

National CineMedia, Inc.
Form DEF 14A
March 28, 2008

SCHEDULE 14A INFORMATION

Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NATIONAL CINEMEDIA, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

9110 E. Nichols Ave., Suite 200

Centennial, Colorado 80112-3405

March 28, 2008

Dear Stockholder:

Enclosed is a copy of our Proxy Statement and Annual Report for the fiscal year ended December 27, 2007.

You are cordially invited to the 2008 Annual Meeting of Stockholders of National CineMedia, Inc., to be held on April 29, 2008 at 9:00 a.m. Mountain Time, at United Artist Theatre Meadows 12, 9355 Park Meadows Drive, Littleton, Colorado 80124.

At the Annual Meeting, you will be asked to consider and vote upon proposals (1) to elect three directors to serve until the 2011 Annual Meeting of Stockholders, and until their respective successors are elected and qualified; (2) to approve the National CineMedia, Inc. 2008 Performance Bonus Plan; and (3) to ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2008 fiscal year ending January 1, 2009.

Whether or not you are able to attend the Annual Meeting, please complete, sign, date and return the enclosed proxy card as promptly as possible in the postage paid envelope provided, as a quorum of the stockholders must be present, either in person or by proxy, in order for the Annual Meeting to take place.

I would appreciate your immediate attention to the mailing of this proxy.

Sincerely,

Kurt C. Hall

President, Chief Executive Officer and Chairman

9110 E. Nichols Ave., Suite 200

Centennial, Colorado 80112-3405

Notice of Annual Meeting of Stockholders To Be Held on April 29, 2008

You are cordially invited to attend the Annual Meeting of Stockholders of National CineMedia, Inc., which will be held at United Artist Theatre Meadows 12, 9355 Park Meadows Drive, Littleton, Colorado 80124 on April 29, 2008 at 9:00 a.m., Mountain Time, for the following purposes:

1. To elect three directors to serve until the 2011 Annual Meeting of Stockholders, and until their respective successors are elected and qualified;
2. To approve the National CineMedia, Inc. 2008 Performance Bonus Plan;
3. To ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2008 fiscal year ending January 1, 2009; and
4. To transact such other business as may properly come before the meeting.

The close of business on March 14, 2008 has been set as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any and all adjournments.

It is important that your shares be represented at the Annual Meeting regardless of the size of your holdings. Whether or not you expect to attend the Annual Meeting, please complete, date and sign the enclosed proxy and return it in the envelope provided for that purpose, which does not require postage if mailed in the United States. If you choose to attend the Annual Meeting, you may still vote your shares in person even though you have previously returned your proxy by mail. If your shares are held in a bank or brokerage account, please refer to the materials provided by your bank or broker for voting instructions. The proxy is revocable at any time prior to its use.

Ralph E. Hardy

Executive Vice President, General Counsel and Secretary

Centennial, Colorado

March 28, 2008

**YOU ARE URGED TO MARK, DATE AND SIGN THE ENCLOSED
PROXY AND RETURN IT PROMPTLY. THE PROXY IS
REVOCABLE AT ANY TIME PRIOR TO ITS USE.**

NATIONAL CINEMEDIA, INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

April 29, 2008

The accompanying proxy is solicited by the board of directors of National CineMedia, Inc., a Delaware corporation ("NCM, Inc.," or the "Company"), for use at the 2008 Annual Meeting of Stockholders to be held at United Artist Theatre Meadows 12, located at 9355 Park Meadows Drive, Littleton, Colorado 80124, on April 29, 2008, at 9:00 a.m., Mountain Time, and at any and all adjournments and postponements thereof (the "Annual Meeting"). Unless the context otherwise requires, the references to "we," "us" or "our" refer to the Company and its consolidated subsidiaries, National CineMedia, LLC ("NCM LLC"). The proxy may be revoked at any time before it is voted. If no contrary instruction is received, signed proxies returned by stockholders will be voted in accordance with the board of directors' recommendations.

This proxy statement and accompanying proxy are first being sent to stockholders on or about March 28, 2008.

Shares Outstanding and Voting Rights

Our board of directors has fixed the close of business on March 14, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. Our only outstanding voting stock is our common stock, \$0.001 par value per share, of which 42,064,166 shares were outstanding as of the close of business on the record date. Each outstanding share of common stock is entitled to one vote.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to us (Attention: Secretary) a written notice of revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in itself constitute a revocation of a proxy.

At the Annual Meeting, stockholders will vote on three proposals: to elect three directors to serve until the 2011 Annual Meeting of Stockholders, and until their respective successors are elected and qualified (Proposal 1); to approve the National CineMedia, Inc. 2008 Performance Bonus Plan (Proposal 2); and to ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2008 fiscal year ending January 1, 2009 (Proposal 3).

