 2013, NCM LLC sold its Fathom Events business to a newly formed limited liability company, AC JV, LLC, owned 32% by each of the founding members and 4% by NCM LLC. The Company accounts for its investment in AC JV, LLC under the equity method of accounting in accordance with ASC 323-30, *Investments—Equity Method and Joint Ventures* (“ASC 323-30”) because AC JV, LLC is a limited liability company with the characteristics of a limited partnership and ASC 323-30 requires the use of equity method accounting unless the Company's interest is so minor that it would have virtually no influence over partnership operating and financial policies. Although NCM LLC does not have a representative on AC JV, LLC's Board of Directors or any voting, consent or blocking rights with respect to the governance or operations of AC JV, LLC, the Company concluded that its interest was more than minor under the accounting guidance. The Company's investment in AC JV, LLC was \$0.8 million and \$0.7 million as of March 31, 2022 and December 30, 2021, respectively. During the three months ended March 31, 2022 and April 1, 2021, NCM LLC received cash distributions from AC JV, LLC of \$0.1 million and \$0.0 million, respectively. Equity in earnings (losses) from AC JV, LLC of \$0.1 million and \$(0.1) million for the three months ended March 31, 2022 and April 1, 2021, respectively, is included in “Other non-operating income” in the unaudited Condensed Consolidated Statements of Income.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. BORROWINGS

The following table summarizes NCM LLC's total outstanding debt as of March 31, 2022 and December 30, 2021 and the significant terms of its borrowing arrangements (in millions):

Borrowings	Outstanding Balance as of		Maturity Date	Interest Rate
	March 31, 2022	December 30, 2021		
Revolving credit facility 2018	\$ 167.0	\$ 167.0	June 20, 2023	(1)
Revolving credit facility 2022	50.0	—	June 20, 2023	(1)
Term loans - first tranche	259.9	261.2	June 20, 2025	(1)
Term loans - second tranche	49.5	49.8	December 20, 2024	(1)
Senior secured notes due 2028	400.0	400.0	April 15, 2028	5.875%
Senior unsecured notes due 2026	230.0	230.0	August 15, 2026	5.750%
Total borrowings	1,156.4	1,108.0		
Less: debt issuance costs and debt discounts related to term loans and senior notes	(9.9)	(10.5)		
Total borrowings, net	1,146.5	1,097.5		
Less: current portion of debt	(3.2)	(3.2)		
Carrying value of long-term debt	\$ 1,143.3	\$ 1,094.3		

(1) The interest rates on the revolving credit facilities and term loans are described below.

Senior Secured Credit Facility—NCM LLC's credit agreement, as amended, (the "Credit Agreement") consists of a term loan facility and a revolving credit facility. As of March 31, 2022, NCM LLC's senior secured credit facility consisted of a \$175.0 million revolving credit facility, a \$49.5 million term loan (first tranche) and a \$259.9 million term loan (second tranche). The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of NCM LLC.

On March 8, 2021, NCM LLC entered into a second amendment to its Credit Agreement ("Credit Agreement Second Amendment"). Among other things, the Credit Agreement Second Amendment provides for certain modifications to the negative covenants, additional waivers and term changes outlined below and grants security interests in certain assets of NCM LLC and other potential loan parties that are not currently pledged to the lenders. In addition, pursuant to the Credit Agreement Second Amendment, NCM LLC incurred a second tranche of the term loans in an aggregate principal amount of \$50.0 million, the net proceeds of \$43.0 million to be used for general corporate purposes. Upon execution of the Credit Agreement Second Amendment, the Company recorded \$2.3 million as a discount, \$3.9 million as debt issuance costs and \$0.8 million within "Loss on modification and retirement of debt, net".

On January 5, 2022, NCM LLC entered into a third amendment to its Credit Agreement ("Credit Agreement Third Amendment"). Among other things, the Credit Agreement Third Amendment provides for: (i) certain modifications to and extensions to modifications of the affirmative and negative covenants therein; (ii) the suspension of the consolidated net total leverage and consolidated net senior secured leverage financial covenants through the fiscal quarter ending December 29, 2022; (iii) the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants to be set to 9.25 to 1.00 and 7.25 to 1.00, respectively, for the fiscal quarter ending on or about March 30, 2023, 8.50 to 1.00 and 6.50 to 1.00, respectively, for the fiscal quarter ending on or about June 29, 2023, 8.00 to 1.00 and 6.00 to 1.00, respectively, for the fiscal quarter ending on or about September 28, 2023, and 6.25 to 1.00 and 4.50 to 1.00, respectively, for the fiscal quarter ending on or about December 28, 2023 and each fiscal quarter thereafter. Upon execution of the Credit Agreement Third Amendment, \$6.4 million was recorded as debt issuance costs and \$0.4 million was recorded as a loss on the modification of debt during the year ended December 30, 2021.

The senior secured credit facility contains a number of covenants and various financial ratio requirements including, (i) a consolidated net total leverage ratio covenant of 6.25 times for each quarterly period and (ii) with respect to the revolving credit facility, maintaining a consolidated net senior secured leverage ratio of equal to or less than 4.50 times on a quarterly basis for each quarterly period in which a balance is outstanding on the revolving credit facility, each of which has been modified by the Credit Agreement Third Amendment. Pursuant to the terms of the Credit Agreement Third Amendment, NCM LLC is restricted from making available cash distributions until after NCM LLC delivers a compliance certificate for the

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

quarter ending on or about December 28, 2023, and, thereafter, NCM LLC may only make available cash distributions if: (i) no default or event of default under the Credit Agreement has occurred and is continuing; (ii) the consolidated net senior secured leverage ratio is equal to or less than 4.00 to 1.00; and (iii) the aggregate principal amount of all outstanding revolving loans under the Credit Agreement is \$39.0 million or less. As of March 31, 2022, NCM LLC was in compliance with the requirements of the Credit Agreement Third Amendment described above and the noncompliance with the financial covenants was automatically waived.

Term Loans—First Tranche—The interest rate on the initial tranche of term loans was originally a rate chosen at NCM LLC's option of either the LIBOR index plus 3.00% or the base rate plus 2.00%. The rate increased from LIBOR index plus 2.75% or the base rate plus 1.75%. The interest rate on the term loans as of March 31, 2022 was 5.00%. The term loans amortize at a rate equal to 1.00% annually, to be paid in equal quarterly installments. As of March 31, 2022, NCM LLC has paid principal of \$10.1 million, reducing the outstanding balance to \$259.9 million.

Term Loans—Second Tranche—The interest rate on the second tranche of term loans is the LIBOR index plus 8.00%. The interest rate on the term loans as of March 31, 2022 was 9.00%. The term loans amortize at a rate equal to 1.00% annually, to be paid in equal quarterly installments. As of March 31, 2022, NCM LLC has paid principal of \$0.5 million, reducing the outstanding balance to \$49.5 million.

Revolving Credit Facility 2018—The revolving credit facility portion of NCM LLC's total borrowings is available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the senior secured credit facility, and a portion is available for letters of credit. During March 2020, NCM LLC drew down an additional \$110.0 million on the revolving credit facility to fund operations during the period of expected disrupted cash flows due to the temporary closure of the theaters within NCM LLC's network due to the COVID-19 Pandemic. As of March 31, 2022, NCM LLC's total availability under the \$175.0 million revolving credit facility was \$6.8 million, net of \$167.0 million outstanding and \$1.2 million in letters of credit. The unused line fee is 0.50% per annum which is consistent with the previous facility. Borrowings under the revolving credit facility bear interest at NCM LLC's option of either the LIBOR index plus an applicable margin ranging from 1.75% to 2.25% or the base rate plus an applicable margin ranging from 0.75% to 1.25%. The margin changed to the aforementioned range from a fixed margin of LIBOR index plus 2.00% or the base rate plus 1.00%. The applicable margin for the revolving credit facility is determined quarterly and is subject to adjustment based upon a consolidated net senior secured leverage ratio for NCM LLC (the ratio of secured funded debt less unrestricted cash and cash equivalents of up to \$100.0 million, divided by Adjusted EBITDA for debt purposes, defined as NCM LLC's net income before depreciation and amortization expense adjusted to also exclude non-cash share based compensation costs for NCM LLC plus integration payments received). The weighted-average interest rate on the revolving credit facility as of March 31, 2022 was 4.50%.

Revolving Credit Facility 2022—On January 5, 2022, NCM LLC also entered into a new revolving credit agreement (the "Revolving Credit Agreement 2022"). The Revolving Credit Agreement 2022 provides for revolving loan commitments of \$50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. The Revolving Credit Agreement 2022 provides for (i) a cash interest rate of term Secured Overnight Financing Rate (SOFR) plus 8.00%, with a 1.00% floor, (ii) a maturity date of June 20, 2023 and (iii) a termination premium if NCM LLC terminates the commitments under the Revolving Credit Agreement 2022 at any time before maturity. The Revolving Credit Agreement 2022 also contains covenants, representations and warranties and events of default that are substantially similar to the Credit Agreement. As of March 31, 2022, NCM LLC's total availability under the \$50.0 million revolving credit facility was \$0.0 million. The weighted-average interest rate on the revolving credit facility as of March 31, 2022 was 9.11%.

Senior Unsecured Notes due 2026—On August 19, 2016, NCM LLC completed a private placement of \$250.0 million in aggregate principal amount of 5.750% Senior Unsecured Notes (the "Notes due 2026") for which the registered exchange offering was completed on November 8, 2016. The Notes due 2026 pay interest semi-annually in arrears on February 15 and August 15 of each year, which commenced on February 15, 2017. The Notes due 2026 were issued at 100% of the face amount thereof and are the senior unsecured obligations of NCM LLC. NCM LLC repurchased and canceled a total of \$20.0 million of the Notes due 2026 during 2019 and 2018, respectively, reducing the principal amount to \$230.0 million as of March 31, 2022.

Senior Secured Notes due 2028—On October 8, 2019, NCM LLC completed a private offering of \$400.0 million aggregate principal amount of 5.875% Senior Secured Notes due 2028 (the "Notes due 2028") to eligible purchasers. The Notes due 2028 will mature on April 15, 2028. Interest on the Notes due 2028 accrues at a rate of 5.875% per annum and is payable semi-annually in arrears on April 15 and October 15 of each year, commencing on April 15, 2020. The Notes due 2028 were issued at 100% of the face amount thereof and share in the same collateral that secures NCM LLC's obligations under the senior secured credit facility.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

7. INCOME TAXES

Changes in the Company's Effective Tax Rate—The Company recorded income tax expense of \$0.0 million for the three months ended March 31, 2022 and for the three months ended April 1, 2021 resulting in an effective tax rate of 0.0% for both periods. The Company recorded a full valuation allowance on its net deferred tax assets as of April 1, 2021 following the determination it was more-likely-than-not that the Company will not be able to realize the benefit of those assets. The Company maintained a full valuation allowance as of March 31, 2022, resulting in deferred tax expense of \$0.0 million for the three months ended March 31, 2022 and the Company's effective tax rate of 0.0%.

8. COMMITMENTS AND CONTINGENCIES

Legal Actions—The Company is subject to claims and legal actions in the ordinary course of business. The Company believes such claims will not have a material effect individually or in the aggregate on its financial position, results of operations or cash flows.

Operating Commitments - Facilities—The Company has entered into operating lease agreements for its corporate headquarters and other regional offices. The Company has right-of-use ("ROU") assets of \$18.3 million and short-term and long-term lease liabilities of \$2.2 million and \$19.8 million, respectively, on the balance sheet as of March 31, 2022 for all material leases with terms longer than twelve months. These balances are included within "Other assets", "Other current liabilities" and "Other liabilities", respectively, on the unaudited Condensed Consolidated Balance Sheets. As of March 31, 2022, the Company had a weighted average remaining lease term of 7.3 years on these leases. When measuring the ROU assets and lease liabilities recorded, the Company utilized its incremental borrowing rate in order to determine the present value of the lease payments as the leases do not provide an implicit rate. The Company used the rate of interest that it would have paid to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. As of March 31, 2022, the Company's weighted average annual discount rate used to establish the ROU assets and lease liabilities was 7.4%.

During the three months ended March 31, 2022 and April 1, 2021, the Company recognized the following components of total lease cost (in millions). These costs are presented within "Selling and marketing costs" and "Administrative and other costs" within the unaudited Condensed Consolidated Statements of Income depending upon the nature of the use of the facility.

	Three Months Ended	
	March 31, 2022	April 1, 2021
Operating lease cost	\$ 0.8	\$ 0.9
Variable lease cost	0.2	0.1
Total lease cost	<u>\$ 1.0</u>	<u>\$ 1.0</u>

The Company made total lease payments of \$0.9 million and \$0.9 million during the three months ended March 31, 2022 and April 1, 2021, respectively. These payments are included within cash flows from operating activities within the unaudited Condensed Consolidated Statement of Cash Flows.

Operating Commitments - ESAs and Affiliate Agreements—The Company has entered into long-term ESAs with the founding members and multi-year agreements with certain network affiliates, or third-party theater circuits. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. The Company recognizes intangible assets upon issuance of membership units to the founding members in accordance with NCM LLC's Common Unit Adjustment Agreement and upfront cash payments to the affiliates for the contractual rights to provide the Company's services within their theaters as further discussed within Note 4 - *Intangible Assets*. These ESAs and network affiliate agreements are considered leases under ASC 842 once the asset is identified and the period of control is determined upon the scheduling of the showtimes by the exhibitors, typically one week prior to the showtime. As such, the leases are considered short-term in nature, specifically less than one month. Within ASC 842, leases with terms of less than one month are exempt from the majority of the accounting and disclosure requirements, including disclosure of short-term lease expense. No ROU assets or lease liabilities were recognized for these agreements and no change to the balance sheet presentation of the intangible assets was necessary. However, the amortization of these intangible assets is considered lease expense and is presented within "Amortization of intangibles recorded for network theater screen leases" within the unaudited Condensed Consolidated Statement of Income.

In consideration for NCM LLC's access to the founding members' theater attendees for on-screen advertising and use of lobbies and other space within the founding members' theaters for the LEN and lobby promotions, the founding members receive a monthly theater access fee under the ESAs. The theater access fee is composed of a fixed payment per patron, a fixed

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

payment per digital screen (connected to the DCN) and a fee for access to higher quality digital cinema equipment. The payment per theater patron increases by 8% every five years. The payment per theater patron increased in 2022 and will again in fiscal year 2027, and the payment per digital screen and for digital cinema equipment increases annually by 5%. The theater access fee paid in the aggregate to all founding members cannot be less than 12% of NCM LLC's aggregate advertising revenue (as defined in the ESA), or it will be adjusted upward to reach this minimum payment. As of March 31, 2022 and December 30, 2021, the Company had no liabilities recorded for the minimum payment, as the theater access fee was in excess of the minimum.

Following the 2019 ESA Amendments, Cinemark and Regal receive an additional monthly theater access fee that began on November 1, 2019 in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film. These fees are also based upon a fixed payment per patron: (i) \$0.0375 per patron beginning on November 1, 2020, (ii) \$0.05 per patron beginning on November 1, 2021, (iii) \$0.052 per patron beginning on November 1, 2022 and (iv) increase 8% every five years beginning November 1, 2027. Additionally, following the 2019 ESA Amendments, beginning on November 1, 2019, NCM LLC is entitled to display the Platinum Spot, an additional single unit that is either 30 or 60 seconds of the *Noovie*® pre-show in the trailer position directly prior to the "attached" trailers preceding the feature film. The "attached" trailers are those provided by studios to Cinemark and Regal that are with the feature film, which is at least one trailer, but sometimes two or more trailers. In consideration for the utilization of the theaters for the Platinum Spots, Cinemark and Regal are entitled to receive a percentage of all revenue generated for the actual display of Platinum Spots in their applicable theaters, subject to a specified minimum. If NCM LLC runs advertising in more than one concurrent advertisers' Platinum Spot for any portion of the network over a period of time, then NCM LLC will be required to satisfy a minimum average CPM for that period of time. The Company did not owe the founding members any theater access fees or any Platinum Spot revenue share when the theaters were not displaying the Company's pre-show or when the Company did not have access to the theaters. As such, the Company did not owe these fees for the period of time the founding members' theaters were temporarily closed due to the COVID-19 Pandemic and future fees will be reduced if attendance remains lower than historical levels. The digital screen fee is calculated based upon average screens in use during each month.

