

National CineMedia, Inc.  
Form DEF 14A  
March 26, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement 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:

Edgar Filing: National CineMedia, Inc. - Form DEF 14A

- (2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  
  
  
  
  
  
  
  
- (4) Proposed maximum aggregate value of transaction:
  
  
  
  
  
  
  
  
  
  
- (5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (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

**Notice of Annual Meeting of Stockholders to be held on May 8, 2015**

You are cordially invited to attend the Annual Meeting of Stockholders of National CineMedia, Inc., which will be held at United Artists Theatre Meadows 12, 9355 Park Meadows Drive, Littleton, Colorado 80124 on Friday, May 8, 2015 at 9:00 a.m., Mountain Time, for the following purposes:

1. To elect four directors to serve until the 2018 Annual Meeting of Stockholders, and until their respective successors are elected and qualified;
2. To approve, on an advisory basis, the Company's executive compensation;
3. To ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2015 fiscal year ending December 31, 2015; and
4. To transact such other business as may properly come before the meeting.

The close of business on March 19, 2015 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.

Consistent with prior years, we are electronically disseminating our Annual Meeting materials by using the Notice and Access method approved by the Securities and Exchange Commission. We believe this process should continue to provide a convenient way to access your proxy materials and vote. The Notice of Internet Availability of Proxy Materials contains specific instructions on how to access Annual Meeting materials via the internet as well as instructions on how to receive paper copies if preferred. The Proxy Statement and Annual Report for the fiscal year ended January 1, 2015 are available at [www.edocumentview.com/ncmi](http://www.edocumentview.com/ncmi).

Whether or not you are able to attend the Annual Meeting, it is important that your shares be represented regardless of the size of your holdings. Please vote your proxy promptly in accordance with the instructions you receive on the Notice of Internet Availability of Proxy Materials as a quorum of the stockholders must be present, either in person or by proxy, in order for the Annual Meeting to take place.

**Please note that brokers may not vote your shares on the election of directors or any other non-routine matters if you have not given your broker specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.**

Ralph E. Hardy

*Executive Vice President, General Counsel*

*and Secretary*

Centennial, Colorado

March 26, 2015

TABLE OF CONTENTS

<u>Shares Outstanding and Voting Rights</u>	1
<u>Costs of Solicitation</u>	
<u>Annual Report</u>	
<u>Voting Securities and Principal Holders</u>	3
<u>Beneficial Ownership</u>	
<u>Adoption of Share Ownership Guidelines</u>	
<u>Anti-Hedging Policy</u>	
<u>Anti-Pledging Policy</u>	
<u>Clawback Policy</u>	
<u>Proposal 1 – Election of Directors</u>	6
<u>Business Experience of the Nominees</u>	
<u>Board Composition</u>	
<u>Company Leadership Structure</u>	
<u>Board’s Role in Risk Oversight</u>	
<u>Compensation Risk Assessment</u>	
<u>Meetings of the Board of Directors and Standing Committees</u>	
<u>Stockholder Communications</u>	
<u>Vote Required</u>	
<u>Recommendation</u>	
<u>Proposal 2 – Advisory Approval of the Company’s Executive Compensation</u>	15
<u>Vote Required</u>	
<u>Recommendation</u>	
<u>Proposal 3 – Ratification of Independent Auditors</u>	16
<u>Fees Paid to Independent Auditors</u>	
<u>Pre-Approval Policies and Procedures</u>	
<u>Vote Required</u>	
<u>Recommendation</u>	
<u>Audit Committee Report</u>	17
<u>Compensation Committee Report</u>	18
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Compensation Discussion and Analysis</u>	19
<u>Executive Summary</u>	
<u>Say-on-Pay Result</u>	
<u>Compensation Philosophy</u>	
<u>Role of Compensation Consultant and CEO in Determining Executive Compensation</u>	
<u>Elements of Compensation</u>	
<u>2014 Compensation</u>	
<u>Compensation Decisions for 2015</u>	
<u>Executive Compensation Tables</u>	33
<u>Fiscal 2014 Summary Compensation Table</u>	
<u>Fiscal 2014 Grants of Plan-Based Awards</u>	
<u>Non-Equity Incentive Plan Awards</u>	
<u>Equity Incentive Plan Award</u>	
<u>Outstanding Equity Awards at January 1, 2015</u>	
<u>Option Exercises and Stock Vested at January 1, 2015</u>	
<u>Potential Payments Upon Termination or Change in Control</u>	
<u>Employment Agreements</u>	
<u>Non-Employee Independent Director Compensation</u>	
<u>Fiscal 2014 Non-Employee Independent Director Compensation</u>	

