National CineMedia, Inc.
Form 10-Q/A
November 05, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

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

EXCHANGE ACT OF 1934

For the quarterly period ended April 2, 2009

Commission file number: 001-33296

NATIONAL CINEMEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-5665602**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

9110 East Nichols Avenue, Suite 200

Centennial, Colorado	**80112-3405**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ¨ No ¨

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

As of May 8, 2009, 42,118,488 shares of the registrant s common stock, par value of $0.01 per share, were outstanding.

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EXPLANATORY NOTE

National CineMedia, Inc. (the Company) is filing this amendment to its Quarterly Report on Form 10-Q for the period ended April 2, 2009, originally filed with the Securities and Exchange Commission (SEC) on May 12, 2009 to restate its presentation of noncontrolling interest in the Condensed Consolidated Balance Sheets and in the Condensed Consolidated Statements of Equity/(Deficit) and Comprehensive Income.

As disclosed in the Company s Form 8-K filed with the SEC on November 5, 2009, the Company had presented the balance at January 1, 2009 for noncontrolling interest as a deficit. However, after further review of the Financial Accounting Standards Board guidance for the presentation of noncontrolling interests in consolidated financial statements for periods prior to the Company s adoption on January 2, 2009 of Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*, the Company determined that the measurement provisions of SFAS No. 160, which allow for a noncontrolling interest to be shown as a deficit, should not have been applied retrospectively. Therefore, the balance at January 1, 2009 and all prior periods thereto for noncontrolling interest should have been zero, which also impacted the balance at April 2, 2009. In addition, the Company filed a 10-K/A for the fiscal year ended January 1, 2009, which had an impact on the beginning balance for retained earnings (distributions in excess of earnings). As a result, the Company has restated its noncontrolling interest and retained earnings (distributions in excess of earnings) in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Equity/(Deficit) and Comprehensive Income with a corresponding impact to additional paid in capital (deficit). There is no change to Total Equity/(Deficit) or to the Condensed Consolidated Statements of Operations.

In addition, net income attributable to NCM, Inc. and net income attributable to noncontrolling interests were shown separately in the previously issued Condensed Consolidated Statements of Cash Flows and have been combined and included in the line item titled Consolidated Net Income in the Condensed Consolidated Statements of Cash Flows. Further, adjustments have been made to correct the allocation of certain amounts between accumulated other comprehensive loss and noncontrolling interest in the previously issued Condensed Consolidated Balance Sheet as of January 1, 2009, as well as, certain amounts in Taxes Attributable to Members and Impacts of Subsidiary Ownership Changes and additional paid in capital (deficit) in the Condensed Consolidated Statement of Equity/(Deficit) for the periods ended April 2, 2009 and March 27, 2008.

The following items of the Quarterly Report on Form 10-Q for the period ended April 2, 2009 are being amended:

Part I Item 1. Financial Statements

Part I Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (references only)

Part I Item 3. Quantitative and Qualitative Disclosures about Market Risk (references only)

Part I Item 4. Controls and Procedures

Part II Item 1A. Risk Factors (references only)

All other information contained in the Company s Quarterly Report on Form 10-Q for the period ended April 2, 2009 remains unchanged. This filing does not reflect any subsequent information or events, except the restatement described above. Without limitation to the foregoing, this filing does not purport to update the Management s Discussion and Analysis of Financial Condition and Results of Operations contained in the Quarterly Report on Form 10-Q for the period ended April 2, 2009 or any information, uncertainties, transactions, risks, events or trends occurring, or known to management. For updated information about the Company, refer to the Company s most recent filings with the SEC. Those filings contain important information regarding events, developments and updates to certain expectations of the Company that have occurred since the original filing of the Quarterly Report.

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PART I

Item 1. Financial Statements

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

(UNAUDITED)

	April 2, 2009 (As Restated, Note 2)	January 1, 2009 (As Restated, Note 2)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 71.3	$ 69.2
Receivables, net of allowance of $2.6 and $2.6 million, respectively	64.6	92.2
Prepaid expenses	2.1	1.6
Income taxes receivable	3.3	3.6
Other current assets	0.9	0.8
Total current assets	142.2	167.4
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $30.0 and $27.0 million, respectively	27.4	28.0
INTANGIBLE ASSETS, net of accumulated amortization of $2.1 and $1.5 million, respectively	139.4	111.8
OTHER ASSETS:		
Deferred tax assets, net of valuation allowance of $1.7 million and $2.0, respectively	281.4	290.4
Debt issuance costs, net	10.7	11.1
Other long-term assets	3.3	0.9
Total other assets	295.4	302.4
TOTAL	$ 604.4	$ 609.6
LIABILITIES AND EQUITY/(DEFICIT)		
CURRENT LIABILITIES:		
Amounts due to founding members	6.7	25.6
Payable to founding members under tax sharing agreement	14.7	17.0
Accrued expenses	8.8	6.7
Current portion of long-term debt	4.0	
Accrued payroll and related expenses	5.2	7.5
Accounts payable	9.0	11.3
Deferred revenue and other current liabilities	4.2	3.6
Total current liabilities	52.6	71.7
OTHER LIABILITIES:		
Borrowings	802.0	799.0
Deferred tax liability	57.5	54.1
Payable to founding members under tax sharing agreement	127.4	118.9
Interest rate swap agreements	78.9	87.7