The network affiliates compensation is considered variable lease expense and varies by circuit depending upon the agreed upon terms of the network affiliate agreement. The majority of agreements are centered around a revenue share where an agreed upon percentage of the advertising revenue received from a theater's attendance is paid to the circuit. As part of the network affiliate agreements entered into in the ordinary course of business under which the Company sells advertising for display in various network affiliate theater chains, the Company has agreed to certain minimum revenue guarantees on a per attendee basis. If a network affiliate achieves the attendance set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee if such amount paid under the revenue share arrangement is less than its guaranteed amount. As of March 31, 2022, the maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is \$121.5 million over the remaining terms of the network affiliate agreements. These minimum guarantees relate to various affiliate agreements ranging in term from three years to twenty years, prior to any renewal periods of which some are at the option of the Company. The Company accrued \$0.1 million and \$0.4 million related to affiliate agreements with guaranteed minimums in excess of the revenue share agreement as of March 31, 2022 and December 30, 2021, respectively. As the guaranteed minimums are based upon agreed upon minimum attendance or affiliate revenue levels, the Company will not incur minimum revenue share fees during a period of time the minimum theater attendance or revenue levels are not met by the affiliate.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

9. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

Non-Recurring Measurements—Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets include long-lived assets, intangible assets, other investments, notes receivable and borrowings.

Long-Lived Assets, Intangible Assets and Other Investments—The Company regularly reviews long-lived assets (primarily property, plant and equipment), intangible assets and investments accounted for under the cost or equity method for impairment whenever certain qualitative factors, events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. When the estimated fair value is determined to be lower than the carrying value of the asset, an impairment charge is recorded to write the asset down to its estimated fair value.

Other investments consisted of the following (in millions):

	As of	
	March 31, 2022	December 30, 2021
Investment in AC JV, LLC (1)	\$ 0.8	\$ 0.7
Other investments (2)	—	0.1
Total	\$ 0.8	\$ 0.8

(1) Refer to Note 5—*Related Party Transactions*. This investment is accounted for utilizing the equity method.

(2) The Company continues to hold other investments with negligible balances.

During the three months ended March 31, 2022 and April 1, 2021, the Company recorded impairment charges of \$0.1 million and \$0.0 million, respectively, on certain of its investments due to new information regarding the fair value of the investee, which brought the total remaining value of the respective impaired investments to \$0.0 million as of March 31, 2022. As of March 31, 2022, no other observable price changes or impairments have been recorded as a result of the Company’s qualitative assessment of identified events or changes in the circumstances of the remaining investments. The investment in AC JV, LLC was initially valued using comparative market multiples. The other investments were recorded based upon the fair value of the services provided in exchange for the investment. As the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs, they have been classified as Level 3 in the fair value hierarchy.

Borrowings—The carrying amount of the revolving credit facilities are considered a reasonable estimate of fair value due to its floating-rate terms. The estimated fair values of the Company’s financial instruments where carrying values do not approximate fair value were as follows (in millions):

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	As of March 31, 2022		As of December 30, 2021	
	Carrying Value	Fair Value (1)	Carrying Value	Fair Value (1)
Term loans - first tranche	\$ 259.9	\$ 233.9	\$ 261.2	\$ 236.4
Term loans - second tranche	\$ 49.5	\$ 46.8	\$ 49.8	\$ 48.1
Notes due 2026	\$ 230.0	\$ 165.6	\$ 230.0	\$ 179.4
Notes due 2028	\$ 400.0	\$ 349.0	\$ 400.0	\$ 357.0

(1) If the Company were to measure the borrowings in the above table at fair value on the balance sheet they would be classified as Level 2 based upon the inputs utilized.

Recurring Measurements—The fair values of the Company's assets and liabilities measured on a recurring basis pursuant to ASC 820-10, *Fair Value Measurements and Disclosures* are as follows (in millions):

	Fair Value as of March 31, 2022	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Cash equivalents (1)	\$ 33.1	\$ 33.1	\$ —	\$ —
Short-term marketable securities (2)	0.3	—	0.3	—
Long-term marketable securities (2)	1.0	—	1.0	—
Total assets	\$ 34.4	\$ 33.1	\$ 1.3	\$ —

	Fair Value as of December 30, 2021	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS:				
Cash equivalents (1)	\$ 37.1	\$ 37.1	\$ —	\$ —
Short-term marketable securities (2)	0.3	—	0.3	—
Long-term marketable securities (2)	1.0	—	1.0	—
Total assets	\$ 38.4	\$ 37.1	\$ 1.3	\$ —

(1) *Cash Equivalents*—The Company's cash equivalents are carried at estimated fair value following the Company's election of the fair value option. Cash equivalents consist of money market accounts which the Company has classified as Level 1 given the active market for these accounts and commercial paper with original maturities of three months or less, which are classified as Level 2 and are valued as described below.

(2) *Short-Term and Long-Term Marketable Securities*—The carrying amount and fair value of the marketable securities are equivalent since the Company accounts for these instruments at fair value. The Company's government agency bonds, commercial paper and certificates of deposit are valued using third party broker quotes. The value of the Company's government agency bonds is derived from quoted market information. The inputs in the valuation are classified as Level 1 if there is an active market for these securities; however, if an active market does not exist, the inputs are recorded at a lower level in the fair value hierarchy. The value of commercial paper and certificates of deposit is derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. As of March 31, 2022 and December 30, 2021, there were \$1.0 million and \$1.0 million, respectively, of available-for-sale debt securities in unrealized loss positions without an allowance for credit losses. The Company has not recorded an allowance for credit losses for the marketable securities balance as of March 31, 2022 or December 30, 2021 given the immaterial difference between the amortized cost basis and the aggregate fair value of the Company's securities.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The amortized cost basis, aggregate fair value and maturities of the marketable securities the Company held as of March 31, 2022 and December 30, 2021 were as follows:

	As of March 31, 2022		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities ⁽¹⁾ (in years)
MARKETABLE SECURITIES:			
Short-term certificates of deposit	\$ 0.3	\$ 0.3	0.7
Total short-term marketable securities	0.3	0.3	
Long-term certificates of deposit	\$ 1.0	\$ 1.0	1.8
Total long-term marketable securities	1.0	1.0	
Total marketable securities	\$ 1.3	\$ 1.3	
	As of December 30, 2021		
	Amortized Cost Basis (in millions)	Aggregate Fair Value (in millions)	Maturities ⁽¹⁾ (in years)
MARKETABLE SECURITIES:			
Short-term certificates of deposit	\$ 0.3	\$ 0.3	0.9
Total short-term marketable securities	0.3	0.3	
Long-term certificates of deposit	1.0	1.0	2.0
Total long-term marketable securities	1.0	1.0	
Total marketable securities	\$ 1.3	\$ 1.3	

⁽¹⁾ *Maturities*—Securities available for sale include obligations with various contractual maturity dates some of which are greater than one year. The Company considers the securities to be liquid and convertible to cash within 30 days.

10. SUBSEQUENT EVENT

On May 9, 2022, the Company declared a cash dividend of \$0.03 per share (approximately \$2.4 million) on each share of the Company's common stock (not including outstanding restricted stock which will accrue dividends until the shares vest) to stockholders of record on May 23, 2022 to be paid on June 7, 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Some of the information in this Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. All statements other than statements of historical facts included in this Form 10-Q, including, without limitation, certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and statements related to the impact of the current COVID-19 Pandemic on our business and results of operations, may constitute forward-looking statements. In some cases, you can identify these "forward-looking statements" by the specific words, including but not limited to "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these statements as a result of certain factors as more fully discussed under the heading "Risk Factors" below and in our annual report on Form 10-K for the Company's fiscal year ended December 30, 2021. Among other risks, we face significant risk and volatility related to the COVID-19 Pandemic as discussed in this report. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. The following discussion and analysis is a supplement to and should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included herein and the audited financial statements and other disclosure included in our annual report on Form 10-K for the Company's fiscal year ended December 30, 2021. In the following discussion and analysis, the term net income refers to net income attributable to NCM, Inc.

Overview

We are America's Movie Network. As the largest cinema advertising network in the U.S., we unite brands with young, diverse audiences through the power of movies and popular culture. We currently derive revenue principally from the sale of advertising to national, regional and local businesses in our *Noovie*® pre-show, our cinema advertising and entertainment pre-show seen on movie screens across the U.S.

We present two different formats of our *Noovie*® pre-show depending on the theater circuit in which it runs. In Regal and Cinemark and a portion of our network affiliates' theaters, the *Noovie* pre-show now includes Post-Showtime advertising inventory after the advertised showtime consisting of (1) the lights down segment that runs for five minutes after the advertised showtime with trailer lighting and (2) the 30- or 60-second Platinum Spot. As of March 31, 2022, theaters presenting the new *Noovie* pre-show format with Post-Showtime Inventory made up approximately 57% of our network. All other NCM network theater circuits, which make up the remaining 43% of our network, present the Classic *Noovie* pre-show, which ends approximately at the advertised movie showtime when the movie trailers begin. The movie trailers that run before the feature film are not part of our *Noovie* pre-show.

We also sell advertising on our LEN, a series of strategically placed screens located in movie theater lobbies, as well as other forms of advertising and promotions in theater lobbies. In addition, we sell online and mobile advertising through our *Noovie* Audience Accelerator, across our suite of *Noovie* digital properties, including *Noovie* Shuffle, *Name That Movie*® and *Noovie* ARcade, as well as a variety of complementary out of home venues, including restaurants and convenience stores, in order to reach entertainment audiences beyond the theater. As of March 31, 2022, over 6.9 million moviegoers have downloaded our mobile apps. These downloads and the acquisition of second- and third-party data have resulted in data sets of approximately 297 million as of March 31, 2022. We have long-term ESAs (approximately 17.5 weighted average years remaining) with the founding members and multi-year agreements with our network affiliates, which expire at various dates between July 2022 and December 2037. The weighted average remaining term of the ESAs and the network affiliate agreements is 15.2 years as of March 31, 2022. The ESAs and network affiliate agreements grant NCM LLC exclusive rights in their theaters to sell advertising, subject to limited exceptions. Our *Noovie* pre-show and LEN programming are distributed predominantly via satellite through our proprietary digital content network ("DCN").

Management focuses on several measurements that we believe provide us with the necessary ratios and key performance indicators to manage our business, determine how we are performing versus our internal goals and targets, and against the performance of our competitors and other benchmarks in the marketplace in which we operate. We focus on operating metrics including changes in revenue, Adjusted OIBDA and Adjusted OIBDA margin, as defined and discussed below, as some of our primary measurement metrics. In addition, we monitor our monthly advertising performance measurements, including advertising inventory utilization, national and regional advertising pricing (CPM), local advertising rate per theater per week, and national, local, regional and total advertising revenue per attendee. We also monitor free cash flow, the dividend coverage ratio, financial leverage ratio (net debt divided by Adjusted OIBDA plus integration payments and other encumbered theater payments), cash balances and revolving credit facility availability to ensure financial debt covenant compliance and that there is adequate cash availability to fund our working capital needs and debt obligations and current and future dividends declared by our Board of Directors.

Our operating results may be affected by a variety of internal and external factors and trends described more fully in the section entitled “Risk Factors” below and in our annual report on Form 10-K filed with the SEC on March 3, 2022 for our fiscal year ended December 30, 2021.

Recent Developments

COVID-19 Impact and Outlook—The COVID-19 Pandemic has had and continues to have a significant impact on the world and our business.

All of the theaters within the Company’s network and the release of major motion pictures have resumed since the third quarter of 2021 resulting in the highest attendance numbers within our network since the start of the COVID-19 Pandemic. Despite the increase in network attendance, in-theater advertising revenue for the year ended December 30, 2021 and the quarter ended March 31, 2022 remained below historical levels due to the lag between the recovery of attendees and advertisers. The movie slate for 2022 remains packed due to the addition of the major motion pictures originally scheduled for 2020 and 2021 and major motion pictures studios committing to theatrical-only releases. However, variants of the COVID-19 virus continue to circulate throughout the United States and may lead to increased health and safety regulations and restrictions (such as restrictions on travel, public gatherings and other events, mask requirements and social distancing guidelines) or impact consumer behavior.

To ensure sufficient liquidity to endure the impacts of the COVID-19 Pandemic, we continued to manage our liquidity position through various cost control methods discussed further within the “Financial Condition and Liquidity” section below. Since the beginning of the COVID-19 Pandemic, the Company has significantly reduced payroll related costs through a combination of temporary measures as well as a headcount reduction of approximately 45% as of March 31, 2022, as compared to headcount levels prior to the COVID-19 Pandemic. Our theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and/or in-theater advertising revenue, and therefore, were not incurred for the duration of time that the theaters were closed and attendance-based fees will continue to be reduced for the period of time that attendance is lower than historical levels. We were still required to pay these screen-based fees when theaters were open, which were reduced for months where screens were in use for only part of the month.

On January 5, 2022, NCM LLC entered into the Credit Agreement Third Amendment. Among other things, the Credit Agreement Third Amendment provides for: (i) certain modifications to and extensions to modifications of the affirmative and negative covenants therein; (ii) the suspension of the consolidated net total leverage and consolidated net senior secured leverage financial covenants through the fiscal quarter ending December 29, 2022; and (iii) the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants to be set to 9.25 to 1.00 and 7.25 to 1.00, respectively, for the fiscal quarter ending on or about March 30, 2023, 8.50 to 1.00 and 6.50 to 1.00, respectively, for the fiscal quarter ending on or about June 29, 2023, 8.00 to 1.00 and 6.00 to 1.00, respectively, for the fiscal quarter ending on or about September 28, 2023, and 6.25 to 1.00 and 4.50 to 1.00, respectively, for the fiscal quarter ending on or about December 28, 2023 and each fiscal quarter thereafter.

On January 5, 2022, NCM LLC also entered into the New Revolving Credit Agreement among NCM LLC, the lenders party thereto and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The New Revolving Credit Agreement provides for revolving loan commitments of \$50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. The New Revolving Credit Agreement provides for (i) a cash interest rate of term SOFR plus 8.00%, with a 1.00% floor, (ii) a maturity date of June 20, 2023 and (iii) a termination premium if NCM LLC terminates the commitments under the New Revolving Credit Agreement at any time before maturity. The New Revolving Credit Agreement also contains covenants, representations and warranties and events of default that are substantially similar to the Credit Agreement.

Summary Historical and Operating Data

You should read this information with the other information contained in this document, and our unaudited historical financial statements and the notes thereto included elsewhere in this document.

Our Operating Data—The following table presents operating data and Adjusted OIBDA (dollars in millions, except share and margin data):

	Q1 2022	Q1 2021	% Change Q1 2021 to Q1 2022
Revenue	\$ 35.9	\$ 5.4	564.8 %
Operating expenses:			
Advertising	31.3	10.5	198.1 %
Network, administrative and unallocated costs	27.1	23.2	16.8 %
Total operating expenses	58.4	33.7	73.3 %
Operating loss	(22.5)	(28.3)	(20.5)%
Non-operating expenses	23.5	13.7	71.5 %
Income tax expense	—	—	— %
Net loss attributable to noncontrolling interests	(20.8)	(22.6)	(8.0)%
Net loss attributable to NCM, Inc.	\$ (25.2)	\$ (19.4)	29.9 %
Net loss per NCM, Inc. basic share	\$ (0.31)	\$ (0.25)	24.0 %
Net loss per NCM, Inc. diluted share	\$ (0.31)	\$ (0.25)	24.0 %
Adjusted OIBDA	\$ (6.8)	\$ (16.2)	(58.0)%
Adjusted OIBDA margin	(18.9)%	(300.0)%	281.1 %
Total theater attendance (in millions) (1)	76.0	13.8	450.7 %

(1) Represents the total attendance within our advertising network, excluding screens and attendance associated with certain AMC Carmike theaters that were part of another cinema advertising network during the periods presented. Refer to Note 4 to the unaudited Condensed Consolidated Financial Statements included elsewhere in this document.