Stockholders representing a majority in voting power of the shares of stock outstanding and entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct business at the Annual Meeting. With respect to the election of directors, our stockholders may vote in favor of the nominees, may withhold their vote for all of the nominees, or may withhold their vote as to specific nominees. Under the Delaware General Corporation Law ("DGCL") and our Bylaws and Certificate of Incorporation, the affirmative vote of the holders of a majority in voting power of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon is required to approve Proposals 2 and 3. The affirmative vote of the holders of a plurality in voting power of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon is required to approve Proposal 1.

Abstentions may be specified on all proposals and will be counted as present for the purposes of the proposal for which the abstention is noted. A vote withheld for a nominee in the election of directors will have the same effect as a vote against the nominee. For purposes of determining whether any of the other proposals has received the requisite vote, where a stockholder abstains from voting, it will have the same effect as a vote against the proposal.

The independent tabulator appointed for the Annual Meeting will tabulate votes cast by proxy or in person at the Annual Meeting. For the purposes of determining whether a proposal has received the requisite vote of the

holders of the common stock in instances where brokers are prohibited from exercising or choose not to exercise discretionary authority for beneficial owners who have not provided voting instructions (so-called broker non-votes), those shares of common stock will not be included in the vote totals and, therefore, will have no effect on the vote on any of the proposals. Pursuant to the FINRA Conduct Rules, brokers who hold shares in street name have the authority, in limited circumstances, to vote on certain items when they have not received instructions from beneficial owners. A broker will only have such authority if:

the broker holds the shares as executor, administrator, guardian or trustee or is a similar representative or fiduciary with authority to vote; or

the broker is acting pursuant to the rules of any national securities exchange of which the broker is also a member. Under these rules, absent authority or directions described above, brokers will not be able to vote on Proposal 2.

Costs of Solicitation

We will pay the cost of soliciting proxies for the Annual Meeting. Proxies may be solicited by our regular employees, without additional compensation, in person, or by mail, courier, telephone or facsimile. We may also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons. We may reimburse such brokerage houses, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith.

Annual Report

Our 2007 Annual Report on Form 10-K, including consolidated financial statements as of and for the year ended December 27, 2007, is being distributed to all stockholders entitled to vote at the Annual Meeting together with this proxy statement, in satisfaction of the requirements of the Securities and Exchange Commission (the SEC). Additional copies of the Annual Report are available at no charge upon request. To obtain additional copies of the Annual Report, please contact us at 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112-3405, Attention: Secretary, or at telephone number (303) 792-3600 or (800) 828-2828. The Annual Report does not form any part of the materials for the solicitation of proxies.

VOTING SECURITIES AND PRINCIPAL HOLDERS

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder. As of March 14, 2008, the percentage of beneficial ownership for NCM, Inc. is based on 42,064,166 shares of common stock outstanding (excluding certain options) and 93,915,117 membership units outstanding for NCM LLC, of which 42,064,166 are owned by NCM, Inc. Unless indicated below, the address of each individual listed below is 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112-3405. The following table sets forth information regarding the beneficial ownership of our common stock as of March 14, 2008, by:

each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of our common stock;

each of our executive officers;

each of our directors and nominees for director; and

all directors and executive officers as a group.

BENEFICIAL OWNERSHIP

Name of Beneficial Owner	Shares of NCM, Inc. Common Stock	NCM LLC Common Membership Units (1)	Percent of Class
Five Percent Stockholders			
American Multi-Cinema, Inc. and Affiliates (2)		17,474,890	29.4%
Cinemark Holdings, Inc. (3)		13,145,349	23.8%
Regal Entertainment Group and Affiliates (4)		21,230,712	33.5%
FMR LLC and Related (5)	10,080,724		24.0%
Baron Capital Group, Inc. and Affiliates (6)	3,357,960		8.0%
BAMCO, Inc. (7)	3,327,960		7.9%
Baron Capital Management, Inc. (7)	30,000		*
Baron Small Cap Fund (7)	2,500,000		5.9%
Citadel Investment Group, LLC and Affiliates (8)	2,549,988		6.1%
Directors and Executive Officers			
Kurt C. Hall (9)	262,315		*
Clifford E. Marks (10)	52,720		*
Gary W. Ferrera (11)	69,405		*
Thomas C. Galley (12)	43,434		*
Ralph E. Hardy (13)	19,267		*
Peter C. Brown	0		0%
Michael L. Campbell	0		0%
Lee Roy Mitchell	0		0%
Lawrence A. Goodman (14)	2,953		*
David R. Haas (14)	7,953		*
James R. Holland, Jr. (14)	1,953		*
Stephen L. Lanning (14)	1,953		*
Edward H. Meyer (14)	2,953		*
Scott N. Schneider (14)	1,953		*
All directors, nominees for director and executive officers as a group (14 persons)	466,859		1.1%

* Less than one percent.