Other long-term liabilities				4.5
Total other liabilities		1,065.8		1,064.2
Total liabilities		1,118.4		1,135.9
COMMITMENTS AND CONTINGENCIES (NOTE 5)				
EQUITY/(DEFICIT):				
NCM, Inc. Stockholders Equity:				
Preferred stock, $0.01 par value; 10,000,000 shares authorized, none issued and outstanding, respectively				
Common stock, $0.01 par value; 120,000,000 shares authorized, 42,118,488 and 42,109,966 issued and outstanding, respectively		0.4		0.4
Additional paid in capital (deficit)		(482.6)		(494.9)
Accumulated other comprehensive loss		(16.6)		(18.7)
Retained earnings (Distributions in excess of earnings)		(18.7)		(13.1)
Total NCM, Inc. stockholders equity/(deficit)		(517.5)		(526.3)
Noncontrolling interests		3.5		
Total equity/(deficit)		(514.0)		(526.3)
TOTAL	$	604.4	$	609.6

See accompanying notes to condensed consolidated financial statements.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share data)

(UNAUDITED)

	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
REVENUE:		
Advertising (including revenue from founding members of $8.4 and $10.2 million, respectively)	$ 60.1	$ 53.7
Meetings and events	13.4	9.0
Total	73.5	62.7
OPERATING EXPENSES:		
Advertising operating costs	4.2	2.7
Meetings and events operating costs	8.7	6.3
Network costs	4.4	4.1
Theatre access fees founding members	12.4	11.5
Selling and marketing costs	11.8	11.6
Administrative costs	6.3	6.7
Severance plan costs		0.2
Depreciation and amortization	3.5	1.9
Total	51.3	45.0
OPERATING INCOME (LOSS)	22.2	17.7
Interest Expense, Net:		
Borrowings	11.9	13.5
Change in derivative fair value	(1.9)	
Accretion of interest on the discounted payable to founding members under tax sharing agreement	3.1	2.9
Interest income and other	(0.1)	(0.4)
Total	13.0	16.0
INCOME BEFORE INCOME TAXES	9.2	1.7
Provision for Income Taxes	3.8	0.7
CONSOLIDATED NET INCOME	5.4	1.0
Less: Net Income Attributable to Noncontrolling Interests, net of tax borne by founding members	4.2	1.4
NET INCOME (LOSS) ATTRIBUTABLE TO NCM, INC.	$ 1.2	$ (0.4)
EARNINGS (LOSS) PER NCM, INC. COMMON SHARE:		

Basic	$ 0.03	$ (0.01)
Diluted	$ 0.03	$ (0.01)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	42,115,552	42,031,587
Diluted	42,136,129	42,031,587

See accompanying notes to condensed consolidated financial statements.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(UNAUDITED)

	Quarter Ended April 2, 2009 (As Restated, Note 2)	Quarter Ended March 27, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income.	$ 5.4	$ 1.0
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Deferred income tax expense	5.4	0.2
Depreciation and amortization	3.5	1.9
Non-cash severance plan and share-based compensation	1.2	0.7
Accretion of interest on the discounted payable to founding members under tax sharing agreement	3.1	2.9
Net unrealized hedging transactions	(1.9)	
Amortization of debt issuance costs	0.4	0.5
Changes in operating assets and liabilities:		
Receivables net	27.6	45.4
Accounts payable and accrued expenses	(2.5)	(10.7)
Amounts due to founding members	(0.1)	0.6
Income taxes and other	(3.7)	0.2
Net cash provided by operating activities	38.4	42.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2.4)	(4.9)
Proceeds from sale of short-term investments		6.1
Net cash used in investing activities	(2.4)	1.2
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	(6.8)	(6.3)
Proceeds from borrowings		55.0
Repayments of borrowings		(65.0)
Proceeds from founding member contributions	1.6	3.7
Distribution to founding members	(28.7)	(20.4)
Proceeds from stock option exercises		0.6
Net cash provided by (used in) financing activities	(33.9)	(32.4)
CHANGE IN CASH AND CASH EQUIVALENTS	2.1	11.5
CASH AND CASH EQUIVALENTS:		
Beginning of period	69.2	20.8
End of period	$ 71.3	$ 32.3

(Continued)

See accompanying notes to condensed consolidated financial statements.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions) (CONTINUED)

(UNAUDITED)

	Quarter Ended April 2, 2009		Quarter Ended March 27, 2008	
Supplemental disclosure of non-cash financing and investing activity:				
Contribution for severance plan payments			$	0.2
Increase in distributions payable to members	$	8.8	$	3.2
Contributions from members collected after period end	$	0.1	$	0.8
Integration payment from members collected after period end	$	0.3		
Purchase of an intangible asset with subsidiary equity	$	28.5	$	58.5
Settlement of put liability by issuance of debt	$	7.0		
Assets acquired in settlement of put liability	$	2.5		
Increase in property and equipment not requiring cash in the period			$	0.4
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	10.4	$	13.3
Cash paid for income taxes	$	2.1	$	0.2

See accompanying notes to condensed consolidated financial statements.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF EQUITY/(DEFICIT)

AND COMPREHENSIVE INCOME

(In millions)

(UNAUDITED)

	Consolidated	Common Stock	Additional Paid in Capital (Deficit)	NCM, Inc. Retained Earnings (Distrib. in Excess of Earnings)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance Jan. 1, 2009 (As Restated, Note 2)	$ (526.3)	$ 0.4	$ (494.9)	$ (13.1)	$ (18.7)	$
Distributions to Members	(8.8)					(8.8)
Subsidiary equity issued for purchase of intangible asset	28.5		11.8			16.7
Taxes attributable to Members and impacts of subsidiary ownership changes (As Restated, Note 2)	(11.3)		(0.4)		0.4	(11.3)
Comprehensive Income (loss):						
Unrealized (loss) on cash flow hedge, net of tax	4.1				1.7	2.4
Net income, net of tax	5.4			1.2		4.2
Total Comprehensive Income, net of tax	9.5			1.2	1.7	6.6
Share-based compensation	1.2		0.9			0.3
Cash dividends	(6.8)			(6.8)		
Balance April 2, 2009 (As Restated, Note 2)	$ (514.0)	$ 0.4	$ (482.6)	$ (18.7)	$ (16.6)	$ 3.5