Non-GAAP Financial Measures

Adjusted Operating Income Before Depreciation and Amortization (“Adjusted OIBDA”) and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States. Adjusted OIBDA represents operating income before depreciation expense adjusted to also exclude amortization of intangibles recorded for network theater screen leases, non-cash share-based compensation costs, impairment of long-lived assets and costs related to the reorganization of the sales force. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management uses these non-GAAP financial measures to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on the Company's operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company's management, helps improve their ability to understand the Company's operating performance and makes it easier to compare the Company's results with other companies that may have different depreciation policies, amortization of intangibles recorded for network theater screen leases, non-cash share based compensation programs, impairment of long-lived assets, costs related to sales force reorganization, interest rates, debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization of intangibles recorded for network theater screen leases, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company's share-based payment costs, the impairment of long-lived assets or costs related to sales force reorganization. Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as an indicator of operating performance, nor should it be considered in isolation of, or as a substitute for, financial measures prepared in accordance with GAAP. The Company believes that operating income is the most directly comparable GAAP financial measure to Adjusted OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company's debt agreement.

The following table reconciles operating income to Adjusted OIBDA for the periods presented (dollars in millions):

	Q1 2022	Q1 2021
Operating loss	\$ (22.5)	\$ (28.3)
Depreciation expense	2.0	3.3
Amortization of intangibles recorded for network theater screen leases	6.1	6.1
Share-based compensation costs (1)	1.4	2.7
Impairment of long-lived assets (2)	5.8	—
Sales force reorganization costs (3)	0.4	—
Adjusted OIBDA	\$ (6.8)	\$ (16.2)
Total revenue	\$ 35.9	\$ 5.4
Adjusted OIBDA margin	(18.9)%	(300.0)%

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.

(2) The impairment of long-lived assets primarily relates to the write down of certain internally developed software no longer in use.

(3) Sales force reorganization costs represents redundancy costs associated with changes to the Company's sales force implemented during the first quarter of 2022.

Our Network—The change in the number of screens in our network by the founding members and network affiliates during the three months ended March 31, 2022 was as follows.

	Number of screens		
	Founding Members	Network Affiliates	Total
Balance as of December 30, 2021	16,436	4,304	20,740
Closures, net of openings (1)	(75)	(60)	(135)
Balance as of March 31, 2022	16,361	4,244	20,605

(1) Represents the closure of 135 screens, net of new screens added, across our founding members and network affiliates.

Our founding member and network affiliate agreements allow us to sell cinema advertising across the largest network of digitally equipped theaters in the U.S. We believe that our market coverage strengthens our selling proposition and competitive positioning against other national, regional and local video advertising platforms, including television, online and mobile video platforms and other out-of-home video advertising platforms by allowing advertisers the broad reach and national scale that they need to effectively reach their target audiences.

Basis of Presentation

The results of operations data for the three months ended March 31, 2022 (first quarter of 2022) and April 1, 2021 (first quarter of 2021) were derived from the unaudited Condensed Consolidated Financial Statements and accounting records of NCM, Inc. and should be read in conjunction with the accompanying notes.

Results of Operations

First Quarter of 2022 and First Quarter of 2021

Revenue. Total revenue increased 564.8%, from \$5.4 million for the first quarter of 2021 to \$35.9 million for the first quarter of 2022. The following is a summary of revenue by category (in millions):

	Q1 2022	Q1 2021	\$ Change Q1 2021 to Q1 2022	% Change Q1 2021 to Q1 2022
National advertising revenue	\$ 26.3	\$ 3.2	\$ 23.1	721.9 %
Local and regional advertising revenue	6.1	1.7	4.4	258.8 %
Founding member advertising revenue from beverage concessionaire agreements	3.5	0.5	3.0	600.0 %
Total revenue	\$ 35.9	\$ 5.4	\$ 30.5	564.8 %

The following table shows data on theater attendance and revenue per attendee for the three months ended March 31, 2022 and April 1, 2021:

	Q1 2022	Q1 2021	% Change Q1 2021 to Q1 2022
National advertising revenue per attendee	\$ 0.346	\$ 0.232	49.1 %
Local and regional advertising revenue per attendee	\$ 0.080	\$ 0.123	(35.0)%
Total advertising revenue (excluding founding member beverage revenue) per attendee	\$ 0.426	\$ 0.355	20.0 %
Total revenue per attendee	\$ 0.472	\$ 0.391	20.7 %
Total theater attendance (in millions) (1)	76.0	13.8	450.7 %

(1) Represents the total attendance within our advertising network, excluding screens and attendance associated with certain AMC Carmike theaters that were part of another cinema advertising network during the periods presented.

National advertising revenue. National advertising revenue (excluding beverage revenue from founding members) increased to \$23.1 million, or 721.9%, from \$3.2 million for the first quarter of 2021. The increase was due to a significant increase in impressions sold driven by an increase in network attendance related to our network being fully open in the first quarter of 2022, whereas approximately 40% of our network remained closed in response to the COVID-19 Pandemic during the first quarter of 2021.

Local and regional advertising revenue. Local and regional advertising revenue increased to \$4.4 million, or 258.8%, from \$1.7 million for the first quarter of 2021. The increase was due primarily to our network being fully open in the first quarter of 2022, whereas approximately 40% of our network remained closed in response to the COVID-19 Pandemic during the first quarter of 2021.

Founding member beverage revenue. National advertising revenue from the founding members' beverage concessionaire agreement increased \$3.0 million, or 600%, from \$0.5 million for the first quarter of 2021. The increase was due to a 496.6% increase in founding member attendance for the first quarter of 2022, compared to the first quarter of 2021 as approximately 40% of our network remained closed in response to the COVID-19 Pandemic during the first quarter of 2021 and by an increase in beverage revenue CPMs in the first quarter of 2022, compared to the first quarter of 2021. The 2022 beverage revenue CPM is based on a fixed annual increase for Cinemark and Regal following the 2019 ESA Amendments and the increase in the CPM during segment one from 2021 to 2022 for AMC.

Operating expenses. Total operating expenses increased \$24.7 million, or 73.3%, from \$33.7 million for the first quarter of 2021 to \$58.4 million for the first quarter of 2022. The following table shows the changes in operating expense for the first quarter of 2022 (in millions):

	Q1 2022	Q1 2021	\$ Change	% Change
			Q1 2021 to Q1 2022	Q1 2021 to Q1 2022
Advertising operating costs	\$ 4.7	\$ 1.5	\$ 3.2	213.3 %
Network costs	2.0	1.8	0.2	11.1 %
Theater access fees and revenue share—founding members	17.9	3.1	14.8	477.4 %
Selling and marketing costs	10.2	7.7	2.5	32.5 %
Administrative and other costs	9.7	10.2	(0.5)	(4.9)%
Impairment of long-lived assets	5.8	—	5.8	(100.0)%
Depreciation expense	2.0	3.3	(1.3)	(39.4)%
Amortization of intangibles recorded for network theater screen leases	6.1	6.1	—	— %
Total operating expenses	\$ 58.4	\$ 33.7	\$ 24.7	73.3 %

Advertising operating costs. Advertising operating costs increased \$3.2 million, or 213.3%, from \$1.5 million for the first quarter of 2021 to \$4.7 million for the first quarter of 2022. The increase was due primarily to a \$3.1 million increase in advertising affiliate expense due an increase in revenue share payments driven by the increase in revenue for the first quarter of 2022, as compared to the first quarter of 2021.

Network costs. Network costs increased \$0.2 million, or 11.1%, from \$1.8 million for the first quarter of 2021 to \$2.0 million for the first quarter of 2022. The increase was primarily related to a \$0.2 million increase in personnel related costs due to the reinstatement of full salaries to all employees within the first quarter of 2022, compared to the first quarter of 2021 when temporary salary and wage reductions were in place.

Theater access fees and revenue share—founding members. Theater access fees and revenue share increased from \$3.1 million for the first quarter of 2021 to \$17.9 million in the first quarter of 2022. This increase was primarily due to \$8.1 million caused by the substantial increase in average active screens for the first quarter of 2022, as compared to the first quarter of 2021, and \$6.4 million of the increase was due to a 496.6% increase in founding member attendance.

Selling and marketing costs. Selling and marketing costs increased \$2.5 million, or 32.5%, from \$7.7 million for the first quarter of 2021 to \$10.2 million for the first quarter of 2022. This increase was primarily due to a \$1.3 million expense increase related to increasing market activity, a \$0.5 million increase in personnel related expenses due to the reinstatement of full salaries to employees in the first quarter of 2022, compared to the first quarter of 2021 when temporary salary and wage reductions were in place, a \$0.4 million increase in redundancy costs related to the sales force reorganization and a \$0.5 million increase in bad debt expense driven by the increase in revenue in the first quarter of 2022, compared to the first quarter of 2021. These increases were partially offset by a \$0.5 million decrease in non-cash barter expense for the first quarter of 2022, compared to the first quarter of 2021.

Administrative and other costs. Administrative and other costs decreased \$0.5 million, or 4.9%, from \$10.2 million for the first quarter of 2021 to \$9.7 million for the first quarter of 2022. This decrease was primarily due to a \$1.3 million decrease in personnel related expenses driven by a \$1.1 million decrease in non-cash share-based compensation expense related to a modification of share-based compensation awards occurring in the first quarter of 2021, with little comparative activity occurring in the first quarter of 2022, partially offset by a \$0.3 million increase in legal and professional fees as well as a \$0.3 million increase in cloud computing expense incurred following the implementation of our new cinema advertising management system in the first quarter of 2021.

Impairment of long-lived assets. Impairment of long-lived assets increased \$5.8 million, or 100%, from \$0.0 million for the first quarter of 2021 to \$5.8 million for the first quarter of 2022. This increase in impairment expense was primarily related to the write-off of certain long-lived assets during the first quarter of 2022.

Depreciation expense. Depreciation expense decreased \$1.3 million, or 39.4%, from \$3.3 million for the first quarter of 2021 to \$2.0 million in the first quarter of 2022, primarily due to the write-off of internally developed software in the first quarter of 2022.

Amortization of intangibles recorded for network theater screen leases. Amortization of intangibles recorded for network theater screen remained consistent at \$6.1 million for the first quarter of 2022 and the first quarter of 2021.

Non-operating expenses. Total non-operating expenses increased \$9.8 million, or 71.5%, from \$13.7 million for the first quarter of 2021 to \$23.5 million for the first quarter of 2022. The following table shows the changes in non-operating expense for the first quarter of 2022 and the first quarter of 2021 (in millions):

	Q1 2022	Q1 2021	\$ Change		% Change	
			Q1 2021 to Q1 2022	Q1 2021 to Q1 2022		
Interest on borrowings	\$ 17.2	\$ 14.7	\$ 2.5	17.0 %		
Loss on modification and retirement of debt, net	—	0.4	(0.4)	(100.0)%		
Loss (gain) on the re-measurement of the payable to founding members under the tax receivable agreement	6.4	(1.5)	7.9	(526.7)%		
Other non-operating (income) expense	(0.1)	0.1	(0.2)	(200.0)%		
Total non-operating expenses	\$ 23.5	\$ 13.7	\$ 9.8	71.5 %		

The increase in non-operating expense was primarily due to a \$7.9 million increase in the loss on the re-measurement of the payable to founding members under the TRA related to the increase in our payable to the founding members under the TRA resulting from an increase in projected taxable income before TRA deductions for the year ended December 29, 2022. The increase was also due to a \$2.5 million increase in interest on borrowings primarily related to the issuance of the New Revolving Credit Agreement in January of 2022, partially offset by a \$0.4 million decrease in the loss on modifications and retirements of debt, net resulting from the Credit Agreement Second Amendment in the first quarter of 2021, with little comparable activity in the first quarter of 2022.

Net Loss. Net loss increased \$5.8 million from net loss of \$19.4 million for the first quarter of 2021 to \$25.2 million for the first quarter of 2022. The increase in net loss was due to a \$9.8 million increase in non-operating expense and a \$1.8 million decrease in net loss attributable to noncontrolling interests, partially offset by a \$5.8 million decrease in operating loss.

Known Trends and Uncertainties

COVID-19—As discussed within the ‘Recent Developments’ section, due to the COVID-19 Pandemic certain theaters within the Company’s network were temporarily closed during a portion of 2021. The Company’s ability to advertise within theaters once opened in 2021 was limited due to reduced movie schedules and patron capacities at many network theaters and the timing and frequency of new major motion picture releases as compared to prior years due to the COVID-19 Pandemic. Our theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and/or revenue, and therefore, were not incurred when theaters were closed and attendance-based fees were reduced for the period of time that attendance was lower than historical levels.

Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 Pandemic, we are currently unable to fully determine the extent of the COVID-19 Pandemic’s impact on our business in future periods. However, we are monitoring the rapidly evolving situation and its potential impacts on our financial position, results of operations, liquidity and cash flows.

Beverage Revenue—Under the ESAs, up to 90 seconds of the *Noovie*® pre-show program can be sold to the founding members to satisfy their on-screen advertising commitments under their beverage concessionaire agreements. For the first three months of 2022 and 2021, two of the founding members purchased 60 seconds of on-screen advertising time and one founding member purchased 30 seconds to satisfy their obligations under their beverage concessionaire agreements. The founding members’ current long-term contracts with their beverage suppliers require the 30 or 60 seconds of beverage advertising, although such commitments could change in the future. Per the ESA with AMC, the time sold to the founding member beverage supplier is priced equal to the greater of (1) the advertising CPM charged by NCM LLC in the previous year for the time sold to the founding member beverage supplier and (2) the advertising CPM for the previous year charged by NCM LLC to unaffiliated third parties during segment one (closest to showtime) of the *Noovie* pre-show in the founding member’s theaters, limited to the highest advertising CPM being then-charged by NCM LLC. Beginning in 2020 and in accordance with the 2019 ESA Amendments, the price for the time sold to Cinemark and Regal’s beverage suppliers now increases at a fixed rate of 2.0% each year.

Theater Access Fees—In consideration for NCM LLC’s access to the founding members’ theater attendees for on-screen advertising and use of lobbies and other space within the founding members’ theaters for the LEN and lobby promotions, the founding members receive a monthly theater access fee under the ESAs. The theater access fee is composed of a fixed payment per patron and a fixed payment per digital screen (connected to the DCN). The payment per theater patron increases by 8% every five years, with an increase occurring in the current year and the next increase occurring in 2027. Pursuant to the

ESAs, the payment per digital screen increases annually by 5%. Pursuant to the 2019 ESA Amendments, Cinemark and Regal each receive an additional monthly theater access fee beginning November 1, 2019 in consideration for NCM LLC's access to certain on-screen advertising inventory after the advertised showtime of a feature film. These fees are also based upon a fixed payment per patron: (i) \$0.0375 per patron beginning on November 1, 2020, (ii) \$0.05 per patron beginning on November 1, 2021, (iii) \$0.052 per patron beginning on November 1, 2022 and (iv) increasing 8% every five years beginning November 1, 2027.

Platinum Spot—In consideration for the utilization of the theaters post-showtime for Platinum Spots, Cinemark and Regal receive a percentage of all revenue generated for the actual display of Platinum Spots in their applicable theaters, subject to a specified minimum. If NCM LLC runs advertising in more than one concurrent advertisers' Platinum Spot for any portion of the network over a period of time, then NCM LLC will be required to satisfy a minimum average CPM for that period of time.

Financial Condition and Liquidity

Liquidity and Capital Resources

Our cash balances can fluctuate due to the seasonality of our business and related timing of collections of accounts receivable balances and operating expenditure payments, as well as available cash payments (as defined in the NCM LLC operating agreement) to Cinemark and Regal, interest or principal payments on our term loans and the Notes due 2026 and Notes due 2028, income tax payments, TRA payments to the founding members and amount of quarterly dividends to NCM, Inc.'s common stockholders.