- (1) NCM LLC common membership units are redeemable at any time at the option of the holder. Upon any redemption, we may choose whether to redeem the units for shares of our common stock on a one-for-one basis or for a cash payment equal to the market price of shares of our common stock. If each member of NCM LLC chose to redeem all of its NCM LLC common membership units and we elected to issue shares of our common stock in redemption of all of the units, AMC would receive 17,474,890 shares of our common stock, Cinemark would receive 13,145,349 shares of our common stock and Regal would receive 21,230,712 shares of our common stock. These share amounts would represent 18.6%, 14.0% and 22.6%, respectively, of our outstanding common stock, assuming that all of the NCM LLC units are converted into our common stock.
- (2) Includes American Multi-Cinema, Inc., AMC Entertainment Inc., Marquee Holdings Inc., and AMC Entertainment Holdings, Inc. The address of these stockholders is 920 Main Street, Kansas City, Missouri 64105. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 14, 2008.
- (3) The address of this stockholder is 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 14, 2008.
- (4) Includes Regal Entertainment Group at 7132 Regal Lane, Knoxville, Tennessee 37918 and Anschutz Company and Phillip F. Anschutz at 555 Seventeenth Street, Suite 2400, Denver, Colorado 80202.

Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 14, 2008.

- (5) Includes FMR LLC and Edward C. Johnson 3d. The address of these stockholders is 82 Devonshire Street, Boston, Massachusetts 02109. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on January 9, 2008.
- (6) Includes Baron Capital Group, Inc. and Ronald Baron. The address of these stockholders is 767 Fifth Avenue, New York, New York 10153. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 14, 2008.
- (7) The address of these stockholders is 767 Fifth Avenue, New York, New York 10153. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 14, 2008.
- (8) Includes Citadel Investment Group, LLC, Citadel Investment Group II, LLC, Citadel Limited Partnership, Kenneth Griffin, Citadel Holdings I LP, Citadel Holding II LP, Citadel Advisors LLC, Citadel Equity Fund Ltd., Citadel Derivatives Group LLC, and Citadel Derivatives Trading Ltd. The address of these stockholders is 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603. Represents beneficial ownership as of December 31, 2007 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 13, 2008.
- (9) Includes 62,744 shares of time-vesting restricted stock, none of which will become vested within 60 days and 94,995 stock options that vested on January 1, 2008.
- (10) Includes 49,720 shares of time-vesting restricted stock, none of which will become vested within 60 days.
- (11) Includes 29,674 shares of time-vesting restricted stock, none of which will become vested within 60 days and 29,812 stock options that vested on January 1, 2008.
- (12) Includes 19,332 shares of time-vesting restricted stock, none of which will become vested within 60 days.
- (13) Includes 6,970 shares of time-vesting restricted stock, none of which will become vested within 60 days and 10,554 stock options that vested on January 1, 2008.
- (14) Includes 1,000 shares of time-vesting restricted stock, none of which will become vested within 60 days.

To our knowledge, none of our officers or directors has pledged any of his shares.

PROPOSAL 1

ELECTION OF DIRECTORS

Our board of directors currently consists of ten directors. Under the director designation agreement dated as of February 13, 2007, each of our founding members AMC Entertainment Inc. and its affiliates (AMC), Cinemark Holdings, Inc. and its affiliates (Cinemark) and Regal Entertainment Group and its affiliates (Regal) are permitted to appoint or designate up to two persons for nomination to election on our board of directors under the terms set forth in the agreement. See Certain Relationships and Related Party Transactions Director Designation Agreement. The initial designees appointed to the board under this agreement for AMC were Edward H. Meyer and Peter C. Brown; for Cinemark were James R. Holland, Jr. and Lee Roy Mitchell; and for Regal were Stephen L. Lanning and Michael L. Campbell.

Our bylaws provide that directors are divided into three classes, designated as Class I, Class II and Class III. The members of each class serve for staggered three-year terms, except that Class I directors in the initial term immediately following our initial public offering (IPO) will serve for one year and Class II directors in the initial term immediately following our IPO will serve for two years. In 2008, the Class I directors are up for re-election. At the Annual Meeting, the stockholders will elect three Class I directors to serve until the 2011 Annual Meeting of Stockholders, and until their respective successors are duly elected and qualified. Stockholders are not entitled to cumulate votes in the election of directors and may not vote for a greater number of persons than the number of nominees named.

We are soliciting proxies in favor of the re-election of each of the nominees identified below. We intend that all properly executed proxies will be voted for these three nominees unless otherwise specified. All nominees have consented to serve as directors, if elected. If any nominee is unwilling to serve as a director at the time of the Annual Meeting, the persons who are designated as proxies intend to vote, in their discretion, for such other persons, if any, as may be designated by the board of directors. The proxies may not vote for a greater number of persons than the number of nominees named. As of the date of this proxy statement, the board of directors has no reason to believe that any of the persons named below will be unable or unwilling to serve as a nominee or as a director.