TABLE OF CONTENTS

<u>Equity Compensation Plan</u>	44
<u>Certain Relationships and Related Party Transactions</u>	45
<u>General</u>	
<u>Transactions with Founding Members</u>	
<u>Other Transactions</u>	
<u>Transactions with NCM LLC</u>	
<u>Review, Approval or Ratification of Transactions with Related Persons</u>	
<u>Corporate Code of Conduct</u>	53
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	53
<u>Householding</u>	53
<u>Proposals of Stockholders</u>	53
<u>Other Business</u>	55

---

**NATIONAL CINEMEDIA, INC.**

**PROXY STATEMENT FOR THE 2015**

**ANNUAL MEETING OF STOCKHOLDERS**

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 2015 Annual Meeting of Stockholders to be held at United Artists Theatre Meadows 12, located at 9355 Park Meadows Drive, Littleton, Colorado 80124, on Friday, May 8, 2015, 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 " ), Acquiror Sub 1, LLC and Acquiror Sub 2, 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 made available to stockholders on or about March 26, 2015.

**SHARES OUTSTANDING AND VOTING RIGHTS**

Our board of directors has fixed the close of business on March 19, 2015 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, \$0.01 par value per share, of which 61,470,093 shares were outstanding as of the close of business on the record date, which includes 2,528,675 shares of unvested restricted stock with voting rights. 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 four directors to serve until the 2018 Annual Meeting of Stockholders, and until their respective successors are elected and qualified (Proposal 1); to approve, on an advisory basis, the Company's executive compensation (Proposal 2); and to ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2015 fiscal year ending December 31, 2015 (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. The affirmative vote of the holders of a plurality of the votes of the holders of shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon is required to approve the election of each nominee named in Proposal 1. 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 (on an advisory basis) and 3.

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 no effect. For purposes of determining whether any of the other proposals have 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 such proposals. Pursuant to the Financial Industry Regulatory Authority (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.

Prior to 2010, the election of directors was considered a routine matter for which brokers were permitted to vote shares without customer direction, however brokers are no longer permitted to vote shares for the election of directors in this manner. Brokers also will not be permitted to vote shares with respect to the advisory approval of the Company's executive compensation without customer direction. **Therefore, we urge you to give voting instructions to your broker on all three proposals.** Shares that are not voted by a broker given the absence of customer direction are called broker non-votes. Broker non-votes are not considered votes for or against a proposal and therefore will have no direct impact on any proposal. Under these rules, absent authority or directions described above, brokers will not be able to vote on Proposals 1 and 2, which are considered non-routine matters. Proposal 3 is a routine proposal on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from Proposal 3.

#### **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 2014 Annual Report on Form 10-K, including the audited consolidated financial statements as of and for the year ended January 1, 2015, is available 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: Investor Relations, or at telephone number (303) 792-3600 or (800) 844-0935 investor relations. You may also view the Annual Report at <http://www.ncm.com> at the Investor Relations link. The Annual Report does not form any part of the materials for the solicitation of proxies.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

### Beneficial Ownership

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 19, 2015, the percentage of beneficial ownership for NCM, Inc. is based on 61,470,093 shares of common stock outstanding (including unvested restricted stock) and 130,455,420 membership units outstanding for NCM LLC, of which 58,750,926 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 19, 2015, 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 named executive officers NEOs ;

each of our directors and nominees for director; and

all directors and executive officers as a group.

Name of Beneficial Owner	Shares of NCM, Inc. Common Stock	NCM LLC Common Membership Units (1)	Percent of Class
<b>Five Percent Stockholders</b>			
Regal Entertainment Group and Affiliates ( Regal ) (2)		26,409,784	31.0%
Cinemark Holdings, Inc. and Affiliates ( Cinemark ) (3)		25,631,046	30.4%
American Multi-Cinema, Inc. and Affiliates ( AMC ) (4)		19,663,664	25.1%
Janus Capital Management LLC and Affiliates (5)	6,838,246		11.6%
Arrowpoint Asset Management, LLC (6)	4,136,209		7.0%
The Vanguard Group, Inc. and Affiliates (7)	3,627,038		6.2%
BlackRock, Inc. (8)	3,419,012		5.8%
<b>Directors and Executive Officers</b>			
Kurt C. Hall (9)	1,807,844		3.0%
Clifford E. Marks (10)	583,549		1.0%
David J. Oddo (11)	59,691		*
Jeffrey T. Cabot (12)	61,627		*
Ralph E. Hardy (13)	182,869		*
Alfonso P. Rosabal, Jr. (14)	268,126		*
Lawrence A. Goodman	28,437		*
David R. Haas	45,017		*
Stephen L. Lanning	7,176		*
Thomas F. Lesinski			0.0%
Paula Williams Madison	5,144		*
Amy E. Miles (15)	5,000		*
Lee Roy Mitchell (15)			0.0%
Craig R. Ramsey (15)			0.0%
Scott N. Schneider	39,017		*
All directors, nominees for director and executive officers as a group (15 persons)	3,093,497		5.0%