As discussed within the '*Recent Developments*' section, due to the COVID-19 Pandemic, certain theaters within the Company's network remained temporarily closed during a portion of 2021 and the Company's ability to advertise within the reopened theaters in 2021 was limited due to lower than historical levels of attendance due in part to reduced movie schedules and patron capacities at many network theaters and the timing and frequency of major motion picture releases as compared to prior years due to the COVID-19 Pandemic. The Company has had limited cash receipts as attendance levels normalize and advertising revenue increases. Further, there is a lag between when revenue is generated and when the Company ultimately collects the associated accounts receivable balance. The Company also had reduced cash payments during the period when theaters within the Company's network were closed or attendance levels were low as expenses related to theater attendance (i.e., theater access fees, Platinum Spot revenue share and network affiliate revenue share payments) were either not incurred or incurred at lower levels. As all of the theaters within our network were open for the first quarter of 2022, the screen-based portion of these expenses returned to historical levels and the attendance-based portion of these expenses is expected to continue to increase as attendance increases following the continued release of many major motion pictures. The Company also implemented the following cost-saving measures in order to preserve cash at the start of the COVID-19 Pandemic, and those measures remain in place as of the filing date:

- Temporarily reduced cash compensation of the Company's Board of Directors by 20% and offered the option for the Board to receive the cash retainers beginning with the first quarter of 2021 in equivalent value of the Company's common stock in lieu of cash;
- Curtailed certain non-essential operating expenditures, including marketing, research, employee travel and consulting services;
- Temporarily suspended the 401K employee match program;
- Terminated or deferred certain non-essential capital expenditures;
- Strategically worked with our vendors, and other business partners to manage, defer, and/or abate certain costs during the disruptions caused by the COVID-19 Pandemic;
- Decreased our quarterly dividend beginning in the second quarter of 2020, which results in cash savings of \$13.0 million in the first quarter of 2022 and cash savings of \$84.3 million for NCM, Inc. since the beginning of the pandemic; and
- Introduced an active cash management process, which, among other things, requires CEO or CFO approval of all outgoing payments.

In March 2020, we drew down an additional \$110.0 million on our revolving credit facility, in March 2021, we received \$43.0 million in proceeds under incremental term loans that mature on December 20, 2024, and in January 2022 we received \$43.3 million in proceeds under an incremental revolving credit facility that matures on June 20, 2023. The \$76.2 million of cash at NCM LLC as of March 31, 2022 will be used to fund operations during the period of expected reduced cash flows. Cash at NCM, Inc. is held for future payment of dividends to NCM, Inc. stockholders, income tax payments, income tax receivable payments to NCM LLC's founding members and other obligations.

On January 5, 2022, NCM LLC entered into the Credit Agreement Third Amendment. Among other things, the Credit Agreement Third Amendment provides for: (i) certain modifications to and extensions to modifications of the affirmative and negative covenants therein; (ii) the suspension of the consolidated net total leverage and consolidated net senior secured leverage financial covenants through the fiscal quarter ending December 29, 2022; (iii) the consolidated net total leverage ratio and consolidated net senior secured leverage ratio financial covenants to be set to 9.25 to 1.00 and 7.25 to 1.00, respectively, for the fiscal quarter ending on or about March 30, 2023, 8.50 to 1.00 and 6.50 to 1.00, respectively, for the fiscal quarter ending on or about June 29, 2023, 8.00 to 1.00 and 6.00 to 1.00, respectively, for the fiscal quarter ending on or about September 28, 2023, and 6.25 to 1.00 and 4.50 to 1.00, respectively, for the fiscal quarter ending on or about December 28, 2023 and each fiscal quarter thereafter, and (iv) with respect to NCM LLC's audited financial statements for the fiscal year ended December 30, 2021, a waiver of the requirement to deliver an auditor's opinion for such financial statements without a "going concern" or like qualification or exception.

Also on January 5, 2022, NCM LLC also entered into the New Revolving Credit Agreement among NCM LLC, the lenders party thereto and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The New Revolving Credit Agreement provides for revolving loan commitments of \$50.0 million of secured revolving loans, the entire amount of which was funded on January 5, 2022. The New Revolving Credit Agreement provides for (i) a cash interest rate of term SOFR plus 8.00%, with a 1.00% floor, (ii) a maturity date of June 20, 2023 and (iii) a termination premium if NCM LLC terminates the commitments under the New Revolving Credit Agreement at any time before maturity. The New Revolving Credit Agreement also contains covenants, representations and warranties and events of default that are substantially similar to the Credit Agreement. In accordance with the Credit Agreement amendment entered into on April 30, 2020 ("the Credit Agreement First Amendment") and the Credit Agreement Second Amendment, for the period beginning in the second quarter of 2020 through the date that NCM LLC delivers a compliance certificate for the third quarter of 2022, NCM LLC must maintain a minimum liquidity balance of \$55.0 million consisting of a combination of unrestricted cash on hand and availability under NCM LLC's revolving credit facility. As of March 31, 2022, NCM LLC was in compliance with the requirements of the Credit Agreement, as amended, and the New Revolving Credit Agreement. Management believes the Company can meet its operating obligations, including all currently scheduled interest and debt service payments within one year following the date of issuance of the accompanying financial statements, based on its current financial position and liquidity sources, including current cash balances, and forecasted future cash flows.

A summary of our financial liquidity is as follows (in millions):

	As of			\$ Change YE 2021 to Q1 2022	\$ Change Q1 2021 to Q1 2022
	March 31, 2022	December 30, 2021	April 1, 2021		
Cash, cash equivalents and marketable securities (1)	\$ 115.1	\$ 102.5	\$ 192.2	\$ 12.6	\$ (77.1)
NCM LLC revolving credit facility availability (2)	6.8	6.8	5.6	—	1.2
Total liquidity	\$ 121.9	\$ 109.3	\$ 197.8	\$ 12.6	\$ (75.9)

(1) Included in cash, cash equivalents and marketable securities as of March 31, 2022, December 30, 2021 and April 1, 2021, was \$76.2 million, \$58.6 million and \$139.4 million, respectively, of cash held by NCM LLC that is not available to satisfy dividends declared by NCM, Inc., income tax, tax receivable payments to NCM LLC's founding members and other obligations.

(2) The revolving credit facility portion of NCM LLC's total borrowings is available, subject to certain conditions, for general corporate purposes of NCM LLC in the ordinary course of business and for other transactions permitted under the senior secured credit facility, and a portion is available for letters of credit. NCM LLC's total capacity under the revolving credit facility pursuant to the Credit Agreement was \$175.0 million as of March 31, 2022, December 30, 2021 and April 1, 2021. As of March 31, 2022, December 30, 2021 and April 1, 2021, the amount available under the NCM LLC revolving credit facility pursuant to the Credit Agreement in the table above was net of the amount outstanding under the revolving credit facility of \$167.0 million, \$167.0 million and \$167.0 million, respectively, and net letters of credit of \$1.2 million, \$1.2 million and \$2.4 million, respectively.

As of March 31, 2022, the weighted average remaining maturity of our debt was 4.0 years. As of March 31, 2022, approximately 54% of our total borrowings bear interest at fixed rates. The remaining 46% of our borrowings bear interest at variable rates and our net income and earnings per share could fluctuate with market interest rate fluctuations that could increase or decrease the interest paid on our borrowings.

We have used and generated cash as follows (in millions):

	Three Months Ended	
	March 31, 2022	April 1, 2021
Operating cash flow	\$ (23.6)	\$ (25.0)
Investing cash flow	\$ (0.7)	\$ (2.0)
Financing cash flow	\$ 36.9	\$ 37.4

- **Operating Activities.** The \$1.4 million decrease in cash used in operating activities for the first quarter of 2022, as compared to the first quarter of 2021, was primarily due to a \$7.9 million increase in the noncash loss on the remeasurement of the payable to founding members under the TRA and a \$5.8 million increase in the impairment of long-lived assets related to the write down in the first quarter of 2022 of certain internally developed software no longer in use, partially offset by a \$3.9 million increase in payments of accounts payable and accrued expenses due in part to increased market activity, a \$4.0 million increase in consolidated net loss and a \$5.0 million increase in deferred revenue related to higher revenue in the first quarter of 2022, as compared to the first quarter of 2021.
- **Investing Activities.** The \$1.3 million decrease in cash used in investing activities for the first quarter of 2022, as compared to the first quarter of 2021, was due to a \$1.3 million decrease in purchases of property and equipment in the first quarter of 2022, compared to the first quarter of 2021.
- **Financing Activities.** The \$0.5 million decrease in cash provided by financing activities for the first quarter of 2022, compared to the year first quarter of 2021 was primarily due to the \$50.0 million issuance of the second tranche of term loans that occurred in the first quarter of 2021 and \$1.6 increase in debt amortization costs in the first quarter of 2022, partially offset by the \$50.0 million increase from the issuance of the New Revolving Credit Facility in the first quarter of 2022, as discussed above, and a \$0.9 million decrease in the repurchase of restricted stock tax withholding related to the increase in tax liability settlement through selling of shares, rather than withholding shares in the first quarter of 2022, compared to the first quarter of 2021.

Sources of Capital and Capital Requirements

NCM, Inc.'s primary source of liquidity and capital resources is the quarterly available cash distributions from NCM LLC as well as its existing cash balances and marketable securities, which as of March 31, 2022 were \$115.1 million (including \$76.2 million of cash held by NCM LLC). NCM LLC's primary sources of liquidity and capital resources are its cash provided by operating activities, availability under its revolving credit facility and cash on hand. NCM LLC drew down an additional \$110.0 million of its revolving credit facility in March 2020 in order to supplement the decrease in cash provided by operating activities during the period our network theaters were closed. On January 5, 2022, the company entered in the New Revolving Credit Agreement and drew down upon the new revolving credit facility of \$50.0 million. The \$76.2 million of cash at NCM LLC will be used to fund operations during the period of expected reduced cash flows. Cash at NCM, Inc. is used to fund income taxes, payments associated with the TRA with the founding members and for future payment of dividends to NCM, Inc. stockholders.

Cash flows generated by NCM LLC's distributions to NCM, Inc. and the founding members have been affected by the impact of the COVID-19 Pandemic on our operations and may be deferred through the quarter ending December 28, 2023 or longer due to the limitations instituted by the Credit Agreement First Amendment, Credit Agreement Second Amendment and Credit Agreement Third Amendment. NCM LLC is required pursuant to the terms of the NCM LLC operating agreement to distribute its available cash, as defined in the operating agreement, unless prohibited by NCM LLC's Credit Agreement, quarterly to its members (Regal, Cinemark, AMC and NCM, Inc.). The available cash distribution to NCM LLC's members for the three months ended March 31, 2022 was calculated as approximately negative \$27.2 million, of which NCM, Inc.'s share is approximately negative \$12.9 million. Further there was \$93.7 million and \$85.2 million of negative available cash generated during the years ended December, 30, 2021 and December 31, 2020, respectively. Pursuant to the NCM LLC operating agreement and the Credit Agreement amendments, there will be no available cash distributions made for the first quarter of 2022. Negative available cash distributions for the years of 2021 and 2020 are expected to be netted in accordance with the NCM LLC operating agreement against future positive available cash distributions after the extended covenant waiver holiday, contingent upon the Company's compliance with the covenants outlined within the Credit Agreement Third Amendment defined within Note 6—*Borrowings* and in accordance with the NCM LLC operating agreement.

NCM, Inc. expects to use its cash balances and cash received from future available cash distributions (as allowed for under the Credit Agreement) to fund payments associated with the TRA with the founding members and current and future dividends as declared by the Board of Directors, including a dividend declared on May 9, 2022 of \$0.03 per share (approximately \$2.4 million) on each share of the Company's common stock (not including outstanding restricted stock) to stockholders of record on May 23, 2022 to be paid on June 7, 2022. The Company does not expect to make a TRA payment in

2022 for the 2021 tax year. The Company will also consider opportunistically using cash received for partial repayments of NCM LLC's outstanding debt balance. Distributions from NCM LLC and NCM, Inc. cash balances should be sufficient to fund payments associated with the TRA with the founding members, income taxes and its regular dividend for the foreseeable future at the discretion of the Board of Directors. The Company intends to pay a regular quarterly dividend for the foreseeable future at the discretion of the Board of Directors consistent with the Company's intention to distribute substantially all its free cash flow to stockholders through its quarterly dividend. The declaration, payment, timing and amount of any future dividends payable will be at the sole discretion of the Board of Directors who will take into account general economic and advertising market business conditions, the Company's financial condition, available cash, current and anticipated cash needs and any other factors that the Board of Directors considers relevant, which includes short-term and long-term impacts to the Company related to the COVID-19 Pandemic and restrictions under the NCM LLC Credit Agreement.

Critical Accounting Policies

For a discussion of accounting policies that we consider critical to our business operations and understanding of our results of operations, and that affect the more significant judgments and estimates used in the preparation of our unaudited Condensed Consolidated Financial Statements, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" contained in our annual report on Form 10-K filed for the fiscal year ended December 30, 2021 and incorporated by reference herein. As of March 31, 2022, there were no significant changes in those critical accounting policies.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see the information provided under Note 1—*The Company* to the unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its unaudited Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary market risk to which we are exposed is interest rate risk. The Notes due 2026 and the Notes due 2028 are at fixed rates, and therefore are not subject to market risk. As of March 31, 2022, the only interest rate risk that we are exposed to is related to our \$225.0 million revolving credit facilities and our term loans. A 100-basis point fluctuation in market interest rates underlying our term loans and revolving credit facilities would have the effect of increasing or decreasing our cash interest expense by approximately \$5.3 million for an annual period on the \$217.0 million in revolving credit balances, \$49.5 million term loan and \$259.9 million incremental term loan outstanding as of March 31, 2022.

In response to the COVID-19 Pandemic, the government lowered the Federal Reserve interest rate leading to historically low interest rates as of March 31, 2022 that has had the effect of reducing the Company's interest rate risk. If interest rates increase, this will increase the Company's interest rate risk.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer), as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of March 31, 2022, the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company's management concluded that the Company's disclosure controls and procedures as of March 31, 2022 were effective.

In designing and evaluating our disclosure controls and procedures, management recognizes that any control, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are sometimes involved in legal proceedings arising in the ordinary course of business. We are not aware of any other litigation currently pending that would have a material adverse effect on our operating results or financial condition.

Item 1A. Risk Factors

There have been no material changes from risk factors as previously disclosed in our annual report on Form 10-K filed with the SEC on March 3, 2022 for the fiscal year ended December 30, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information about shares delivered to the Company from restricted stock held by Company employees upon vesting for the purpose of funding the recipient's tax withholding obligations.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs
December 31, 2021 through January 27, 2022	—	\$ —	—	N/A
January 28, 2022 through February 24, 2022	18,773	\$ 3.17	—	N/A
February 25, 2022 through March 31, 2022	42,672	\$ 2.97	—	N/A

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit</u>	<u>Reference</u>	<u>Description</u>
3.1	*	The Bylaws, as amended May 4, 2022.
3.2	*	Second Amended and Restated Certificate of Incorporation of National CineMedia, Inc., as amended as of May 4, 2022.
10.1	(1)	Amendment No. 3 to the Credit Agreement, dated as of January 5, 2022, by and among National CineMedia, LLC, each lender party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.
10.2	(2)	Revolving Credit Agreement, dated as of January 5, 2022, by and among National CineMedia, LLC, each lender party thereto, and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent.
31.1	*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.1	**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

(1) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on January 6, 2022.