Information About the Nominees

The names of the nominees and other information about them are set forth below:

Kurt C. Hall. Mr. Hall was appointed President, Chief Executive Officer and Chairman of NCM Inc. in February 2007 and held those same positions with NCM LLC since March 2005. He has also served as Chairman, President and Chief Executive Officer of NCM Inc. since October 2006. Prior to his current position, from May 2002 to May 2005, Mr. Hall served as Co-Chairman and Co-Chief Executive Officer of Regal Entertainment Group and President and Chief Executive Officer of its media subsidiary Regal CineMedia Corporation. Since 1988, Mr. Hall has held various executive positions with United Artists Theatre Company, and its predecessor companies, including CEO when it became part of Regal Entertainment Group in 2002. In 2007, Mr. Hall joined the board of directors of IdeaCast Inc. and serves as a member of its compensation committee.

Lawrence A. Goodman. Mr. Goodman has been a director of NCM Inc. since February 2007. Mr. Goodman founded White Mountain Media, a media consulting company, in July 2004 and has served as its president since inception. From July 2003 to July 2004, Mr. Goodman was retired. From October 1984 to July 2003, Mr. Goodman was the President of Sales and Marketing for CNN, a division of Turner Broadcasting System, Inc. Mr. Goodman currently serves as a director of Teletrax, Authenticlick and Sagacity Media.

Scott N. Schneider. Mr. Schneider has been a director of NCM Inc. since February 2007. Mr. Schneider has served as Operating Partner and Chairman, Media and Communications, of Diamond Castle Holdings, LP, a private equity firm, since January 2005. From 2001 to 2004, Mr. Schneider served in various senior executive capacities including President, Chief Operating Officer and Vice Chairman of the Board of Citizens

Communications Company. Mr. Schneider currently serves as a director of Centennial Communications Corp., Bonten Media Group, LLC and PRC, LLC.

Board Composition

Our current board of directors has ten members, as set forth below:

Name	Age	Position
Kurt C. Hall	49	President, Chief Executive Officer and Chairman (Class I)
Peter C. Brown	49	Director (Class III)
Michael L. Campbell	54	Director (Class III)
Lee Roy Mitchell	71	Director (Class III)
Lawrence A. Goodman	53	Director (Class I)
David R. Haas	66	Director (Class II)
James R. Holland, Jr.	64	Director (Class II)
Stephen L. Lanning	54	Director (Class II)
Edward H. Meyer	81	Director (Class II)
Scott N. Schneider	50	Director (Class I)

Set forth below is a brief description of the business experience of each of the individuals who, in addition to the nominees whose business experience is set forth above, currently serve on our board.

Peter C. Brown. Mr. Brown has served as a director of NCM Inc. since October 2006. Mr. Brown has served as a director of AMC Entertainment (AMCE) and American Multi-Cinema, Inc., a subsidiary of AMCE, since November 1992, as Chairman of the Board and Chief Executive Officer of AMCE since July 1999 and as President of AMCE since January 1997. Mr. Brown has served as a Director, Chairman of the Board and Chief Executive Officer of AMC Entertainment Holdings, Inc. and Marquee Holdings Inc. since June 2007 and December 2004, respectively. Mr. Brown served as Co-Chairman of the Board of AMCE from May 1998 through July 1999 and as Executive Vice President of AMCE from August 1994 to January 1997. Mr. Brown is also Chairman of the Board, Chief Executive Officer and a Director of American Multi-Cinema, Inc. Mr. Brown serves as a director of Embarq Corporation, Midway Games, Inc., and MovieTickets.com. Mr. Brown is also a member of the executive committee and Vice Chairman of the Board of Directors of the National Association of Theatre Owners.

Michael L. Campbell. Mr. Campbell has served as a director of NCM Inc. since October 2006. Mr. Campbell has served as Chairman and Chief Executive Officer of Regal Entertainment Group since May 2005. He has also served as a director, member of its executive committee, Co-Chairman and Co-Chief Executive Officer of Regal Entertainment Group since 2002. Mr. Campbell founded Regal Cinemas, Inc. in November 1989, and has served as Chief Executive Officer of Regal Cinemas, Inc. since its inception. Mr. Campbell currently serves as a director of the National Association of Theatre Owners, Fandango, Inc. and Regal Entertainment Group.

Lee Roy Mitchell. Mr. Mitchell has served as a director of NCM Inc. since October 2006. Mr. Mitchell has served as Chairman of the Board of Cinemark USA, Inc. since March 1996 and as a Director since its inception in 1987 and Chief Executive Officer of Cinemark USA, Inc. until December 2006. Mr. Mitchell serves on the boards of Cinemark Holdings, Inc. and National Association of Theatre Owners. In addition, Mr. Mitchell serves as a director of Texas Capital Bancshares, Inc. and is a member of its compensation committee.