	Consolidated	Common Stock	Additional Paid in Capital (Deficit)	NCM, Inc. Retained Earnings (Distrib. in Excess of Earnings)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance Dec. 27, 2007 (As Restated, Note 2)	$ (572.4)	$ 0.4	$ (581.1)	$ 12.2	$ (3.9)	$
Distributions to Members	(3.2)					(3.2)
Contributions from Members	1.0					1.0
Subsidiary equity issued for purchase of intangible asset	58.5		25.5			33.0
Taxes attributable to Members and impacts of subsidiary ownership changes (As Restated, Note 2)	(9.5)		(0.1)		0.1	(9.5)
Comprehensive Income (loss):						
Unrealized (loss) on cash flow hedge, net of tax	(16.7)				(7.3)	(9.4)
Net income (loss), net of tax	1.0			(0.4)		1.4
Total Comprehensive Income, net of tax	(15.7)			(0.4)	(7.3)	(8.0)
Share-based compensation	1.1		1.0			0.1
Cash dividends	(6.3)			(6.3)		
Recovery of deficit in noncontrolling interest (As Restated, Note 2)			13.4			(13.4)

Balance	Mar. 27, 2008 (As Restated, Note 2)	$	(546.5)	$	0.4	$	(541.3)	$	5.5	$	(11.1)	$

See accompanying notes to condensed consolidated financial statements.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

National CineMedia, Inc. (NCM, Inc.) was incorporated in Delaware as a holding company with the sole purpose of becoming a member and sole manager of National CineMedia, LLC (NCM LLC). The terms NCM , the Company or we shall, unless the context otherwise requires, be deemed to include the consolidated entity. NCM LLC operates the largest digital in-theatre network in North America, allowing NCM to distribute advertising, business meetings, and Fathom event services under long-term exhibitor services agreements (ESAs) with American Multi-Cinema Inc. (AMC), a wholly owned subsidiary of AMC Entertainment Inc. (AMCE), Regal Cinemas, Inc., a wholly owned subsidiary of Regal Entertainment Group (Regal), and Cinemark USA, Inc., a wholly owned subsidiary of Cinemark Holdings, Inc. (Cinemark). AMC, Regal, Cinemark, and their affiliates are referred to in this document as founding members . NCM LLC also provides such services to certain third-party theater circuits under network affiliate agreements, which expire at various dates.

At April 2, 2009, NCM LLC had 101,554,246 common membership units outstanding, of which 42,118,488 (41.5%) were owned by NCM, Inc., 25,425,689 (25.0%) were owned by Regal, 18,821,114 (18.5%) were owned by AMC, and 15,188,955 (15.0%) were owned by Cinemark.

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 for interim financial information and the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures typically included in an annual report have been condensed or omitted for this quarterly report. 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/A for the fiscal year ended January 1, 2009, filed with the SEC on November 5, 2009. The Company s initial public offering (IPO) was completed in February 2007. In the opinion of management, all adjustments (which include only normal recurring 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. The Company s business is seasonal and for this and other reasons operating results for interim periods may not be indicative of the Company s full year results or future performance. As a result of the various related-party agreements discussed in Note 3, 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.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

Earnings (Loss) Per Share, Basic and Diluted

Basic earnings (loss) per share is computed on the basis of the weighted average number of common shares outstanding. Diluted earnings (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, and restricted stock using the treasury stock method. The components of basic and diluted earnings (loss) per share were as follows:

	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
Net Income (Loss) Attributable to NCM, Inc. (in millions)	$ 1.2	$ (0.4)
Weighted average shares outstanding:		
Basic	42,115,552	42,031,587
Add: Dilutive effect of stock options and restricted stock	20,577	
Diluted	42,136,129	42,031,587
Earnings (loss) per NCM, Inc. share:		
Basic	$ 0.03	$ (0.01)
Diluted	$ 0.03	$ (0.01)

The effect of the 57,706,838 and 51,878,917 convertible NCM LLC common units held by the founding members for the quarter ended April 2, 2009 and March 27, 2008, respectively, has been excluded from the calculation of diluted weighted average shares and earnings per share as they were antidilutive due to NCM, Inc. s non-cash interest expense for accretion of the discounted payable to founding members under tax sharing agreement, which is not an expense of NCM LLC. In addition, there were 1,807,736 and 36,283 stock options and 144,658 and 78,061 non-vested restricted shares for the quarter ended April 2, 2009 and March 27, 2008, respectively, excluded from the calculation as they are antidilutive, as exercise prices on stock options and intrinsic value of restricted stock shares were above the average market value.

Summary of Significant Accounting Policies

The Company s annual financial statements included in Form 10-K/A for the fiscal year ended January 1, 2009 contain a complete discussion of the Company s significant accounting policies.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, deferred revenue, equity-based compensation, income taxes and the valuation of investments in absence of market data. Actual results could differ from those estimates.

Receivables Bad debts are provided for using the allowance for doubtful accounts method based on historical experience and management s evaluation of outstanding receivables at the end of the period. Receivables are written off when management determines amounts are uncollectible. Trade accounts receivable are uncollateralized and represent a large number of geographically dispersed debtors. At April 2, 2009, there was one client and one advertising agency group through which the Company sources national advertising revenue representing approximately 16% and 25%, respectively, of the Company s outstanding gross receivable balance; however, none of the individual contracts related to the advertising agency were more than 10% of advertising revenue. At January 1, 2009, there was one client and one advertising agency group through which the Company sources national advertising revenue representing approximately 10% and 20%, respectively, of the

Company s outstanding gross receivable balance; however, none of the individual contracts related to the advertising agency were more than 10% of advertising revenue. The collectability risk is reduced by dealing with large, nationwide firms who have strong reputations in the advertising industry and stable financial conditions.