(2) Incorporated by reference to Exhibit 10.2 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on January 6, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL CINEMEDIA, INC.
(Registrant)

Date: May 9, 2022

/s/ Thomas F. Lesinski

Thomas F. Lesinski
Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 9, 2022

/s/ Ronnie Y. Ng

Ronnie Y. Ng
Chief Financial Officer
(Principal Financial and Accounting Officer)

**AMENDED AND RESTATED
BYLAWS
OF
NATIONAL CINEMEDIA, INC.**
As amended May 4, 2022

**INDEX TO AMENDED AND RESTATED BYLAWS
OF
NATIONAL CINEMEDIA, INC.**

Section		Page
ARTICLE I Offices		1
Section 1.01	Business Offices	1
Section 1.02	Registered Office	1
ARTICLE II Stockholders		1
Section 2.01	Annual Meeting	1
Section 2.02	Special Meetings	1
Section 2.03	Place of Meeting	1
Section 2.04	Notice of Meetings	1
Section 2.05	Fixing Date for Determination of Stockholders of Record.	2
Section 2.06	Voting List	2
Section 2.07	Proxies	2
Section 2.08	Quorum and Manner of Acting	3
Section 2.09	Nominations for the Election of Directors	3
Section 2.10	Other Stockholder Proposals	4
Section 2.11	Stockholder Action by Written Consent Without a Meeting	5
Section 2.12	Conduct of Business	5
Section 2.13	Inspector of Elections	5
ARTICLE III Board of Directors		6

Section 3.01	General Powers	6
Section 3.02	Number, Tenure and Qualifications	6
Section 3.03	Resignation	6
Section 3.04	Regular Meetings	6
Section 3.05	Special Meetings	6
Section 3.06	Meetings by Telephone	6
Section 3.07	Notice of Meetings	6
Section 3.08	Quorum and Manner of Acting	7
Section 3.09	Action Without a Meeting	7
Section 3.10	Executive and Other Committees	7
Section 3.11	Compensation	7
Section 3.12	Removal of Directors; Vacancies	8
ARTICLE IV	Officers	8
Section 4.01	Number and Qualifications	8
Section 4.02	Election and Term of Office	8
Section 4.03	Compensation	8
Section 4.04	Resignation	8
Section 4.05	Removal	8
Section 4.06	Vacancies	8
Section 4.07	Authority and Duties	8
Section 4.08	Surety Bonds	10
ARTICLE V	Stock	10

Section 5.01	Issuance of Shares	10
Section 5.02	Transfer of Shares	10
Section 5.03	Registered Holders	10
Section 5.04	Transfer Agents, Registrars and Paying Agents	10
Section 5.05	Lost, Stolen or Destroyed Certificates	10
ARTICLE VI Indemnification		11
Section 6.01	Right to Indemnification	11
Section 6.02	Insurance	11
ARTICLE VII Miscellaneous		11
Section 7.01	Notice by Electronic Transmission	11
Section 7.02	Waivers of Notice	12
Section 7.03	Presumption of Assent	12
Section 7.04	Voting of Securities by the Corporation	12
Section 7.05	Authorized Signatories	12
Section 7.06	Seal	12
Section 7.07	Fiscal Year	12
Section 7.08	Amendments	12

**AMENDED AND RESTATED BYLAWS
OF
NATIONAL CINEMEDIA, INC.**

**ARTICLE I
Offices**

Section 1.01 Business Offices. National CineMedia, Inc. (the “Corporation”) may have such offices, either within or outside Delaware, as the board of directors of the Corporation (the “Board”) may from time to time determine or as the business of the Corporation may require.

Section 1.02 Registered Office. The registered office of the Corporation required by the General Corporation Law of the State of Delaware (the “DGCL”) to be maintained in Delaware shall be as set forth in the certificate of incorporation of the Corporation (the “Certificate of Incorporation”), unless changed as provided by law.

**ARTICLE II
Stockholders**

Section 2.01 Annual Meeting. An annual meeting of the stockholders of the Corporation shall be held on such date as may be determined by the Board, for the purpose of electing directors and for the transaction of such other business as may come before such meeting. If the election of directors of the Corporation shall not be held on the day designated for any such meeting, or at any adjournment thereof, the Board shall cause the election to be held at a meeting of the stockholders of the Corporation as soon thereafter as conveniently may be held. Failure to hold an annual meeting of the stockholders of the Corporation as required by these Bylaws shall not invalidate any action taken by the Board or by the officers of the Corporation.

Section 2.02 Special Meetings. Special meetings of the stockholders of the Corporation, for any purpose or purposes, unless otherwise prescribed by law or the Certificate of Incorporation, may be called only by the Board pursuant to a resolution approved by the affirmative vote of a majority of the directors of the Corporation then in office. Such resolution of the Board shall state the purpose or purposes of such proposed meeting. Business transacted at any special meetings of the stockholders shall be limited to the purpose or purposes stated in the notice.

Section 2.03 Place of Meeting. Each meeting of the stockholders of the Corporation shall be held at such place, either within or outside Delaware, as may be designated in the notice of such meeting, or, if no place is designated in such notice, at the principal office of the Corporation. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any time, but may instead be held solely by means of remote communications in accordance with the DGCL.

Section 2.04 Notice of Meetings. Except as otherwise required herein, by the Certificate of Incorporation or by law and whenever stockholders are required or permitted to take any action at a meeting, notice in writing or by electronic transmission of each meeting of the stockholders of the Corporation stating the place, if any, day and hour of such meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting of the stockholders of the Corporation, the purpose or purposes for which such meeting is called, shall be given, either personally (including delivery by private courier) or by first class, certified or registered mail, or by electronic transmission, to each stockholder of record entitled to notice of such meeting, not less than 10 nor more than 60 days before the date of such meeting. Such notice shall be deemed to be given, if personally delivered, when delivered to the stockholder, and, if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation, and if by electronic transmission, when posted on an electronic network or directed to the stockholder at an electronic mail address at which the stockholder has consented to receive notice. An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by personal delivery, by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein. If notice of

two consecutive annual meetings of the stockholders of the Corporation and all notices of other meetings of the stockholders of the Corporation to any stockholder during the period between such two consecutive annual meetings, or all, and at least two, payments (if sent by first class mail) of dividends or interest on securities of the Corporation during a 12 month period, have been mailed to such person at his address as shown on the records of the Corporation and have been returned undeliverable, the giving of such notice to such person shall not be required until another address for such person is delivered to the Corporation. When a meeting of the stockholders of the Corporation is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At such adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting of the stockholders of the Corporation. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for such adjourned meeting, notice of such adjourned meeting shall be given to each stockholder of record of the Corporation entitled to vote at the meeting in accordance with the foregoing provisions of this Section 2.04.

Section 2.05 Fixing Date for Determination of Stockholders of Record. For the purpose of determining the stockholders of the Corporation entitled to notice of or to vote at any meeting of the stockholders of the Corporation or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock of the Corporation or for any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of stockholders, which date shall not precede the date upon which the record date is adopted by the Board, and which shall not be more than 60 nor less than 10 days before the date of such meeting, and not more than 60 days prior to any other action. If no record date is fixed then the record date shall be, for determining the stockholders of the Corporation entitled to notice of or to vote at a meeting of such stockholders, the close of business on the day next preceding the day on which notice is given, or, if notice is waived, the close of business on the day next preceding the day on which such meeting is held, or, for determining stockholders of the Corporation for any other purpose, the close of business on the day on which the Board adopts the resolution relating thereto. A determination of the stockholders of record of the Corporation entitled to notice of or to vote at a meeting of such stockholders shall apply to any adjournment of such meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

Section 2.06 Voting List. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, or cause to be prepared, at least 10 days before every meeting of the stockholders of the Corporation, a complete list of such stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each such stockholder and the number of shares of capital stock of the Corporation registered in the name of each such stockholder. Nothing contained in this Section 2.06 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder of the Corporation, for any purpose germane to such meeting, for a period of at least 10 days prior to such meeting, either (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of such meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If such meeting is to be held at a place, the list shall also be produced and kept at the time and place of such meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. If such meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder of the Corporation during the whole time of such meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of such meeting. Except as otherwise provided by law, the list of stockholders shall be the only evidence as to which stockholders are entitled to examine to determine the stockholders entitled to vote in person or by proxy at any meeting of the stockholders.

Section 2.07 Proxies. Each stockholder of the Corporation entitled to vote at a meeting of stockholders of the Corporation may authorize another person or persons to act for him, her or it by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Except as otherwise provided by law, a proxy shall be irrevocable if it states

that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date.

Section 2.08 Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at a meeting of stockholders of the Corporation, a majority of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum. If a quorum is present, at all meetings of stockholders for the election of directors, the directors of the Corporation will be elected by the plurality of the votes cast by the holders of shares of Common Stock (as defined in the Certificate of Incorporation). Unless otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation or applicable law or pursuant to any regulation applicable to the Corporation or its securities, if a quorum is present, the affirmative vote of a majority of the votes held by such shares represented at such meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of such stockholders. In the absence of a quorum, a majority of the shares of capital stock of the Corporation so represented may adjourn such meeting from time to time in accordance with Section 2.04, until a quorum shall be present or represented.

Section 2.09 Nominations for the Election of Directors. Except as otherwise provided in the Certificate of Incorporation, nominations for election to the Board must be made by the Board or by a committee appointed by the Board for such purpose or by any stockholder of any outstanding shares of capital stock of the Corporation entitled to vote for the election of directors of the Corporation. Except as otherwise provided in the Certificate of Incorporation, nominations by the stockholders of the Corporation must be preceded by timely notice in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting of the stockholders of the Corporation; *provided, however*, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 70 days after, the anniversary of the preceding year's annual meeting of the stockholders of the Corporation, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. For purposes of the first annual meeting of stockholders of the Corporation held following the date of these Bylaws, the first anniversary of such annual meeting shall be deemed to be the third Wednesday of May of the following year. Such stockholder's notice shall set forth:

- (a) as to each person whom the stockholder proposes to nominate as a director:
 - (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and
 - (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and
- (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made:
 - (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner,
 - (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner,

- (iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose nomination, and
- (iv) a representation regarding whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (B) otherwise to solicit proxies from stockholders in support of such nomination.

The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed director nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

The presiding officer of the annual meeting of the stockholders of the Corporation shall have the authority to determine and declare to such meeting that a nomination not preceded by notification made in accordance with the foregoing procedure shall be disregarded.

Section 2.10 Other Stockholder Proposals. For business other than the nomination for election of directors to the Board to be properly brought before any meeting by a stockholder of the Corporation, such stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting of the stockholders of the Corporation; *provided, however*, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 70 days after, the anniversary of the preceding year's annual meeting of the stockholders of the Corporation, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. For purposes of the first annual meeting of stockholders of the Corporation held following the date of these Bylaws, the first anniversary of such annual meeting shall be deemed to be the third Wednesday of May of the following year. Such stockholder's notice shall set forth:

- (a) as to any business that the stockholder proposes to bring before the meeting:
 - (i) a brief description of the business desired to be brought before the meeting,
 - (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), and
 - (iii) the reasons for conducting such business at the meeting; and
- (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made:
 - (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner,
 - (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner,

- (iii) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made as to each matter such stockholder proposes to bring before such meeting,
- (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, and
- (v) a representation regarding whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (B) otherwise to solicit proxies from stockholders in support of such proposal.

Section 2.11 Stockholder Action by Written Consent Without a Meeting. Except as provided in any preferred stock designation adopted in accordance with the Certificate of Incorporation and the DGCL (a "Preferred Stock Designation"), after the Corporation first has a class of securities registered under Section 12(g) of the Exchange Act or its equivalent, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly called annual or special meeting of the stockholders and may not be taken by consent in writing or otherwise.

Section 2.12 Conduct of Business. The chairman of each annual and special meeting of stockholders shall be the chairman of the Board or, in the absence (or inability or refusal to act) of the chairman of the Board, the chief executive officer (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the chief executive officer or if the chief executive officer is not a director, the president (if he or she shall be a director) or, in the absence (or inability or refusal to act) of the president or if the president is not a director, such other person as shall be appointed by the Board. The secretary of each annual and special meeting of stockholders shall be the secretary or, in the absence (or inability or refusal to act) of the secretary, an assistant secretary so appointed to act by the chairman of the meeting. In the absence (or inability or refusal to act) of the secretary and all assistant secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the presiding officer of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with these Bylaws or such rules and regulations as adopted by the Board, the presiding officer of the meeting of stockholders shall have the right and authority to convene the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding officer of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding officer should so determine, such presiding officer shall so declare to the meeting, and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13 Inspector of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation or otherwise serve the Corporation in other capacities, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or

designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting in person or by proxy and the validity of proxies and ballots, (iii) count all votes and ballots and report the results, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

ARTICLE III Board of Directors

Section 3.01 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided in the DGCL or the Certificate of Incorporation.

Section 3.02 Number, Tenure and Qualifications. The number of directors of the Corporation, other than those who may be elected by the holders of one or more series of preferred stock of the Corporation ("Preferred Stock") voting separately by class or series, shall initially be nine (9). Each director of the Corporation shall hold office until his or her successor shall be qualified and elected, subject, however, to such director's earlier death, resignation, retirement or removal. Any newly created directorship or vacancy shall be filled as set forth in the Certificate of Incorporation. Directors of the Corporation need not be residents of Delaware or stockholders of the Corporation. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director, except as may be provided for in a Preferred Stock Designation with respect to any additional director elected by the holders of the applicable series of Preferred Stock.

Section 3.03 Resignation. Any director of the Corporation may resign at any time by giving notice to the Corporation in writing or by electronic transmission. A director's resignation shall take effect upon receipt or, if a different time of effectiveness is specified therein, at the time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Regular Meetings. Regular meetings of the Board may be held at such time and at such place, if any (either within or outside Delaware), as shall from time to time be determined by the Board.

Section 3.05 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the chairman of the Board, by the chief executive officer or by a majority of the directors of the Corporation. Any such special meeting may take place at any place either within or outside Delaware.

Section 3.06 Meetings by Telephone. Unless otherwise restricted by the Certificate of Incorporation, the directors of the Corporation may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in such meeting can hear each other, and such participation in such meeting in such manner shall constitute presence in person at such meeting.

Section 3.07 Notice of Meetings. Notice of each meeting of the Board (except those regular meetings for which notice is not required) stating the place, if any, day and hour of such meeting shall be given to each director of the Corporation at least two days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least one day prior thereto by personal delivery (including delivery by private courier) of written notice or by telephone, telegram, telex, cablegram, electronic transmission (including email) or other similar method, except that in the case of a meeting of the Board

to be held pursuant to Section 3.06 notice may be given by telephone at any time prior thereto. The method of notice need not be the same to each director of the Corporation. Notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid, addressed to such director at his business or residence address, when delivered or communicated to such director or when the telegram, telex, cablegram, electronic transmission (including email) or other form of notice is personally delivered to such director or delivered to the last address of such director furnished by him to the Corporation for such purpose. Notice may be waived pursuant to Section 7.02 hereof. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 3.08 Quorum and Manner of Acting. Except as otherwise may be required by law, the Certificate of Incorporation or these Bylaws, a majority of the number of directors of the Corporation fixed in accordance with these Bylaws, present at the meeting, shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of the directors of the Corporation present at a meeting of the Board at which a quorum is present shall be the act of the Board. If less than a quorum is present at a meeting of the Board, the directors of the Corporation present may adjourn such meeting from time to time without further notice other than announcement at such meeting, until a quorum shall be present. Subject to the terms of the Certificate of Incorporation, a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 3.09 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, without prior notice and without a vote, if all members of the Board or committee thereof entitled to vote thereon, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Board or committee thereof, as the case may be.

Section 3.10 Executive and Other Committees. The Board may designate by resolution one or more committees of the Board, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent or disqualified member at any meeting of such committee, and may dissolve any such committee. In the absence or disqualification of a member of a committee of the Board, the member or members present at any meeting of such committee of the Board and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Except as otherwise provided in the charter of such committee or as otherwise required by the corporation governance rules and listing standards of any national securities exchange or automated quotation system upon which the Corporation's securities are then listed, any such committee shall present its findings and recommendations to the Board, as set forth in the applicable Board resolution. The Board shall delegate certain of its powers and authority to any such committee as set forth in the charters of such committee or by resolution of the Board in the Board's discretion or as otherwise required by the corporation governance rules and listing standards of any national securities exchange or automated quotation system upon which the Corporation's securities are then listed. To the extent the Board does not establish other procedures, and subject to the immediately preceding sentence, each such committee shall be governed by the procedures set forth in Sections 3.04 (except as they relate to an annual meeting), 3.05 through 3.09, 7.01 and 7.02 as if such committee were the Board. Each such committee shall keep regular minutes of its meetings, which shall be reported to the Board when required and submitted to the secretary of the Corporation for inclusion in the corporate records of the Corporation.

Section 3.11 Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board shall have the authority to fix the compensation of directors of the Corporation. Such directors may be paid their expenses, if any, of attendance at each meeting of the Board and each meeting of any committee of the Board of which he or she is a member and may be paid a fixed sum for attendance at each such meeting or a stated salary or both a fixed sum and a stated salary. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.12 Removal of Directors; Vacancies. The removal of directors of the Corporation and the filling of vacancies on the Board shall be as provided in the Certificate of Incorporation.