David R. Haas. Mr. Haas has served as a director of NCM Inc. since February 2007. He has been a private investor and financial consultant since January 1995. Mr. Haas was a Senior Vice President and Controller for Time Warner, Inc. from January 1990 through December 1994. Mr. Haas served as a director and chair of the audit committee of Armor Holdings, Inc until July 2007.

James R. Holland, Jr. Mr. Holland has served as a director of NCM Inc. since February 2007. He has been the President and Chief Executive Officer of Unity Hunt, Inc., a diversified holding company, since September 1991, and also serves on its compensation committee and board of directors. He also serves as lead director of Texas Capital Bancshares, Inc., serves as an audit committee member and director of Placid Holding Co. and serves as chairman of the board of directors and on the audit and compensation committees of Hunt Midwest Enterprises, Inc.

Stephen L. Lanning. Mr. Lanning has served as a director of NCM Inc. since February 2007. He joined URS Corp. EG&G Division in November 2007 as the Director of Space and Information Operations Strategic Business Element and also served as an independent consultant beginning in September 2006. Mr. Lanning was employed by the United States Air Force from June 1977 until July 2006. From July 2005 to July 2006, Mr. Lanning was the Director, Logistics and Warfighting Integration, Chief Information Officer and Chief Sustainment Officer for the United States Air Force Space Command. Mr. Lanning was a Principal Director of the Defense Information Systems Agency from July 2002 to June 2005.

Edward H. Meyer. Mr. Meyer has served as a director of NCM Inc. since February 2007. Mr. Meyer founded Ocean Road Advisors, Inc., an investment management company, in January 2007 and currently serves as Chief Executive Officer. He was the former Chairman, Chief Executive Officer and President of Grey Global Group, Inc. from 1972 to December 2006. He also serves as a director and member of the compensation and audit committees of Harman International Industries, Inc.; director and member of the compensation committee of Ethan Allen Interiors Inc.; and director of NRDC and Jim Pattison Ltd.

Our board of directors has determined that Lawrence A. Goodman, David R. Haas, James R. Holland, Jr., Stephen L. Lanning, Edward H. Meyer and Scott N. Schneider, all current directors, qualify as independent directors under the rules promulgated by the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act), and by the Nasdaq Stock Market. There are no family relationships among any of our executive officers, directors or nominees for director.

Meetings of the Board of Directors and Committees

The board of directors held 5 meetings during the period from the IPO closing on February 13, 2007 through December 27, 2007 (which we refer to in this proxy statement as our 2007 fiscal year) and took action by written consent on 4 occasions. During our 2007 fiscal year, no director then in office attended fewer than 75% of the aggregate total number of meetings of the board of directors held during the period in which he was a director and of the total number of meetings held by all of the committees of the board of directors on which he served. The three standing committees of the board of directors are the Audit Committee, the Compensation Committee and the Nominating and Governance Committee.

The following table shows the current membership and number of meetings held by the board and each committee during our 2007 fiscal year:

DIRECTOR COMMITTEE MEMBERSHIP AND MEETINGS

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee	Board of Directors
Kurt C. Hall				Chair
Peter C. Brown				X
Michael L. Campbell				X
Lawrence A. Goodman		Chair	X	X
David R. Haas	Chair			X
James R. Holland, Jr.	X			X
Stephen L. Lanning		X	Chair	X
Edward H. Meyer		X	X	X
Lee Roy Mitchell				X
Scott N. Schneider	X			X
2007 Fiscal Year Meetings and Consents	12	4	4	9

Our bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice generally must be delivered to and received at our principal executive offices, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, 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 our stockholders, 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. Our bylaws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

Audit Committee

For our 2007 fiscal year, the Audit Committee consisted of David R. Haas (chairman), James R. Holland, Jr. and Scott N. Schneider. Each of them was independent as required by the rules promulgated by the SEC under the Exchange Act, and by the Nasdaq Stock Market. Each of them also meets the financial literacy requirements of the Nasdaq Stock Market. Our board of directors has determined that Mr. Haas qualifies as an audit committee financial expert as defined in the federal securities laws and regulations.

The Audit Committee is primarily concerned with overseeing management's processes and activities relating to the following:

- (1) maintaining the reliability and integrity of our accounting policies, financial reporting practices and financial statements;
- (2) the independent auditor's qualifications and independence;
- (3) the performance of our internal audit function and independent auditor; and
- (4) confirming compliance with laws and regulations, and the requirements of any stock exchange or quotation system on which our securities may be listed.