Reclassifications Certain amounts in prior years financial statements have been reclassified to conform to the current year presentation.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

Recent Accounting Pronouncements

The Company adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* effective January 2, 2009 SFAS No. 160 changes the manner of presentation and related disclosures for the noncontrolling interest in a subsidiary (formerly referred to as a minority interest) and for the deconsolidation of a subsidiary. The presentation changes are reflected retrospectively in the Company s unaudited condensed consolidated financial statements and Note 8. SFAS No. 160 also changes the measurement principles for noncontrolling interests by permitting the recognition of a deficit balance. Since the measurement principles cannot be applied retrospectively, the deficit in NCM LLC s equity accounts due to distributions at the time of the IPO and related transactions, are reported at zero for all periods through January 1, 2009. The noncontrolling interest in NCM LLC s deficit through January 1, 2009, has been charged against NCM Inc. s additional paid-in capital (deficit).

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. The new standard changes the manner of presentation and related disclosures of the fair values of derivative instruments and their gains and losses. The Company adopted SFAS No. 161 effective January 2, 2009 (see Note 7).

In April 2009, the FASB issued FASB Staff Position No. SFAS 107-1 and APB No. 28-1, *Disclosures about the Fair Value of Financial Instruments*, which requires quarterly disclosure of information about the fair value of financial instruments within the scope of FASB Statement No. 107 and requires adoption by the third quarter of 2009. The Company is evaluating the impact of the statement on its unaudited condensed consolidated financial statements.

In June 2008, the FASB issued FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*, which addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. FSP No. EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company adopted FSP No. EITF 03-6-1 effective January 2, 2009 with no impact on its 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.

2. RESTATEMENT

As discussed in Note 1, the Company adopted SFAS No. 160 on January 2, 2009. In its financial statements as originally filed on May 12, 2009, the Company had presented the balance at January 1, 2009 for noncontrolling interest as a deficit. However, after further review of the FASB guidance for the presentation of noncontrolling interests in consolidated financial statements, for periods prior to the Company s adoption on January 2, 2009 of SFAS No. 160, the Company determined that the measurement provisions of SFAS No. 160, which allow for a noncontrolling interest to be shown as a deficit, should not have been applied retrospectively. Therefore, the balance at January 1, 2009 and all prior periods thereto for noncontrolling interest should have been zero, which also impacted the balance at April 2, 2009. In addition, the Company filed a 10-K/A for the fiscal year ended January 1, 2009, which had an impact on the beginning balance for retained earnings (distributions in excess of earnings). As a result, the Company has restated its noncontrolling interest and retained earnings (distributions in excess of earnings) in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Equity/(Deficit) and Comprehensive Income with a corresponding impact to additional paid in capital (deficit). There is no change to Total Equity/(Deficit) or to the Condensed Consolidated Statements of Operations. In addition, net income attributable to NCM, Inc. and net income attributable to noncontrolling interests were shown separately in the previously issued Condensed Consolidated Statements of Cash Flows and have been combined and included in the line item titled Consolidated Net Income in the Condensed Consolidated Statements of Cash Flows. Further, adjustments have been made to correct the allocation of certain amounts between accumulated other comprehensive loss and noncontrolling interest in the previously issued Consolidated Balance Sheet as of January 1, 2009, as well as, certain amounts in Taxes Attributable to Members and Impacts of Subsidiary Ownership Changes and additional paid in capital (deficit) in the Condensed Consolidated Statement of Equity/(Deficit) for the periods ended April 2, 2009 and March 27, 2008.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

The following tables set forth the effect of the corrections described above:

	CONDENSED CONSOLIDATED BALANCE SHEETS			
	At April 2, 2009		At January 1, 2009	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Additional paid in capital (deficit)	$ (112.0)	$ (482.6)	$ (118.6)	$ (494.9)
Accumulated other comprehensive loss	(16.6)	(16.6)	(14.7)	(18.7)
Retained earnings (Distributions in excess of earnings)	(3.8)	(18.7)	1.8	(13.1)
Total NCM, Inc. stockholders equity/(deficit)	(132.0)	(517.5)	(131.1)	(526.3)
Noncontrolling interests	(382.0)	3.5	(395.2)	

	CONSOLIDATED STATEMENT OF CASH FLOWS			
	Quarter Ended April 2, 2009		Quarter Ended March 27, 2008	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Net Income (Loss) Attributable to NCM, Inc.	$ 1.2	$	$ (0.4)	$
Noncontrolling Interest	$ 4.2	$	$ 1.4	$
Consolidated Net Income	$	$ 5.4	$	$ 1.0

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY/(DEFICIT)
At April 2, 2009
As Previously Reported

	Additional Paid in Capital (Deficit)	Retained Earnings (Distrib. In Excess of Earnings)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance-January 1, 2009	$ (118.6)	$ 1.8	$ (14.7)	$ (395.2)
Taxes attributable to members and impacts of subsidiary ownership changes	(6.1)		(3.6)	(1.6)
Balance-April 2, 2009	(112.0)	(3.8)	(16.6)	(382.0)

As Restated

	Additional Paid in Capital (Deficit)	Retained Earnings (Distrib. In Excess of Earnings)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance-January 1, 2009	$ (494.9)	$ (13.1)	($ 18.7)	$
Taxes attributable to members and impacts of subsidiary ownership changes	(0.4)		0.4	(11.3)
Balance-April 2, 2009	(482.6)	(18.7)	(16.6)	3.5

At March 27, 2008
As Previously Reported

	Additional Paid in Capital (Deficit)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance-December 27, 2007	$ (186.8)	$ (3.9)	$ (394.3)
Taxes attributable to members and impacts of subsidiary ownership changes	4.0	0.1	(12.6)
Balance-March 27, 2008	(156.3)	(11.1)	(385.0)