ARTICLE IV Officers

Section 4.01 Number and Qualifications. The officers of the Corporation shall consist of a chairman of the Board, a chief executive officer, a president, a chief operating officer, a chief financial officer, a secretary and such other officers, including a vice-chairman or vice-chairmen of the Board, one or more vice-presidents, a treasurer and a controller, as may from time to time be elected or appointed by the Board. In addition, the Board or the chief executive officer of the Corporation may elect or appoint such assistant and other subordinate officers, including assistant vice-presidents, assistant secretaries and assistant treasurers, as it or he shall deem necessary or appropriate. Any number of offices of the Corporation may be held by the same person, except that no person may simultaneously hold the offices of president and secretary of the Corporation.

Section 4.02 Election and Term of Office. Except as provided in the Certificate of Incorporation and Sections 4.01 and 4.06 of these Bylaws, the officers of the Corporation shall be elected by the Board. If such election shall not be held as provided herein, such election shall be held as soon thereafter as may be convenient. Each officer of the Corporation shall hold office until his or her successor shall be elected and shall qualify or until the expiration of his or her term in office if elected or appointed for a specified period of time, subject, however, to prior death, resignation, retirement or removal.

Section 4.03 Compensation. Officers of the Corporation shall receive such compensation for their services as may be authorized or ratified by the Board or a compensation committee of the Board, and no such officer shall be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation. Election or appointment as an officer of the Corporation shall not of itself create a contract or other right to compensation for services performed by such officer.

Section 4.04 Resignation. Any officer of the Corporation may resign at any time, subject to any rights or obligations under any existing contracts between such officer and the Corporation, by giving notice to the Corporation in writing or by electronic transmission. Such officer's resignation shall take effect upon receipt or, if a different time of effectiveness is specified therein, at the time stated therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Removal. Unless otherwise provided in the Certificate of Incorporation, any officer of the Corporation may be removed with or without cause at any time by the Board, or, in the case of assistant and other subordinate officers of the Corporation, by the chief executive officer of the Corporation, whenever in its, his or her judgment, as the case may be, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer of the Corporation shall not in itself create contract rights.

Section 4.06 Vacancies. Except as otherwise provided in the Certificate of Incorporation, a vacancy occurring in any office of the Corporation by death, resignation, retirement, removal or otherwise may be filled by the Board.

Section 4.07 Authority and Duties. The officers of the Corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the chief executive officer of the Corporation, the Board or these Bylaws (and in all cases where the duties of any officer of the Corporation are not prescribed by these Bylaws or the Board, such officer shall follow the orders and instructions of the chief executive officer of the Corporation), except that in any event each such officer shall exercise such powers and perform such duties as may be required by law:

(a) Chairman of the Board. The chairman of the Board of the Corporation, who shall be elected from among the directors of the Corporation, shall preside, when present, at all meetings of the Corporation's

stockholders and the Board and perform such other duties as may be assigned to him or her from time to time by the Board.

(b) Chief Executive Officer. The chief executive officer of the Corporation shall, subject to the direction and supervision of the Board, (i) have general and active control of the affairs of the Corporation and general supervision of its officers, agents and employees; (ii) in the absence of the chairman of the Board of the Corporation, preside, when present, at all meetings of the Corporation's stockholders and the Board; (iii) see that all orders and resolutions of the Board are carried into effect; and (iv) perform all other duties incident to the office of chief executive officer and as from time to time may be assigned to him or her by the Board.

(c) President. The president of the Corporation shall, subject to the direction and supervision of the Board, perform all duties incident to the office of president and as from time to time may be assigned to him by the Board. At the request of the chief executive officer of the Corporation or in his or her absence or in the event of his or her inability or refusal to act, the president of the Corporation shall perform the duties of the chief executive officer of the Corporation, and when so acting shall have all the powers and be subject to all the restrictions of the chief executive officer of the Corporation.

(d) Chief Operating Officer. The chief operating officer of the Corporation shall, subject to the direction and supervision of the Board, supervise the day to day operations of the Corporation and perform all other duties incident to the office of chief operating officer as from time to time may be assigned to him or her by the chairman of the Board of the Corporation, the Board or the chief executive officer of the Corporation. At the request of the president of the Corporation, or in his or her absence or inability or refusal to act, the chief operating officer of the Corporation shall perform the duties of the president of the Corporation, and when so acting shall have all the power of and be subject to all the restrictions upon the president of the Corporation.

(e) Chief Financial Officer. The chief financial officer of the Corporation shall: (i) be the principal financial officer and treasurer of the Corporation and have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and deposit the same in accordance with the instructions of the Board; (ii) receive and give receipts and acquittances for moneys paid in on account of the Corporation, and pay out of the funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity; (iii) unless there is a controller of the Corporation, be the principal accounting officer of the Corporation and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the chief executive officer of the Corporation and the Board statements of account showing the financial position of the Corporation and the results of its operations; (iv) upon request of the Board, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of chief financial officer and treasurer and such other duties as from time to time may be assigned to him or her by the Board or by the chief executive officer of the Corporation. Assistant treasurers of the Corporation, if any, shall have the same powers and duties, subject to the supervision by the chief financial officer of the Corporation. If there is no chief financial officer of the Corporation, these duties shall be performed by the secretary or chief executive officer of the Corporation or other person appointed by the Board.

(f) Vice-Presidents. The vice-president of the Corporation, if any (or if there is more than one then each such vice-president), shall assist the chief executive officer of the Corporation and shall perform such duties as may be assigned to him or her by the chief executive officer of the Corporation or the Board. Assistant vice-presidents of the Corporation, if any, shall have such powers and perform such duties as may be assigned to them by the chief executive officer of the Corporation or by the Board.

(g) Secretary. The secretary of the Corporation shall: (i) keep the minutes of the proceedings of the stockholders of the Corporation, the Board and any committees of the Board; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of the corporate records and seal of the Corporation; (iv) keep at the Corporation's registered office or principal place of business within or outside Delaware a record containing the names and addresses of all stockholders of the Corporation and the number and class of shares held by each, unless such a record

shall be kept at the office of the Corporation's transfer agent or registrar; (v) have general charge of the stock books of the Corporation, unless the Corporation has a transfer agent; and (vi) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the chief executive officer of the Corporation or the Board. Assistant secretaries of the Corporation, if any, shall have the same duties and powers, subject to supervision by the secretary of the Corporation.

Section 4.08 Surety Bonds. The Board may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

ARTICLE V Stock

Section 5.01 Issuance of Shares. Except as otherwise may be provided by law or in the Certificate of Incorporation, the issuance or sale by the Corporation of any shares of its authorized capital stock of any class, including treasury shares, shall be made only upon authorization by the Board. Every issuance of shares of authorized capital stock of the Corporation shall be recorded on the books of the Corporation maintained for such purpose by or on behalf of the Corporation.

Section 5.02 Transfer of Shares. Upon presentation and surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock of the Corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, payment of all transfer taxes, if any, and the satisfaction of any other requirements of law, including inquiry into and discharge of any adverse claims of which the Corporation has notice, the Corporation or its transfer agent shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on the books maintained for such purpose by or on behalf of the Corporation. No transfer of shares of authorized capital stock of the Corporation shall be effective until it has been entered on such books. The Corporation or its transfer agent may require a signature guaranty or other reasonable evidence that any signature is genuine and effective before making any transfer. Transfers of uncertificated shares of authorized capital stock of the Corporation shall be made in accordance with applicable provisions of law.

Section 5.03 Registered Holders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares of authorized capital stock of the Corporation to inspect for any proper purpose the stock ledger and the other books and records, to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of such shares, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by applicable law.

Section 5.04 Transfer Agents, Registrars and Paying Agents. The Board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the Corporation. Such agents and registrars may be located either within or outside Delaware. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

Section 5.05 Lost, Stolen or Destroyed Certificates. Except as provided in this Section 5.05, no new certificate representing shares of the Corporation's authorized capital stock shall be issued to replace a previously issued certificate representing such shares unless the previously issued certificate is surrendered to the Corporation and immediately cancelled. The Corporation may issue a new certificate representing shares of its authorized capital stock or uncertificated shares in the place of any certificate theretofore issued by it that is alleged by a stockholder to have been lost, stolen or destroyed, and the Corporation may require such stockholder, or such stockholder's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

ARTICLE VI
Indemnification

Section 6.01 Right to Indemnification. The Corporation shall indemnify and pay the expenses of directors, officers and individuals who have agreed to serve as directors or officers of the Corporation as provided in the Certificate of Incorporation and, if applicable, in any indemnification agreement between the Corporation and such individuals. The Corporation has the right, but not the obligation, to indemnify and pay the expenses of other persons authorized by a majority of the Board as provided in the Certificate of Incorporation.

Section 6.02 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of any of its affiliates or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

ARTICLE VII
Miscellaneous

Section 7.01 Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom such notice is given. Any such consent shall be revocable by such stockholder by written notice to the Corporation.

- (a) Any such consent shall be deemed revoked if:
- (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent; and
 - (ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent of the Corporation, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting of the stockholders of the Corporation or other action by the Corporation.

- (b) Any notice given pursuant to this Section 7.01 shall be deemed given:
- (i) if by facsimile telecommunication, when directed to a number at which the stockholder of the Corporation has consented to receive notice;
 - (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder of the Corporation has consented to receive notice;
 - (iii) if by a posting on an electronic network together with separate notice to the stockholder of the Corporation of such specific posting, upon the later of such posting and the giving of such separate notice; and
 - (iv) if by any other form of electronic transmission, when directed to the stockholder of the Corporation.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) An “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(d) Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

Section 7.02 Waivers of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a written waiver thereof, signed by the person entitled to such notice or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting or (in the case of a stockholder of the Corporation) by proxy shall constitute a waiver of notice of such meeting, except when the person attends such meeting for the express purpose of objecting, at the beginning of such meeting, to the transaction of any business because such meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in any written waiver of notice or waiver of notice by electronic transmission unless required by these Bylaws to be included in the notice of such meeting.

Section 7.03 Presumption of Assent. A director or stockholder of the Corporation who is present at a meeting of the Board or stockholders of the Corporation at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of such meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of such meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Corporation immediately after the adjournment of such meeting. Such right to dissent shall not apply to a director or stockholder of the Corporation who voted in favor of such action.

Section 7.04 Voting of Securities by the Corporation. Unless otherwise provided by resolution of the Board, on behalf of the Corporation the chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, secretary, treasurer or any vice-president of the Corporation shall attend in person or by substitute appointed by him or her, or shall execute written instruments appointing a proxy or proxies to represent the Corporation at, all meetings of the stockholders of any other corporation, association or other entity in which the Corporation holds any stock or other securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and otherwise, the chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, secretary, treasurer or any vice-president of the Corporation, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the Corporation and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the Board.

Section 7.05 Authorized Signatories. The Board may authorize any officer or officers of the Corporation, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or restricted to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer of the Corporation, no officer, agent or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or to pledge its credit or to render it liable for any purpose or for any amount

Section 7.06 Seal. The corporate seal of the Corporation shall be in such form as adopted by the Board, and any officer of the Corporation may, when and as required, affix or impress the seal, or a facsimile thereof, to or on any instrument or document of the Corporation.

Section 7.07 Fiscal Year. The fiscal year of the Corporation shall be as established by resolution of the Board.

Section 7.08 Amendments. These Bylaws may be amended or repealed only in the manner set forth in the Certificate of Incorporation.

**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NATIONAL CINEMEDIA, INC.**

(as amended May 4, 2022)

ARTICLE I

NAME

The name of the Corporation is National CineMedia, Inc.

**ARTICLE II
REGISTERED ADDRESS, AGENT**

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Corporation's registered agent at that address is The Corporation Trust Company.

**ARTICLE III
PURPOSES**

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the DGCL.

**ARTICLE IV
CAPITAL, VOTING, CONVERSION**

Section 4.1 Authorized Shares. The total number of shares of capital stock that the Corporation shall have authority to issue is 270,000,000, which shall be divided into the following classes:

- (a) 260,000,000 shares shall be of a class designated Common Stock, par value \$0.01 per share ("Common Stock"); and
- (b) 10,000,000 shares shall be of a class designated Preferred Stock, par value \$0.01 per share ("Preferred Stock").

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares then outstanding and the number then reserved for issuance upon the exercise, conversion or exchange of Rights (including, without limitation, Membership Units)) by an amendment to this Certificate approved by the affirmative vote of the holders of a majority of the outstanding Common Stock (and any other class or series of stock entitled to vote with the Common Stock).

Section 4.2 Voting Power of Common Stock. Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders of the Corporation on which holders of Common Stock are entitled to vote. Except as may otherwise be required by the DGCL, by the provisions of this Certificate or any Preferred Stock Designation, the holders of outstanding shares of Common Stock, and the holders of outstanding shares of each series of Preferred Stock entitled to vote thereon, if any, shall vote as one class with respect to all matters to be voted on by the stockholders of the Corporation, and no separate vote or consent of the holders of shares of Common Stock or the holders of shares of any series of Preferred Stock, if any, shall be required for the approval of any such matter.

Notwithstanding the foregoing and provided that the subject matter being voted thereon does not adversely affect the rights, powers or preferences of the Common Stock, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote exclusively thereon pursuant to this Certificate (including any Preferred Stock Designation).

Section 4.3 Exchange Rights.

(a) The LLC shall be entitled to exchange Membership Units, at any time and from time to time, on a one-for-one basis, into the same number of fully paid and non-assessable shares of Common Stock as may be required for the LLC to meet an obligation under the LLC Agreement to redeem Membership Units, subject to the Corporation's right to elect a Cash Settlement. The LLC's right to exchange Membership Units, and the Corporation's obligations under this Section 4.3, shall be subject to the delivery of written notice (the "Redemption Notice") by a Member to the LLC and the Corporation of such

Member's intent to cause the LLC to redeem all or a portion of the Membership Units held by such Member. The date specified in the Redemption Notice as the date that the LLC shall redeem the Membership Units shall also be the date (the "Exchange Date") on which the exchange of Membership Units for shares of Common Stock shall occur. The number of Membership Units that the LLC shall issue and deliver to the Corporation for exchange on the Exchange Date pursuant to this Section 4.3 (the "Exchanged Units") shall be equal to the number of Membership Units specified in the Redemption Notice to be redeemed by the LLC.

(b) Upon receipt of the Redemption Notice, the Corporation, in its sole discretion, may elect to deliver shares of Common Stock equal to the number of Exchanged Units (the "Share Settlement"), or may, in lieu of exchanging Common Stock for Exchanged Units, make a cash payment to the LLC in an amount equal to the number of Exchanged Units multiplied by the applicable Exchange Price (the "Cash Settlement"). Within three (3) Business Days of receipt of the Redemption Notice, the Corporation shall deliver written notice to the LLC (with a copy to the holder of Membership Units exercising its right to cause the LLC to redeem all or a portion of its Membership Units) of its intended settlement method (the "Settlement Notice"). If a Settlement Notice is not delivered within such three (3) day period, the Corporation shall be deemed to have elected a Share Settlement. If the Corporation elects to satisfy its exchange obligation through a Cash Settlement, then the holder of Membership Units exercising its right to cause the LLC to redeem all or a portion of its Membership Units may retract its Redemption Notice by delivering written notice of retraction (the "Retraction Notice") to the LLC (with a copy to the Corporation) within two (2) Business Days of delivery of the Settlement Notice. If the Corporation elects to satisfy its exchange obligation through a Cash Settlement, the Corporation will sell to a third party a number of shares of Common Stock equal to the number of Exchanged Units and shall assure that the number of outstanding shares of Common Stock will equal on a one-for-one basis the number of Membership Units owned by the Corporation. Any Redemption Notice, Settlement Notice or Retraction Notice delivered by or to the Corporation may be delivered by hand or sent by facsimile, electronic mail or nationally recognized overnight delivery service and shall be deemed given when received if delivered on a Business Day during normal business hours of the recipient or, if not so delivered, on the next Business Day following receipt or delivery.