The Audit Committee also is responsible for establishing procedures for the receipt of complaints regarding our accounting, internal accounting controls or audit matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee's responsibilities are set forth in its current charter which was approved by the board of directors on January 8, 2008. A copy of the charter is included as Appendix A and is also available on our website at www.ncm.com. There were 12 meetings of the Audit Committee during our 2007 fiscal year.

Compensation Committee

For our 2007 fiscal year, the Compensation Committee consisted of Lawrence A. Goodman (chairman), Stephen L. Lanning and Edward H. Meyer. Each of them was independent as defined in the rules promulgated by the SEC under the Exchange Act and by the Nasdaq Stock Market and each also qualifies as an outside director within the meaning of Section 162(m) of the Internal Revenue Code and a non-employee director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. Only members of the Compensation Committee who qualify as outside directors participate in discussions regarding awards that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code.

The Compensation Committee's purposes, as set forth in its charter, are:

- (1) to assist the board in discharging its responsibilities relating to compensation of our executives,
- (2) to administer our equity incentive plans (other than any such plan applicable only to non-employee directors); and
- (3) to have overall responsibility for approving and evaluating all of our compensation plans, policies and programs that affect our executive officers.

The Compensation Committee's responsibilities are set forth in its charter which is reviewed at least annually. The current Compensation Committee charter was approved by the board of directors on January 8, 2008. A copy of the Committee's charter is posted on our website at www.ncm.com. There were 3 meetings of the Compensation Committee during our 2007 fiscal year and there was 1 action taken by written consent.

The Compensation Committee performs such functions and responsibilities enumerated in its charter as appropriate in furtherance of its purposes. The Compensation Committee is authorized to form and delegate responsibility to subcommittees of the Compensation Committee as it deems necessary or appropriate, provided, however, that any such subcommittees shall meet all applicable independence requirements and that the Committee shall not delegate to persons other than independent directors any functions that are required under applicable law, regulation or Nasdaq rule to be performed by independent directors.

The Compensation Committee will engage and direct a compensation consultant. It is expected that the consultant may provide independent advice and recommendations to the committee regarding executive compensation. The Compensation Committee will review the recommendations by the compensation consultant and ensure they are aligned to the market and benchmarked to an appropriate peer group.

Nominating and Governance Committee

Lawrence A. Goodman, Stephen L. Lanning (chairman) and Edward H. Meyer are the current members of the Nominating and Governance Committee. All of the members of our Nominating and Governance Committee are independent as determined in accordance with Nasdaq rules and relevant federal securities laws and regulations.

The Nominating and Governance Committee's purposes, as set forth in its charter, are:

- (1) to identify individuals qualified to become board members, and to recommend that the board select the director nominees for the next annual meeting of stockholders;
- (2) to oversee the evaluation of our management and the board; and
- (3) to review from time to time the Corporate Governance Guidelines applicable to us and to recommend to the board such changes as it may deem appropriate.

The Nominating and Governance Committee's responsibilities are set forth in its charter which was approved by the board of directors on January 8, 2008. A copy of the charter as well as our Corporate Governance Guidelines is available on our website at www.ncm.com. There were 4 meetings of the Nominating and Governance Committee during our 2007 fiscal year.

Other than the director candidates designated by our founding members, the Nominating and Governance Committee identifies individuals qualified to become board members and recommends director nominees to our board for each annual meeting of stockholders. It also reviews the qualifications and independence of the members of our board of directors and its various committees on a regular basis and makes any recommendations the committee members may deem appropriate from time to time concerning any changes in the composition of our board of directors and its committees. The Nominating and Governance Committee recommends to our board of directors the corporate governance guidelines and standards regarding the independence of outside directors applicable to us and reviews such guidelines and standards and the provisions of the Nominating and Governance Committee charter on a regular basis to confirm that such guidelines, standards and charter remain consistent with sound corporate governance practices and with any legal, regulatory or Nasdaq requirements. The Nominating and Governance Committee also monitors our board of directors and our compliance with any commitments made to regulators or otherwise regarding changes in corporate governance practices and leads our board of directors in its annual review of our board of directors' performance.

Nomination of Directors. The nominees for re-election to our board of directors at the Annual Meeting were formally nominated by the Nominating and Governance Committee and were approved by the board of directors on January 8, 2008. Messrs. Hall, Goodman and Schneider participated in the vote of the board of directors approving the director nominees.

As the need to fill vacancies arises in the future, the Nominating and Governance Committee will actively seek individuals qualified to become board members for recommendation to the board. The Nominating and Governance Committee would consider potential director candidates recommended by stockholders and would use the same criteria for screening all candidates, regardless of who proposed such candidates.

The Nominating and Governance Committee and the board of directors consider whether candidates for nomination to the board of directors possess the following qualifications, among others:

- (a) the highest level of personal and professional ethics, integrity, and values;
- (b) expertise that is useful to us and is complementary to the background and expertise of the other members of the board of directors;
- (c) a willingness and ability to devote the time necessary to carry out the duties and responsibilities of membership on the board of directors;

(d) a desire to ensure that our operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules, and regulations; and

(e) a dedication to the representation of our best interests and all of our stockholders.