As Restated

	Additional Paid in Capital (Deficit)	Accum. Other Comprehensive Income (Loss)	Non-controlling Interest
Balance-December 27, 2007	$ (581.1)	$ (3.9)	$
Taxes attributable to members and impacts of subsidiary ownership changes	(0.1)	0.1	(9.5)
Recovery of deficit in noncontrolling interest	13.4		(13.4)
Balance-March 27, 2008	(541.3)	(11.1)	

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

3. RELATED-PARTY TRANSACTIONS

Quarter Ended April 2, 2009 and March 27, 2008

Pursuant to the ESAs, the Company makes monthly theatre access fee payments to the founding members, comprised of a payment per theatre attendee and a payment per digital screen of the founding member theatres included in our network. Also, the founding members can purchase advertising time for the display of up to 90 seconds of on-screen advertising under their beverage concessionaire agreements at a specified 30 second equivalent cost per thousand (CPM) impressions. The total theatre access fee to the founding members for the quarter ended April 2, 2009 and March 27, 2008 was $12.4 million and $11.5 million, respectively. The total revenue related to the beverage concessionaire agreements for the quarter ended April 2, 2009 and March 27, 2008 was $8.4 million and $10.2 million, respectively. In addition, the Company makes payments to the founding members for use of their screens and theatres for its meetings and events business. These payments are at rates (percentage of event revenue) included in the ESAs based on the nature of the event. Payments to the founding members for these events totaled $2.0 million and $1.5 million for the quarter ended April 2, 2009 and March 27, 2008, respectively, and are included in meetings and events operating costs in the unaudited condensed consolidated Statement of Operations.

Also, pursuant to the terms of the NCM LLC Operating Agreement in place since the close of the IPO, NCM LLC is required to make mandatory distributions to its members of available cash, as defined in the NCM LLC Operating Agreement, on a quarterly basis. The available cash distribution to the members of NCM LLC for the quarter ended April 2, 2009 and March 27, 2008 was $15.0 million and $5.6 million, including $6.2 million and $2.5 million for NCM, Inc. respectively. At April 2, 2009, $8.8 million was included in the due to/from founding members.

Amounts due to (from) founding members at April 2, 2009 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	$ 0.4	$ 0.4	$ 0.5	$ 1.3
Cost and other reimbursement	(1.0)	(0.8)	(1.1)	(2.9)
Distributions payable, net	2.7	2.2	3.4	8.3
Total	$ 2.1	$ 1.8	$ 2.8	$ 6.7

Amounts due to (from) founding members at January 1, 2009 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	$ (0.1)	$	$ 0.7	$ 0.6
Cost and other reimbursement	(1.1)	(0.5)	(0.6)	(2.2)
Distributions payable, net	8.9	7.0	11.3	27.2
Total	$ 7.7	$ 6.5	$ 11.4	$ 25.6

On January 26, 2006, AMC acquired the Loews Cineplex Entertainment Inc. (AMC Loews) theatre circuit. The Loews screen integration agreement, effective as of January 5, 2007 and amended and restated as of February 13, 2007, between NCM LLC and AMC, commits AMC to cause substantially all of the theatres it acquired from Loews to be included in the NCM digital network in accordance with the ESAs on June 1, 2008. In accordance with the Loews screen integration agreement, prior to June 1, 2008 AMC paid the Company amounts based on an agreed-upon calculation to reflect cash amounts that approximated what NCM LLC would have generated if the Company sold on-screen advertising in the Loews theatre chain on an exclusive basis. These AMC Loews payments were made on a quarterly basis in arrears through May 31, 2008, with the exception of Star Theatres, which will be paid through the end of February 2009 in accordance with certain run-out provisions. For the quarter ended April 2, 2009 and March 27, 2008, the AMC Loews payment was $0.1 million (Star Theatres) and $0.8 million, respectively. At April 2, 2009 and March 27, 2008, $0.1 million and $0.8 million, respectively, was included in the due to (from) founding members. The AMC Loews payment was recorded directly to NCM LLC s members equity account.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

On April 30, 2008, Regal acquired Consolidated Theatres. Regal must make payments pursuant to the ESAs on a quarterly basis in arrears through January 2011 in accordance with certain run-out provisions. For the quarter ended April 2, 2009, the Consolidated Theatres payment was $0.3 million, all of which was included in the due to (from) founding members. The Consolidated Theatres payment was recorded as a reduction of the intangible asset that was created in connection with the common membership units issued to Regal upon the closing of its acquisition of Consolidated Theatres (see Note 6).

Other

During the quarter ended April 2, 2009 and March 27, 2008, AMC, Cinemark and Regal purchased $0.4 million and $0.3 million, respectively, of NCM LLC s advertising inventory for their own use. The value of such purchases are calculated by reference to NCM LLC s advertising rate card and is included in advertising revenue.

Included in meetings and events operating costs is $0.1 million and $0.2 million for the quarter ended April 2, 2009 and March 27, 2008, respectively, related to purchases of movie tickets and concession products from the founding members primarily for resale to NCM LLC s customers.

IdeaCast

NCM LLC and IdeaCast, Inc. (IdeaCast) entered into a shared services agreement, which allows for cross-marketing and certain services to be provided between the companies at rates, which will be determined on an arms length basis. The services provided by or to IdeaCast for the quarter ended April 2, 2009 and March 27, 2008 were not material to NCM.