(c) Unless a timely Retraction Notice has been delivered to the Corporation, on the Exchange Date the following shall occur:

(1) the LLC shall (A) issue and deliver to the Corporation a certificate representing the number of Exchanged Units to be exchanged, and (B) deliver to the Corporation all transfer tax stamps or funds therefor, if required pursuant to Section 4.3(g);

(2) the Corporation shall deliver to the LLC (or such other party that the LLC may designate in accordance with Section 4.3(d)) one of the following:

(i) in a Share Settlement for the Exchanged Units, the Corporation shall issue to the LLC or in such other name or names the LLC may direct a number of shares of Common Stock equal to the number of Exchanged Units; or

(ii) in a Cash Settlement for the Exchanged Units, the Corporation shall pay to the LLC or such other Person as the LLC may direct, by wire transfer of immediately available funds, an amount equal to the number of Exchanged Units multiplied by the then applicable Exchange Price.

(d) Unless a timely Retraction Notice has been delivered to the Corporation, on the Exchange Date, provided the LLC has delivered one or more certificates representing Exchanged Units in the manner provided in Section 4.3(c) and paid in cash any amount required by Section 4.3(g), the Corporation will deliver or cause to be delivered at the office of the Corporation's transfer agent, a certificate or certificates representing the number of full shares of Common Stock issuable upon such exchange in a Share Settlement, issued in the name of the LLC or in such other name or names the LLC may direct. If the Corporation has elected a Cash Settlement in accordance with Section 4.3(b), the Corporation will deliver the Cash Settlement amount to the LLC. Such exchange shall be deemed to have been effected immediately prior to the close of business on the Exchange Date. The person or persons in whose name or names the certificate or certificates representing the shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Common Stock immediately prior to the close of business on the Exchange Date.

(e) In the event of a reclassification or other similar transaction as a result of which the shares of Common Stock are converted into another security, then the LLC shall be entitled to receive upon exchange of Membership Units the amount of such security that such holder would have received if such exchange had occurred immediately prior to the record date of such reclassification or other similar transaction. No adjustments in respect of dividends shall be made upon the exchange of any Membership Unit; *provided, however*, that if a Membership Unit shall be exchanged subsequent to the record date for the payment of a dividend or other distribution on Membership Units but prior to such payment, then the registered holder of such Membership Unit at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such Membership Unit notwithstanding the exchange thereof or the default in settlement of the exchange or payment of the dividend or distribution due.

(f) The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of issuance upon exchange of Membership Units by the LLC in accordance with this Section 4.3, such number of shares of Common Stock that shall be issuable upon the exchange of all outstanding Membership Units exchangeable hereunder; provided that nothing contained herein shall preclude the Corporation from satisfying its

obligations in respect of the exchange of the outstanding Membership Units by delivery of shares of Common Stock that are held in the treasury of the Corporation. If any shares of Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be issued upon exchange, the Corporation will cause such shares to be duly registered or approved, as the case may be. All shares of Common Stock that are issued upon exchange of the Membership Units will, upon issue, be validly issued, fully paid and non-assessable and be listed upon each national securities exchange, other securities exchange or automated or electronic quotation system upon which the outstanding Common Stock is listed at the time of delivery.

(g) The issuance of certificates representing shares of Common Stock upon exchange of Membership Units in a Share Settlement shall be made without charge to the LLC for any stamp or other similar tax in respect of such issuance; *provided, however*, that if any such certificate is to be issued in a name other than that of the LLC, then the person or persons requesting the issuance thereof shall pay to the LLC for remittance to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid or is not payable.

Section 4.4 Stock Splits, Ratios, Adjusting Outstanding Shares of Common Stock or Membership Units.

(a) The Corporation shall undertake all actions, including, without limitation, a reclassification, dividend, division or recapitalization, with respect to the shares of Common Stock or the Membership Units (in the case of the LLC, the Corporation authorizing such in its capacity as manager of the LLC), to maintain at all times a one-to-one ratio between the number of Membership Units owned by the Corporation and the number of outstanding shares of Common Stock, disregarding, for purposes of maintaining the one-to-one ratio, shares of Common Stock issued pursuant to the Equity Incentive Plan that have not vested thereunder, treasury stock, Preferred Stock or other securities of the Corporation that are not convertible into or exercisable or exchangeable for Common Stock.

(b) The Corporation shall not undertake or authorize (i) any subdivision (by any Membership Unit split, Membership Unit distribution, reclassification, recapitalization or similar event) or combination (by reverse Membership Unit split, reclassification, recapitalization or similar event) of the Membership Units that is not accompanied by an identical subdivision or combination of the Common Stock to maintain at all times a one-to-one ratio between the number of Membership Units owned by the Corporation and the number of outstanding shares of Common Stock; or (ii) any subdivision (by any stock split, stock dividend, reclassification, recapitalization or similar event) or combination (by reverse stock split, reclassification, recapitalization or similar event) of the Common Stock that is not accompanied by an identical subdivision or combination of the Membership Units to maintain at all times a one-to-one ratio between the number of Membership Units owned by the Corporation and the number of outstanding shares of Common Stock, unless, in either case, such action is necessary to maintain at all times a one-to-one ratio between the number of Membership Units owned by the Corporation and the number of outstanding shares of Common Stock.

(c) The Corporation shall not issue, transfer or deliver from treasury stock or repurchase shares of Common Stock unless in connection with any such issuance, transfer or repurchase the Corporation takes or authorizes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding shares of Common Stock will equal on a one-for-one basis the number of Membership Units owned by the Corporation. The Corporation shall not issue, transfer or deliver from treasury stock or repurchase shares of Preferred Stock unless in connection with any such issuance, transfer, delivery or repurchase the Corporation takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the Corporation holds mirror equity interests of the LLC which (in the good faith determination by the Board) are in the aggregate substantially equivalent to the outstanding Preferred Stock.

Section 4.5 Dividends and Distributions. Subject to the preferences of Preferred Stock, if any, outstanding at any time, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in property or shares of stock of the Corporation as may be declared thereon by the Board from time to time out of assets or funds of the Corporation legally available therefor.

Section 4.6 Mergers, Consolidation, Etc. The Corporation shall not consolidate, merge, combine or consummate any other transaction (in each case other than incident to an exchange or a conversion of Common Stock and/or other securities for Common Stock pursuant to the terms of this Certificate) in which shares of Common Stock are exchanged for or converted into other stock or securities, or the right to receive cash and/or any other property, unless in connection with any such consolidation, merger, combination or other transaction the Membership Units or the shares of Common Stock shall be entitled to be exchanged (subject to proration upon equitable terms in the event of a merger or consolidation upon prorated terms) for or converted into the same kind and amount of stock or securities, cash and/or any other property, as the case may be, into which or for which each Membership Unit or share of Common Stock is exchanged or converted and in each case to maintain at all times a one-to-one ratio between the number of Membership Units or other stock, securities, or rights to receive cash and/or any other property owned by the Corporation and the number of outstanding shares of Common Stock or other stock, securities, or rights to receive cash and/or any other property issued by the Corporation.

Section 4.7 Preferred Stock. The Board is authorized, subject to any limitations prescribed by applicable law, to provide from time to time for the issuance of shares of Preferred Stock in one or more series, and by filing a certificate pursuant to the DGCL (a "Preferred Stock Designation"), to establish the rights, powers and preferences of each such series of Preferred Stock, including the following:

- (a) the number of shares of that series, which may subsequently be increased or decreased (but not below the number of shares of that series then outstanding) by resolution of the Board, and the distinctive serial designation thereof;
- (b) the voting powers, full or limited, if any, of the shares of that series and the number of votes per share;
- (c) the rights in respect of dividends on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates and the relative rights or priority, if any, of payment of dividends on shares of that series and any limitations, restrictions or conditions on the payment of dividends;
- (d) the relative amounts, and the relative rights or priority, if any, of payment in respect of shares of that series, which the holders of the shares of that series shall be entitled to receive upon any liquidation, dissolution or winding up of the Corporation;
- (e) the terms and conditions (including the price or prices, which may vary under different conditions and at different redemption or purchase dates), if any, upon which all or any part of the shares of that series may be redeemed or purchased by the Corporation, and any limitations, restrictions or conditions on such redemption or purchase;
- (f) the terms, if any, of any purchase, retirement or sinking fund to be provided for the shares of that series;
- (g) the terms, if any, upon which the shares of that series shall be convertible into or exchangeable for shares of any other class, classes or series, or other securities, whether or not issued by the Corporation;
- (h) the restrictions, limitations and conditions, if any, upon issuance of indebtedness of the Corporation so long as any shares of that series are outstanding; and
- (i) any other preferences and relative, participating, optional or other rights and limitations not inconsistent with law, this Article IV or any resolution of the Board in accordance with this Article IV.

All shares of any one series of the Preferred Stock shall be alike in all respects. Except to the extent otherwise expressly provided in the Preferred Stock Designation for a series of Preferred Stock, the holders of shares of such series shall have no voting rights except as may be required by the laws of the DGCL. Further, unless otherwise expressly provided in the Preferred Stock Designation for a series of Preferred Stock, no consent or vote of the holders of shares of Preferred Stock or any series thereof shall be required for any amendment to this Certificate that would increase the number of authorized shares of Preferred Stock or the number of authorized shares of any series thereof or decrease the number of authorized shares of Preferred Stock or the number of authorized shares of any series thereof (but not below the number of authorized shares of Preferred Stock of such series, as the case may be, then outstanding). Except as may be provided by the Board in a Preferred Stock Designation or by applicable law, shares of any series of Preferred Stock that have been redeemed (whether through the operation of a sinking fund or otherwise) or purchased by the Corporation, or which, if convertible or exchangeable, have been converted into or exchanged for shares of stock of any other class or series shall have the status of authorized and unissued shares of Preferred Stock and may be reissued as a part of the series of which they were originally a part or may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board or as part of any other series of Preferred Stock.

Section 4.8 Liquidation, Dissolution or Winding Up. In the event of a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and liabilities of the Corporation and subject to the prior payment in full of the preferential amounts to which any series of Preferred Stock is entitled, the holders of shares of Common Stock of all classes shall share equally, on a share for share basis, in the assets of the Corporation remaining for distribution to its holders of Common Stock. Neither the consolidation or merger of the Corporation with or into any other person or persons nor the sale, transfer or lease of all or substantially all of the assets of the Corporation shall itself be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.8.

Section 4.9 Notice. The Corporation shall give written notice thereof to all holders of Membership Units (based on the ledger of ownership of the LLC) at least 20 days prior to (i) the date on which the Corporation sets a record date for determining rights in connection with a (x) merger, tender offer, reorganization, recapitalization, reclassification or other change in the capital structure of the Corporation or (y) any dividend or distribution (including in liquidation) and (ii) if no such record date is set, the date of such foregoing event.

ARTICLE V BOARD OF DIRECTORS

Section 5.1 Classification and Election of Directors.

(a) The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors (the "Board") which at the effective time of this Certificate shall be comprised of nine directors. The number of directors, other than those who may be elected by the holders of one or more series of Preferred Stock voting separately by class or series, shall be fixed by the Bylaws, but shall not be more than eleven. The directors of the Corporation will be elected by the plurality of the votes cast by the holders of shares of Common Stock.

(b) Following the date hereof, and subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, each director of the Corporation shall hold office until the next annual meeting of stockholders and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

Section 5.2 Approval Rights of Certain Matters. So long as any Founding Member owns five percent or more of the then issued and outstanding Membership Units, including Membership Units acquired from another Founding Member or an Affiliate of another Founding Member (which, for purposes of this Section 5.2, shall be calculated to include (a) all shares of Common Stock beneficially owned by such Founding Member as of the date of determination as a result of the redemption of any Membership Units in accordance with Article 9 of the LLC Agreement, (b) any shares of Common Stock issued in connection with any dividend or distribution on the Common Stock so received as a result of the redemption of any Membership Units, and (c) any shares of Common Stock acquired from another Founding Member provided that such other Founding Member acquired such shares of Common Stock in a transaction described in clause (a) or (b) above, but excluding (x) any shares of Common Stock otherwise acquired by the Founding Members and (y) any Membership Units issued to the Corporation in connection with redemption of Membership Units by a Founding Member (unless the Founding Member has disposed of any of the shares of Common Stock received in connection with such redemption of Membership Units (other than to another Founding Member in a transaction described in clause (c) above), in which case a number of Membership Units issued to the Corporation in connection with such redemption equal to the number of shares of Common Stock disposed of by such Founding Member shall be included in determining such Founding Member's ownership interest)), if either (i) a majority of the directors then in office have not approved any of the following actions, or (ii) (A) two directors then in office who were designated for election to the Board by Cinemark Media pursuant to Section 2.1 of the Director Designation Agreement (or if only one director so designated by Cinemark Media is serving on the Board and that director qualifies as an "independent director" under the applicable rules of The NASDAQ Stock Market LLC, then only such director), or (B) two directors then in office who were designated for election to the Board by Regal pursuant to Section 2.1 of the Director Designation Agreement (or if only one director so designated by Regal is serving on the Board and that director qualifies as an "independent director" under the applicable rules of The NASDAQ Stock Market LLC, then only such director), vote against any of the following actions, then, in either case, the Corporation shall be prohibited from (x) taking those of the following actions that were not approved by a majority of the directors as described in (i) above or were vetoed as described in (ii) above, or (y) in its capacity as manager of the LLC, authorizing or permitting the LLC to take those of the following actions that were not approved by a majority of the directors as described in (i) above or were vetoed as described in (ii) above, as the case may be:

(a) the assignment, transfer, sale or pledge of all or a portion of the Membership Interests beneficially owned by the Corporation;

(b) the acquisition, disposition, leasing or licensing of assets by the Corporation or the LLC or entering into a contract to do the foregoing, in a single transaction or in two or more transactions (related or unrelated) in any consecutive twelve-month period with an aggregate value (as determined in good faith by the Board) exceeding 20 percent of the fair market value of the business of the LLC operating as a going concern (as determined in good faith by the Board);

(c) the merger, reorganization, recapitalization, reclassification, consolidation, dissolution, liquidation or similar transaction of the Corporation or the LLC;

(d) the incurrence by the Corporation or the LLC of any funded indebtedness (including the refinancing of any funded indebtedness) or the repayment before due of any funded indebtedness (other than a working capital revolving line of credit) with a fixed term, in either case, in a single transaction or in two or more transactions (related or unrelated) in an aggregate amount in excess of \$15.0 million per year;

(e) (1) the issuance, grant or sale of shares of Common Stock or Rights with respect to Common Stock, except in connection with (x) the issuance of Rights to Common Stock in connection with the Equity Incentive Plan (or such other equity incentive compensation plan as may be approved by the Board in the future) or (y) any exchange of Membership Units in accordance with Section 4.3, or (2) the issuance, grant or sale of any Preferred Stock or Rights with respect to Preferred Stock;

(f) the authorization, issuance, grant or sale of additional Membership Interests or Rights with respect to Membership Interests (except as provided in the LLC Agreement, Unit Adjustment Agreement or pursuant to the Equity Incentive Plan or such other equity incentive compensation plan as may be approved by the Board in the future);

(g) any amendment, modification, restatement or repeal of any provision of this Certificate or the Bylaws or the LLC Agreement;

(h) the entering into, modification or termination of any contract of the type specified in Item 601(b)(10)(i) of Regulation S-K;

(i) except as specifically set forth in the LLC Agreement, the declaration, setting aside or payment of any redemption of or dividends on Membership Interests, payable in cash, property or otherwise;

(j) the material amendment (as such term is described in IM-4350-5 to Rule 4350 of the Marketplace Rules of the NASDAQ Stock Market, Inc.) to the Equity Incentive Plan or the entering into or consummation of any new equity incentive compensation plan;

(k) any change in the current business purpose of the Corporation to serve solely as the manager of the LLC or any change in the current business purpose of the LLC to provide the services as set forth in the ESAs; and

(l) the approval of any actions relating to the LLC that could reasonably be expected to have a material adverse tax effect on the Founding Members.

Notwithstanding anything in this Section 5.2 to the contrary, a Founding Member shall permanently cease to be a Founding Member for purposes of this Certificate (i) if at any time such Founding Member owns less than five percent of the then issued and outstanding Membership Units as determined pursuant to this Section 5.2, or (ii) upon the occurrence of a direct or indirect Change of Control of such Founding Member, or any direct or indirect holder of equity in such Founding Member (other than a Change of Control (A) of such Founding Member's ESA Party or its stockholders, or (B) in which, following the Change of Control, the Founding Member's ESA Party or its stockholders owns 50 percent or more of the general voting power of the transferee).