Stockholder Communications

The office of the Secretary of NCM Inc. serves as the point of contact between the board of directors and our stockholders. The office of Secretary shall promptly forward to the intended recipient all communications from stockholders to the board of directors generally, to members of a committee of the board of directors or to one or more directors individually, as applicable.

Vote Required

Directors will be elected by a plurality of the votes of the holders of shares present in person or by proxy at the Annual Meeting.

Recommendation

The board of directors recommends that stockholders vote FOR each of the nominees for director. If not otherwise specified, proxies will be voted FOR each of the nominees for director.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

General

Before the completion of our IPO in February 2007, NCM LLC was wholly owned by our founding members. In connection with the completion of our IPO, NCM Inc. purchased from NCM LLC a number of newly issued common membership units, at a price per unit equal to the IPO price per share, less underwriting discounts and commissions and related offering expenses. NCM LLC paid a portion of the proceeds it received from the sale of its units to NCM Inc. to our founding members for their agreeing to modify payment obligations under their exhibitor services agreement (*ESA*). In connection with the completion of the IPO, the underwriters exercised their over-allotment option to purchase additional shares in full, and we acquired an equivalent number of additional units in NCM LLC promptly after issuing the additional shares pursuant to the over-allotment.

As of December 27, 2007, we owned approximately 44.8% of the outstanding common membership units in NCM LLC, and the founding members collectively owned approximately 55.2% of the outstanding common membership units in NCM LLC. We are the sole managing member of NCM LLC.

We entered into several agreements to effect the reorganization and the financing transaction and to define and regulate the relationships among us, NCM LLC and the founding members after the completion of the IPO. Except as described in this section, we do not expect to have any material arrangements with NCM LLC, the founding members or any of our or their respective directors, officers or other affiliates after the completion of the IPO, other than ordinary course business relationships.

Further transactions between NCM Inc. and our founding members, if any, have been and will continue to be approved by our Audit Committee, which is composed of independent members of our board of directors, or another committee comprised entirely of independent members of our board. Our Audit Committee charter authorizes the Audit Committee to hire financial advisors and other professionals to assist the committee in evaluating and approving any transaction between us and any related party, including our founding members.

Transactions with Founding Members

Exhibitor Services Agreements

On February 12, 2007, NCM LLC and each of AMC, Cinemark and Regal agreed upon the final terms of the ESAs between NCM LLC and AMC, Cinemark and Regal, respectively. The ESAs, which replace the ESAs previously in effect among NCM LLC, AMC, Cinemark and Regal, were executed by the parties effective February 13, 2007. Certain basic terms of the ESAs are discussed below:

Services Provided. Pursuant to the ESAs, NCM LLC is the exclusive provider within the United States of advertising services in the founding members' theatres (subject to pre-existing contractual obligations and other limited exceptions for the benefit of the founding members), as well as of meeting events and digital programming events, and the founding members agree to participate in such services. Advertising services include on-screen advertising and the *FirstLook* pre-show, use of the lobby entertainment network and lobby promotions. Meetings and events involve the hosting of meetings and distribution of digital content through our CineMeetings business and digital programming events through our Fathom business. The content, promotions, events, meetings and activities that are included within the services provided by NCM LLC are generally referred to herein as the services.

Term and Termination. The ESAs entered into at the completion of the IPO have a term of 30 years for advertising. The terms for meetings and digital programming were initially five years with provisions for automatic renewal for an additional five years if certain financial performance conditions are met by our CineMeetings or Fathom business, as applicable. If such financial performance conditions are not met, the founding member may elect to extend the term relating to meetings or digital programming, as applicable so long

as the CineMeetings and Fathom businesses are profitable (as defined). If the CineMeetings and Fathom businesses are not profitable (as defined) either the founding members or NCM LLC may elect not to extend the term relating to those businesses. Beginning one year prior to the end of the 30-year term of the ESAs, NCM LLC will have a five-year right of first refusal to enter into a services agreement for the services provided under the ESA with the applicable founding member on terms equivalent to those offered by a third-party.

Either party may terminate the agreement upon:

a material breach of the ESA by the other party after notice and a cure period;

a government, regulatory or judicial injunction, order or decree; or

bankruptcy, insolvency or dissolution of the other party, appointment of a receiver or trustee for the other party who is not dismissed within 60 days or cessation of business or inability to pay debts.