4. BORROWINGS

The outstanding balance of the term loan facility at April 2, 2009 was $725.0 million. The outstanding balance under the revolving credit facility at April 2, 2009 was $74.0 million. As of April 2, 2009, the effective rate on the term loan was 5.85% including the effect of the interest rate swaps (both those accounted for as hedges and those not). The interest rate swaps hedged $550.0 million of the $725.0 million term loan at a fixed interest rate of 6.734% while the unhedged portion was at an interest rate of 3.08%. The weighted-average interest rate on the unhedged revolver was 2.26%. Commencing with the fourth fiscal quarter in fiscal year 2008, 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 and its subsidiaries (defined in the NCM LLC credit agreement as the ratio of secured funded debt less unrestricted cash and cash equivalents, over Adjusted EBITDA, as defined in the credit agreement). The senior secured credit facility also contains a number of covenants and financial ratio requirements, with which the Company was in compliance at April 2, 2009, including the consolidated net senior secured leverage ratio. As of April 2, 2009, our consolidated net senior secured leverage ratio was 3.9 times versus a covenant of 7.0 times. The debt covenants also require 50% of the term loan, or $362.5 million to be hedged at a fixed rate. As of April 2, 2009, the Company had approximately 76% hedged (57% without considering the Lehman Brothers Special Financing (LBSF), a subsidiary of Lehman Brothers Holdings, Inc. (Lehman), portion of the hedge). Of the $550.0 million that is hedged, $137.5 million is with LBSF and is still in effect. The Company has notified LBSF that as a result of the bankruptcy or insolvency of Lehman and LBSF an event of default had occurred under the swap with respect to which LBSF was the defaulting party. While not required to be in compliance with its debt covenants, the Company is evaluating whether to seek a replacement hedge for the LBSF portion. In addition, while the bankruptcy court has authorized LBSF to assign certain of its hedges that have not been terminated under certain circumstances, the Company has not received any notice that Lehman has assigned, or has entered into any negotiations to assign, its swap agreement with NCM LLC. See Note 7 for an additional discussion of the interest rate swaps.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the federal Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. NCM LLC has an aggregate revolving credit facility commitment of $80.0 million with a consortium of banks, including $20.0 million with Lehman Commercial Paper Inc. (LCPI), a subsidiary of Lehman. As of April 2, 2009, NCM LLC has borrowed $14.0 million from LCPI under the revolving credit facility. Following the bankruptcy filing, LCPI failed to fund its undrawn commitment of $6.0 million. While NCM LLC does not anticipate LCPI will fulfill its funding commitment, this $6.0 million of liquidity is not expected to be required by the Company to operate its business. Until the LCPI issues are resolved, NCM LLC is not anticipating repaying any of its revolver borrowings as it would effectively result in a permanent reduction of its revolving credit facility, to the extent of the LCPI commitments. In addition, while the bankruptcy court has authorized LCPI to resign as the administrative agent under the revolving credit facility, to the Company s knowledge they have not yet resigned.

NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

In connection with the restructuring of IdeaCast, the Company entered into a note payable to Credit Suisse, Cayman Islands Branch (Credit Suisse) with no stated interest on March 19, 2009 to settle the $10 million contingent put obligation and to be assigned the $20.7 million outstanding debt of IdeaCast. Quarterly payments to Credit Suisse will be made beginning April 15, 2009 through January 15, 2011. The Company agreed to pay $8.5 million, which was recorded at a discounted amount of $7.0 million, of which $4.0 million was recorded as the current portion. The discount will be accreted as interest over its term. See Note 5 Contingent Put Obligation for additional discussion of the IdeaCast restructuring.

5. COMMITMENTS AND CONTINGENCIES

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 adverse effect on its financial position or results of operations.

Contingent Put Obligation

On April 29, 2008, NCM LLC, IdeaCast, the IdeaCast lender and certain of its stockholders agreed to a financial restructuring of IdeaCast. Among other things, the restructuring resulted in the lender being granted an option to put, or require NCM LLC to purchase, up to $10 million of the funded convertible debt at par, on or after December 31, 2010 through March 31, 2011. The put was accounted for under FIN No. 45 (as amended), *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Other*s. During the fourth quarter of 2008, the Company determined that the initial investment and call right in IdeaCast were other-than-temporarily impaired due to IdeaCast s defaults on its senior debt and liquidity issues and that the put obligation was probable. The Company estimated a liability at January 1, 2009 of $4.5 million, which represented the excess of a reasonably estimated probable loss on the put (net of estimated recoveries from the net assets of IdeaCast that serve as collateral for the convertible debt) obligation over the unamortized FIN 45 liability. As discussed in Note 4, on March 19, 2009, the obligation was settled. The Company began foreclosure proceedings to realize the collateral for the debt, consisting of certain tangible and intangible assets (primarily equipment, business processes and contracts with health clubs and programming partners).

Minimum Revenue Guarantees

As part of the network affiliate agreements entered in the ordinary course of business, the Company has agreed to certain minimum revenue guarantees. If an affiliate achieves the attendance set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee. The amount and term varies for each network affiliate. The maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is $22.4 million over the remaining terms of the network affiliate agreements. The Company has no liabilities recorded for these obligations as of April 2, 2009.

6. INTANGIBLE ASSETS

During 2008, NCM LLC issued 2,544,949 common membership units to its founding members in connection with its rights of exclusive access to net new theatre screens and projected attendees added by the founding members to NCM LLC s network and 2,913,754 common membership units to Regal in connection with the closing of its acquisition of Consolidated Theatres. The Company recorded an intangible asset of $116.1 million representing the contractual rights over the remaining terms of the ESAs. The Company based the fair value of the intangible asset on the fair value of the common membership units issued on the date of grant. The number of units issued to Regal assumed that NCM LLC would have immediate access to the Consolidated Theatres for sales of advertising. However, Consolidated Theatres has a pre-existing advertising agreement. Accordingly, Regal makes cash integration payments to NCM LLC which will continue through January 2011 to account for the lack of access, which are recorded as a reduction of the intangible asset. As of April 2, 2009 and January 1, 2009, $3.1 million and $2.8 million has been applied to the intangible asset, respectively.