Section 5.3 Modification or Amendment of ESAs. Any (i) modification or amendment of an ESA which could reasonably be expected (in the good faith determination of the Board) to result in payments to or from the LLC in excess of \$50,000 or (ii) entry into or amendment of any contract or transaction which could reasonably be expected (in the good faith determination of the Board) to result in payments to or from the LLC or the Corporation in excess of \$50,000 between (a) the LLC or the Corporation and (b) any Founding Member, will require the approval of a majority of the directors then in office and a majority of the Independent Directors then in office.

Section 5.4 Term of Office. A director shall hold office until his or her successor shall be qualified and elected, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal from office. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director, except as may be provided for in a Preferred Stock Designation with respect to any additional director elected by the holders of the applicable series of Preferred Stock.

Section 5.5 Removal. Subject to the rights of the holders of any series of Preferred Stock and the terms of the Director Designation Agreement, upon the effective date of this Certificate, any or all of the directors of the Corporation may be removed from office at any time, whether with or without cause, and only by the affirmative vote of the holders of at least a majority of the outstanding Common Stock.

Section 5.6 Notice of Nominations. Advance notice of nominations for the election of directors, other than nominations by the Board or a committee thereof, shall be given to the Corporation in the manner provided in the Bylaws.

Section 5.7 Newly Created Directorships and Vacancies. Subject to the rights of holders of any series of Preferred Stock, any newly created directorship resulting from an increase in the number of directors or any other vacancy with respect to the office of a director, however caused, shall be filled only by a majority of the directors then in office (even if less than a quorum) or by a sole remaining director, in each case in accordance with the Director Designation Agreement. Subject to the terms and conditions of the Director Designation Agreement, any director elected by one or more directors to fill a newly created directorship or other vacancy shall hold office for the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred and until his or her successor shall have been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

ARTICLE VI NO LIABILITY

To the fullest extent permitted by the DGCL, as now existing or hereafter amended, a director of the Corporation shall not be liable to the Corporation or any of its stockholders for monetary damages for breach of his or her fiduciary duty as a director.

Any amendment or repeal of this Article VI shall be prospective only and shall not adversely affect any limitation, right or protection of a director of the Corporation existing under this Article VI immediately before the amendment or repeal.

ARTICLE VII INDEMNIFICATION

Section 7.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was or has agreed to serve as a director or officer of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Person. The Corporation shall be required to indemnify or make advances to a Person in connection with a Proceeding (or part thereof) initiated by such Person only if the Proceeding (or part thereof) was authorized by the Board.

Section 7.2 Prepayment of Expenses. The Corporation shall, to the fullest extent not prohibited by law, pay the expenses (including attorneys' fees) incurred by a Person identified in Section 7.1 in defending any Proceeding in advance of its final disposition, *provided, however*, that the payment of expenses incurred by a Person identified in Section 7.1 in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by such Person to repay all amounts advanced if it should be ultimately determined that such Person is not entitled to be indemnified under this Article VII or otherwise.

Section 7.3 Claims. If a claim for indemnification or payment of expenses under this Article VII is not paid in full within 60 days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 7.4 Non-Exclusivity of Rights. The rights conferred on any Person by this Article VII shall not be exclusive of any other rights that such Person may have or hereafter acquire under any statute, provision of this Certificate, the Bylaws, agreement, vote of stockholders or resolution of disinterested directors or otherwise.

Section 7.5 Other Indemnification. The Corporation's obligation, if any, to indemnify or advance expenses to any Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

Section 7.6 Indemnification of Other Persons. This Article VII shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to Persons other than those Persons identified in Section 7.1 when and as authorized by a majority of the entire Board (without regard to vacancies) or by the action of a committee of the Board or designated officers of the Corporation established by or designated in resolutions approved by a majority of the entire Board (without regard to vacancies); *provided, however*, that the payment of expenses incurred by such a Person in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by such Person to repay all amounts advanced if it should be ultimately determined that such Person is not entitled to be indemnified under this Article VII or otherwise.

ARTICLE VIII ACTION BY CONSENT

Except as provided in any Preferred Stock Designation with respect to one or more series of Preferred Stock, after the Corporation first has a class of securities registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, or its equivalent, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly called annual or special meeting of the stockholders and may not be taken by consent in writing or otherwise.

ARTICLE IX STOCKHOLDER MEETINGS

Except as otherwise required by law or provided in the Bylaws, and subject to the rights of the holders of any class or series of shares issued by the Corporation having a preference over the Common Stock as to dividends or upon liquidation to elect directors in certain circumstances, special meetings of the stockholders of the Corporation may be called only by the Board pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office.

ARTICLE X ELECTIONS

Election of directors need not be by written ballot unless so provided in the Bylaws.

ARTICLE XI BYLAWS

Subject to Section 5.2 hereof and to the provisions of the Bylaws, the Board shall have the power to adopt, alter, amend or repeal the Bylaws by vote of not less than a majority of the directors then in office. The holders of shares of Common Stock shall also have the power to adopt, alter, amend or repeal the Bylaws, but only if such action receives the affirmative vote of the holders of at least 66-2/3 percent of the outstanding Common Stock.

ARTICLE XII AMENDMENT OF CERTIFICATE

Notwithstanding anything to the contrary in this Certificate and in addition to the vote required by the Board as set forth in Section 5.2 hereof, the affirmative vote of the holders of at least a majority of the outstanding Common Stock shall be required

to amend this Certificate (in any such case including, without limitation, by merger, consolidation, binding share exchange or otherwise).

ARTICLE XIII EXISTENCE

The term of the existence of the Corporation shall be perpetual.

ARTICLE XIV CORPORATE OPPORTUNITIES

The Corporation renounces any interest or expectancy in, or in being offered the opportunity to participate in, business opportunities that are presented to the Corporation, the LLC or to one or more of the officers, directors or stockholders (both direct and indirect) of the Corporation and members of the LLC that relate to the provision of services to motion picture theaters, use of theaters for any purpose, sale of advertising and promotional services in and around theaters and any other business related to the motion picture theater business, except services as provided in any ESAs and except as may be offered to an officer of the Corporation in his capacity as an officer of the Corporation, even if the business opportunity is one that the Corporation might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no such person shall be liable to the Corporation or any stockholder of the Corporation (or any Affiliate thereof) for breach of any fiduciary or other duty by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation.

ARTICLE XV NON-ASSESSABLE

The capital stock of the Corporation shall not be assessable. It shall be issued as fully paid, and the private property of the stockholders shall not be liable for the debts, obligations or liabilities of this Corporation. This Certificate shall not be subject to amendment in this respect.

ARTICLE XVI SECTION 203

The Corporation hereby elects not to be governed by Section 203 of the DGCL, and the restrictions contained in Section 203 shall not apply to the Corporation.

ARTICLE XVII DEFINITIONS

For purposes of this Certificate the following terms shall have the meaning set forth below.

“Affiliate” means with respect to any Person, any Person that directly or indirectly, through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. Notwithstanding the foregoing, (i) no Founding Member shall be deemed an Affiliate of the Corporation, (ii) the Corporation shall not be deemed an Affiliate of any Founding Member, (iii) no stockholder of Cineworld, or any of such stockholder’s Affiliates (other than Cineworld and its Subsidiaries) shall be deemed an Affiliate of any Founding Member or the Corporation, (iv) no stockholder of Dalian Wanda Group, or any of such stockholder’s Affiliates (other than Dalian Wanda Group and its Subsidiaries) shall be deemed an Affiliate of any Founding Member or the Corporation, (v) no stockholder of Cinemark, or any of such stockholder’s Affiliates (other than Cinemark and its Subsidiaries) shall be deemed an Affiliate of any Founding Member or the Corporation, (vi) no stockholder of the Corporation shall be deemed an Affiliate of the Corporation, and (vii) the Corporation shall not be deemed an Affiliate of any stockholder of the Corporation.

“AMC” means American Multi-Cinema, Inc., a Missouri corporation, including any Affiliate or Permitted Transferee thereof, so long as any Permitted Transferee continues to qualify as a Permitted Transferee.

“Board” has the meaning set forth in Section 5.1(a).

“Business Day” means a day other than a Saturday, Sunday, federal holiday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“Bylaws” means the bylaws of the Corporation, as they may be amended, supplemented or otherwise modified from time to time.

“Cash Settlement” has the meaning set forth in Section 4.3(b).

“Certificate” has the meaning set forth in the introductory paragraph.

“Change of Control” with respect to any Person that is not an individual, means (i) any merger or consolidation with or into any other entity or any other similar transaction, whether in a single transaction or series of related transactions, where (A) the members or stockholders of such Person immediately prior to such transaction in the aggregate cease to own at least 50 percent of the general voting power of the entity surviving or resulting from such transaction (or its stockholders or the Ultimate Parent thereof) or (B) any Person or Group becomes the beneficial owner of more than 50 percent of the general voting power of the entity surviving or resulting from such transaction (or its stockholders or the Ultimate Parent thereof), (ii) any transaction or series of related transactions in which in excess of 50 percent of such Person’s general voting power is Transferred to any other Person or Group or (iii) the sale or Transfer by such Person of all or substantially all of its assets.

“Cinemark” means Cinemark Holdings, Inc. or its successor or any Person that wholly-owns Cinemark Holdings, Inc., directly or indirectly, in the future.

“Cinemark Media” means Cinemark Media, Inc., a Delaware corporation, including any Affiliate or Permitted Transferee thereof, so long as any Permitted Transferee continues to qualify as a Permitted Transferee.

“Cinemark USA” means Cinemark USA, Inc., a Texas corporation.

“Cineworld” means Cineworld Group plc, or its successor or any Person that wholly-owns Cineworld Group plc, directly or indirectly, in the future.

“Common Stock” has the meaning set forth in Section 4.1(a).

“Control” (including the terms “Controlled by” and “under common Control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“Corporation” has the meaning set forth in Article I.

“Dalian Wanda Group” means Dalian Wanda Group Co., Ltd. or its successor or any Person that wholly-owns Dalian Wanda Group Co., Ltd., directly or indirectly, in the future.

“DGCL” has the meaning set forth in introductory paragraph B.

“Director Designation Agreement” means the Director Designation Agreement by and among the Founding Members and the Corporation, as it may be amended, supplemented or otherwise modified from time to time.

“Equity Incentive Plan” means the National CineMedia Inc. 2007 Equity Incentive Plan, as it may be amended, supplemented, or otherwise modified from time to time.

“ESA” means any of the Exhibitor Services Agreements entered into, by and between the LLC and each ESA Party, as each may be amended, supplemented or otherwise modified from time to time.

“ESA Party” means (i) AMC in the case of AMC, (ii) Cinemark USA in the case of Cinemark Media, and (iii) Regal Cinemas in the case of Regal.

“Exchange Date” has the meaning set forth in Section 4.3(a).

“Exchange Price” means the arithmetic average of the volume weighted average prices for a share of the Common Stock on the principal United States securities exchange or automated or electronic quotation system on which the Common Stock trades, as reported by Bloomberg, L.P., or its successor, for each of the three consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Exchange Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Common Stock. If the Common Stock no longer trades on a securities exchange or automated or electronic quotation system, then a majority of the Independent Directors of the Corporation shall determine the Exchange Price in good faith.

“Exchanged Units” has the meaning set forth in Section 4.3(a).

“Founding Members” means AMC, Cinemark Media and Regal.

“Group” has the meaning set forth in Section 13(d)(3) and Rule 13d-5 of the Securities Exchange Act of 1934, as amended.

“Independent Director” means any director of the Corporation that if the Common Stock is traded on the NASDAQ Stock Market, satisfies the definition of an “independent director” set forth in the applicable rules in the Marketplace Rules of the NASDAQ Stock Market, Inc., as such rules may be amended from time to time, or, if the Common Stock is then traded on a different exchange, such term shall mean any director of the Corporation that satisfies the definition of independent director according to the rules of such exchange.

“LLC” means National CineMedia, LLC, a Delaware limited liability company, or its successor.

“LLC Agreement” means the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC as it may be amended, supplemented, or otherwise modified from time to time.

“Member” means each member of the LLC.

“Membership Interest” means a membership interest in LLC.

“Membership Unit” means an outstanding common membership unit of the LLC.

“Permitted Transferee” means in the case of any Founding Member and any Permitted Transferee of any Founding Member (i) an Affiliate of such Founding Member or Permitted Transferee, or (ii) a non-Affiliate of such Founding Member or Permitted Transferee that is owned more than 50 percent directly or indirectly through one or more entities that are the same entities that own 50 percent or more of the general voting power of the Ultimate Parent of such Founding Member.

“Person” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture or other entity or organization of any nature whatsoever.

“Preferred Stock” has the meaning set forth in Section 4.1(b).

“Preferred Stock Designation” has the meaning set forth in Section 4.7.

“Proceeding” has the meaning set forth in Section 7.1.

“Redemption Notice” has the meaning set forth in Section 4.3(a).

“Regal” mean Regal CineMedia Holdings, LLC, a Delaware limited liability company, including any Affiliate or Permitted Transferee thereof, so long as any Permitted Transferee continues to qualify as a Permitted Transferee.

“Regal Cinemas” means Regal Cinemas, Inc., a Tennessee corporation.

“Retraction Notice” has the meaning set forth in Section 4.3(b).

“Rights” means, when used with respect to a specified Person, securities of such Person (which may include equity securities) that (contingently or otherwise) are exercisable, convertible or exchangeable for or into equity securities of such Person (with or without consideration) or that carry any right to subscribe for or acquire equity securities or securities exercisable, convertible or exchangeable for or into equity securities of such Person.

“Settlement Notice” has the meaning set forth in Section 4.3(b).

“Share Settlement” has the meaning set forth in Section 4.3(b).

“Subsidiary” means, with respect to any Person, (i) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is at the time beneficially owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including a joint venture, a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially own at least a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“Trading Day” means a day on which the principal United States securities exchange on which such security is listed or admitted to trading, or any automated or electronic quotation system if such security is only listed or admitted to trading on such automated or electronic quotation system, as applicable, is open for the transaction of business (unless such trading shall have been suspended for the entire day).

“Transfer” (including the term “Transferred”) means, with respect to any Person, directly or indirectly, to sell, transfer, give, exchange, bequest, assign, pledge, encumber, hypothecate or otherwise dispose of, either voluntarily or involuntarily (including (i) except as provided in clause (a) below, the direct or indirect Change of Control of any Founding Member or Permitted Transferee (or any direct or indirect holder of equity in a Founding Member or Permitted Transferee), and (ii) upon the foreclosure under any pledge or hypothecation permitted by clause (b) below that results in a change of title), any capital stock or other equity interest of such Person or other assets beneficially owned by such Person. Notwithstanding the foregoing: (a) the Change of Control of an ESA Party or its stockholders shall not be deemed to be a Transfer hereunder, and (b) a bona fide pledge of Membership Interests or Common Stock by the Corporation or any Founding Member or their Affiliates shall not be deemed to be a Transfer hereunder.

“Ultimate Parent” means (i) Dalian Wanda Group in the case of AMC, (ii) Cinemark in the case of Cinemark Media and (iii) Cineworld in the case of Regal.

“Unit Adjustment Agreement” means the Common Unit Adjustment Agreement as it may be amended, supplemented, or otherwise modified from time to time, by and among the Founding Members, Regal Cinemas, Inc., Cinemark USA, Inc., the Company and the LLC.

CERTIFICATIONS

I, Thomas F. Lesinski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of National CineMedia, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2022

/s/ Thomas F. Lesinski

Thomas F. Lesinski
Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATIONS

I, Ronnie Y. Ng, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of National CineMedia, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2022

/s/ Ronnie Y. Ng

Ronnie Y. Ng
Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ending March 31, 2022 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, Thomas F. Lesinski, the Chief Executive Officer and Director of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 9, 2022

/s/ Thomas F. Lesinski

Thomas F. Lesinski
Chief Executive Officer and Director
(Principal Executive Officer)

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ending March 31, 2022 (the "Report") of National CineMedia, Inc. (the "Registrant") as filed with the Securities and Exchange Commission on the date hereof, I, Ronnie Y. Ng, the Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 9, 2022

/s/ Ronnie Y. Ng

Ronnie Y. Ng

Chief Financial Officer

(Principal Financial and Accounting Officer)

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.