Theatres. The founding members are required to make all their theatres available for the services, including theatres that are newly acquired or built during the term of the ESA, but excluding draft house and art house theatres (attendance at which shall not exceed 4% of the attendance at the founding member's participating theatres for the preceding year) and screens exhibiting IMAX technology. For newly acquired theatres that are subject to contracts with an alternative cinema advertising provider, if the founding member wishes to receive common membership units in NCM LLC (as provided in the Common Unit Adjustment Agreement described below) at the time the theatres are acquired, the ESA provides that the founding member may make certain run out payments until NCM LLC can utilize the theatres for all of its services. Alternatively, the founding member may wait to receive common membership units for the acquired theatres until the contracts with the alternative providers have expired and NCM LLC may provide its services without limitation.

Lobby Entertainment Network. With exceptions for digitized theatres that already have lobby screens for the lobby entertainment network, the founding members are required to have one lobby entertainment network screen in digitized theatres with ten or fewer auditoriums, two lobby entertainment network screens in digitized theatres with eleven to twenty auditoriums and three lobby entertainment network screens in digitized theatres with more than twenty auditoriums.

Inventory. The pre-feature program for digital on-screen advertising is 20 to 30 minutes long, and the founding members have agreed to use commercially reasonable efforts to open their auditoriums to customers at least 20 minutes prior to the advertised show time. Lobby entertainment network advertising is displayed in a repeating loop. With respect to lobby promotions, there is an inventory of lobby promotions that are pre-approved by the founding members. Additional lobby promotions may be added to the pre-approved inventory upon consent by NCM LLC and the founding member. For digital programming events and meeting events (except church worship services, which require approval), the ESA also establishes pre-approved periods when such events may be exhibited in applicable theatres, specifically on Monday through Thursday evenings for digital programming events and Monday through Thursday from 6:00 a.m. to 6:00 p.m. for meetings, in both cases except during specified peak holiday periods. Digital programming events may be exhibited and meeting events may be conducted at other times upon consent by NCM LLC and the founding member.

Payments. In consideration for NCM LLC's access to NCM LLC's founding members' theatre attendees for on-screen advertising and use of off-screen locations within the founding members' theatres for the lobby entertainment network and lobby promotions, the founding members receive a monthly theatre access fee under the ESAs. The theatre access fee is composed of a fixed payment per patron and a fixed payment per digital screen, which will be adjusted for any advertising exhibited by some, but not all, theatres or founding members because of content objections or technical capacity. The payment per theatre patron will increase by 8% every five years with the first such increase taking effect after the end of fiscal 2011 and the payment per digital screen will increase annually by 5%, beginning after the end of fiscal 2007. In 2007, subsequent to the IPO, the theatre access fee aggregate payments to the founding members totaled \$41.5 million. The theatre 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.

In consideration for the exhibition of digital programming events, the founding members retain 15% of the revenue from ticket sales, net of taxes and refunds and 100% of the concession sales. NCM LLC distributes a total of 15% of the net revenue received from any promotional fee for a digital programming event to the founding members that participated in such digital programming event, allocated based upon the number of tickets sold. Revenue from meeting events is shared based on the type of event. For Meetings with a Movie or Fathom Events and a Movie, the founding member retains the proceeds of movie ticket sales for a full sale of the auditorium (at adult ticket prices) and NCM LLC retains other fees associated with the meeting. For meetings without a movie, NCM LLC pays the founding member 15% of the rental revenue for the meeting. For church worship services, NCM LLC pays the founding member 50% of the rental revenue for the meeting. In 2007, subsequent to the IPO, aggregate payments to the founding members for use of their screens and theatres for our meetings and events business totaled \$3.8 million.

NCM LLC pays the cost associated with providing its services to the founding members' theatres, which includes selling and marketing expenses (including base salaries, commissions and benefits of our advertising sales staff and marketing, public relations and research departments), network operations and maintenance costs (including costs to run our network operations center, satellite bandwidth costs and costs for the maintenance of the network software and hardware), advertising and event costs (including production and other costs associated with non-digital advertising, and direct costs of events) and administrative expenses (including salaries, bonuses and benefits for our administrative staff and occupancy costs). The founding members pay the in-theatre operational costs of exhibiting the services within the theatres (such as electricity), except that any incremental costs (such as third-party security at digital programming events) are reimbursed by NCM LLC.

Beverage Concessionaire Agreements. Under the ESAs, NCM LLC displays up to 90 seconds (depending on the exhibitor) of on-screen advertising for beverage concessionaires at the time established in their agreements with the founding members and the founding members are required to pay to NCM LLC an initial beverage agreement advertising rate based on CPM (cost per thousand) impressions for the beverage advertising. As long as the beverage agreement advertising rate does not exceed the highest rate being charged by NCM LLC for on-screen advertising, the rate will increase annually at a rate of (a) 8% per year for each of the first two calendar years following our 2007 fiscal year, (b) 6% per year for the next two fiscal years, and (c) for all following years, at an annual percentage equal to the annual increase in the advertising rate charged by NCM LLC to unaffiliated third parties.