Effective as of March 17, 2009, NCM LLC issued 2,126,104 common membership units to its founding members in exchange for the rights to exclusive access to net new theatre screens and projected attendees added by the founding members to NCM LLC s network. As a result, NCM

LLC recorded an intangible asset at fair value of $28.5 million in the first quarter 2009.

Pursuant to SFAS No. 142, *Goodwill and Other Intangible Assets*, the intangible asset has a finite useful life and the Company began to amortize the asset in 2008 and 2009 over the remaining useful life corresponding with the ESAs. Amortization of the asset related to Consolidated Theatres will not begin until after January 2011 since the Company will not have access to on-screen advertising in the Consolidated Theatres until the run-out of their existing on screen advertising agreement.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

7. FAIR VALUE MEASUREMENTS AND DERIVATIVE INSTRUMENTS

Fair Value Measurements The fair values of the Company s assets and liabilities measured on a recurring basis pursuant to Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* are as follows (in millions):

		Fair Value Measurements at Reporting Date Using		
	At April 2, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LIABILITIES:				
Interest Rate Swap Agreements	$ 78.9		$ 78.9	

Derivative Instruments NCM LLC has interest rate swap agreements with four counterparties which, at their inception, qualified for and were designated as cash flow hedges against interest rate exposure on $550.0 million of the variable rate debt obligations under the senior secured credit facility. The interest rate swap agreements have the effect of converting a portion of the Company s variable rate debt to a fixed rate of 6.734%. All interest rate swaps were entered into for risk management purposes. The Company has no derivatives for other purposes.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the federal Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. LBSF is the counterparty to a notional amount of $137.5 million of NCM LLC s interest rate swaps, and Lehman is a guarantor of LBSF s obligations under such swap. NCM LLC notified LBSF on September 18, 2008 that, as a result of the bankruptcy of Lehman, an event of default had occurred under the swap with respect to which LBSF was the defaulting party. On October 3, 2008, LBSF also filed for Chapter 11 protection, which constituted another default by LBSF under the swap. As a result, as permitted under the terms of NCM LLC s swap agreement with LBSF, the Company has withheld interest rate swap payments aggregating $2.5 million that were due to LBSF, and has further notified LBSF that the bankruptcy and insolvency of both Lehman and LBSF constitute default events under the swap. As of April 2, 2009 the interest rate swap agreement had not been terminated but was considered ineffective for accounting purposes. To the Company s knowledge, LBSF has neither communicated its intent, nor has it taken any action in bankruptcy court to assume or reject its swap agreement with NCM LLC. In addition, while the bankruptcy court has authorized LBSF to assign certain of its hedges that have not been terminated under certain circumstances, we have not received any notice that Lehman has assigned, or has entered into any negotiations to assign, its swap agreement with NCM LLC. As of April 2, 2009, NCM LLC s interest rate swaps liability was $78.9 million, of which $19.7 million is related to the LBSF swap.

Both at inception and on an on-going basis the Company performs an effectiveness test using the hypothetical derivative method. The fair values of the interest rate swaps with the counterparties other than LBSF (representing notional amounts of $412.5 million associated with a like amount of the variable rate debt) are recorded on the Company s balance sheet as a liability with the change in fair value recorded in other comprehensive income since the instruments other than LBSF were determined to be perfectly effective at April 2, 2009 and March 27, 2008. There were no amounts reclassified into current earnings due to ineffectiveness during the periods presented other than as described below.

Cash flow hedge accounting was discontinued on September 15, 2008 for the swap with LBSF due to the event of default and the inability of the Company to continue to demonstrate the swap would be effective. The Company continues to record the interest rate swap with LBSF at fair value with any change in the fair value recorded in the statement of operations. During the quarter ended April 2, 2009, there was a $2.2 million decrease in the fair value of the liability and the Company recorded an offsetting credit to interest expense. Since September 14, 2008, the net derivative loss as of that date related to the discontinued cash flow hedge with LBSF continues to be reported in accumulated other comprehensive income and is being amortized to interest expense over the remaining term of the interest rate swap through February 13, 2015.

The amount amortized during the quarter ended April 2, 2009 was $0.3 million. The Company estimates approximately $1.3 million will be amortized to interest expense in the next 12 months.

The fair value of the Company s interest rate swap is based on dealer quotes, and represents an estimate of the amount the Company would receive or pay to terminate the agreements taking into consideration various factors, including current interest rates and the forward yield curve for 3-month LIBOR.

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NATIONAL CINEMEDIA, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

At April 2, 2009 and January 1, 2009, the estimated fair value and line item caption of derivative instruments recorded were as follows (in millions):

	Liability Derivatives			
	As of April 2, 2009		As of January 1, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Interest Rate Swaps	Other Liabilities	$ 78.9	Other Liabilities	$ 87.7

The effect of derivative instruments in cash flow hedge relationships on the unaudited condensed consolidated financial statements for the quarter ended April 2, 2009 and March 27, 2008 were as follows (in millions):

	Amt. of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accum. OCI into Income (Effective Portion)	Amt. of Gain or (Loss) Recognized from Accum. OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amt. Excluded from Effectiveness Testing)	Amt. of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amt. Excluded from Effectiveness Testing)	
	Qtr. Ended Apr. 2, 2009	Qtr. Ended Mar. 27, 2008		Qtr. Ended Apr. 2, 2009	Qtr. Ended Mar. 27, 2008		Qtr. Ended Apr. 2, 2009	Qtr. Ended Mar. 27, 2008
Interest Rate Swaps	$ 6.6	$ (27.9)	Interest Expense	$ (0.3)		Interest Expense	$ 2.2	

8. NONCONTROLLING INTERESTS

The table below 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):

	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
Net income (loss) attributable to NCM, Inc.	$ 1.2	$ (0.4)
Subsidiary equity issued for purchase of intangible asset	11.8	25.5
Taxes attributable to Members and impacts of subsidiary ownership changes	(0.4)	(0.1)
Recovery of deficit in noncontrolling interest	N/A	13.4
Change from net income (loss) attributable to NCM, Inc. and transfers from noncontrolling interests	$ 12.6	$ 38.4

9. SUBSEQUENT EVENT

On April 28, 2009, the Company declared a cash dividend of $0.16 per share on each share of the Company s common stock (including outstanding restricted stock) to stockholders of record on May 21, 2009 to be paid on June 4, 2009 (approximately $6.8 million).

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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/A 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/A, including, without limitation, certain statements under Management s Discussion and Analysis of Financial Condition 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 contained in our annual report on Form 10-K/A filed on November 5, 2009 with the SEC for the Company s fiscal year ended January 1, 2009. The following discussion and analysis 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/A filed on November 5, 2009 with the SEC for the Company s fiscal year ended January 1, 2009. The financial information in this item has been updated to reflect the restatement discussed in the Explanatory Note to this Form 10-Q/A and in Notes 1 and 2 to our condensed consolidated financial statements contained elsewhere in this document.

Overview

NCM operates the largest digital in-theatre network in North America, for the distribution of advertising, business communications, and Fathom events. Our revenue is principally derived from the sale of advertising and, to a lesser extent, from our CineMeetings and Fathom events businesses. We have long-term ESAs with NCM LLC s founding members through 2037 and multi-year agreements with several other unrelated theatre operators, whom we refer to as network affiliates. The ESAs with the founding members and network affiliate agreements grant us exclusive rights, subject to limited exceptions, to sell advertising and meeting services and distribute entertainment programming in those theatres. Our advertising, CineMeetings and Fathom events are distributed to theatres that are digitally equipped with our proprietary digital content network (DCN) technology. In excess of approximately 95% of our theatre attendance is included in our digital network.

Management focuses on several measurements that we believe provide us with the necessary ratios and key performance indicators for us to manage our business and to 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. Senior executives hold monthly meetings with managers and staff to discuss and analyze operating results and address significant variances to budget in an effort to identify trends and changes in our business. We focus on many operating metrics including changes in operating income before depreciation and amortization (OIBDA), Adjusted OIBDA and Adjusted OIBDA margin, as defined and discussed in Non-GAAP Financial Measures below, as some of our primary measurement metrics. In addition, we pay particular attention to our monthly advertising performance measurements, including advertising inventory utilization, pricing (CPM), local and total advertising revenue per attendee and the number of CineMeetings and Fathom event locations and revenue per location. Finally, we monitor our operating cash flow and related financial leverage (see Note 4 to the unaudited condensed consolidated financial statements) and revolving credit facility availability and cash balances to ensure that debt obligations and future declared dividends can be met and adequate cash reserves are maintained.

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 in our Form 10-K/A filed on November 5, 2009 with the SEC for the Company s fiscal year ended January 1, 2009.

Summary Historical Financial and Operating Data

The following table presents operating data and OIBDA taken from our unaudited financial statements included elsewhere in this document. See Non-GAAP Financial Measures below for a discussion of the calculation of Adjusted OIBDA and reconciliation to operating income.

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(In millions, except per share data)	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
Revenue	$ 73.5	$ 62.7
Operating income	$ 22.2	$ 17.7
Adjusted OIBDA	$ 26.9	$ 20.7
Adjusted OIBDA margin	36.6%	33.0%
Net Income (Loss) Attributable to NCM, Inc.	$ 1.2	$ (0.4)
Net Income (Loss) per NCM, Inc. Basic Share	$ 0.03	$ (0.01)
Net Income (Loss) per NCM, Inc. Diluted Share	$ 0.03	$ (0.01)

The following table presents total advertising revenue and total advertising revenue per attendee for the periods presented, which will be discussed further below.

	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
Total advertising revenue ($ in millions)	$ 60.1	$ 53.7
Total attendance (in millions)	158.3	143.7
Total advertising revenue per attendee	$ 0.38	$ 0.37

Non-GAAP Financial Measures

Operating Income before Depreciation and Amortization (OIBDA), Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with generally accepted accounting principles (GAAP) in the United States. OIBDA represents operating income (loss) before depreciation and amortization expense. Adjusted OIBDA excludes from OIBDA non-cash severance plan costs, share based payment costs and deferred stock compensation. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. These non-GAAP financial measures are used by management to evaluate operating performance and to forecast future results. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its 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 and amortization policies, and non-cash share based compensation programs or different interest rates or debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, 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 non-cash severance plan costs, share based payment costs and deferred stock compensation. OIBDA or Adjusted OIBDA should not be regarded as an alternative to operating income, operating net income or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that operating income is the most directly comparable GAAP financial measure to OIBDA. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

OIBDA and Adjusted OIBDA do not reflect the AMC Loews or Consolidated Theatres integration payments. The integration payments received are added to Adjusted OIBDA to determine our compliance with financial covenants under our senior secured credit facility. AMC made Loews payments to NCM LLC pursuant to the Loews screen integration agreement, which were $0.1 million and $0.8 million for the quarter ended April 2, 2009 and March 27, 2008, respectively. Regal made Consolidated Theatre payments to NCM LLC pursuant to the revised ESAs, which was $0.3 million for the quarter ended April 2, 2009.

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

	Quarter Ended April 2, 2009	Quarter Ended March 27, 2008
Operating income	$ 22.2	$ 17.7
Depreciation and amortization	3.5	1.9
OIBDA	25.7	19.6
Severance plan costs		0.2
Share-based compensation costs (1)	1.2	0.9
Adjusted OIBDA	$ 26.9	$ 20.7
Total Revenue	$ 73.5	