\* 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 NCM, Inc. 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 NCM, Inc. common stock in redemption of all of the units, AMC would receive 19,663,664 shares of NCM, Inc. common stock, Cinemark would receive 25,631,046 shares of NCM, Inc. common stock and Regal would receive 26,409,784 shares of NCM, Inc. common stock. These share amounts would represent 15.1%, 19.7% and 20.2%, respectively, of our outstanding common stock, assuming that all of the NCM LLC units are converted into our common stock.
- (2) Includes Regal Entertainment Group, Regal Entertainment Holdings, Inc., Regal Cinemas Corp., Regal CineMedia Holdings, LLC and Regal Cinemedia Corp. 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 March 17, 2015 based on the Statement of Changes in Beneficial Ownership of Securities on Form 4 filed on March 19, 2015.
- (3) Includes Cinemark Holdings, Inc. and Cinemark USA Inc. The address of these stockholders is 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. Represents beneficial ownership as of March 17, 2015 based on the Statement of Changes in Beneficial Ownership of Securities on Form 4 filed on March 19, 2015.
- (4) Includes American Multi-Cinema, Inc., AMC Entertainment Inc. and AMC Entertainment Holdings, Inc. The address of these stockholders is One AMC Way, 11500 Ash Street, Leawood, Kansas 66211. Represents beneficial ownership as of March 17, 2015 based on the Statement of Changes in Beneficial Ownership of Securities on Form 4 filed on March 19, 2015.
- (5) The address of these stockholders is 151 Detroit Street, Denver, Colorado 80206. Represents beneficial ownership as of December 31, 2014 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 18, 2015. These securities are owned by various individual and institutional investors, including Janus Triton Fund (which owns 3,597,437 shares, representing 6.1% of the shares outstanding), for which Janus Capital Management LLC ( Janus Capital ) serves as investment advisor. For purposes of the reporting requirements of the Exchange Act, Janus Capital is deemed to be a beneficial owner of such securities; however, Janus Capital expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (6) The address of this stockholder is 100 Fillmore Street, Suite 325, Denver, Colorado 80206. Represents beneficial ownership as of December 31, 2014 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 17, 2015.
- (7) Includes Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The address of these stockholders is 100 Vanguard Blvd. Malvern, PA 19355. Represents beneficial ownership as of December 31, 2013 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 11, 2015.
- (8) The address of this stockholder is 55 East 52nd Street, New York, New York 10022. Represents beneficial ownership as of December 31, 2014 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 2, 2015.
- (9) Includes 1,031,894 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (10) Includes 262,166 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (11) Includes 5,957 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (12) Includes 7,744 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (13) Includes 55,051 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (14) Includes 115,000 stock options that were vested and exercisable within 60 days of March 19, 2015.
- (15) Ms. Miles, Mr. Mitchell and Mr. Ramsey are members of our board of directors that are employed by our founding members who receive compensation for their services as employees from their respective employers, but they do not receive any additional compensation (including equity awards) from us for their service as our directors.

**Adoption of Share Ownership Guidelines**

On January 16, 2013, the Company adopted the following share ownership guidelines for its executive officers and directors:

<b>Position</b>	<b>Minimum Share Ownership Level</b>
President, Chief Executive Officer and Chairman	Lesser of: 3 times base salary or 140,000 shares
President of Sales and Executive Vice Presidents	Lesser of: 1 times base salary or 20,000 shares
Non-Employee Independent Directors	Lesser of: 3 times annual Board cash retainer or 8,000 shares

Each individual is expected to attain the minimum ownership level within five years of the effective date of the policy, or the individual's date of appointment, if later. If the minimum ownership level is not attained within the required timeframe, holding restrictions will apply. Upon vesting of equity awards, 50% of the individual's shares that become vested will be subject to holding restrictions until the minimum ownership level is attained. Ownership levels are determined based on Company common stock owned by each individual, including shares of unvested timed-based restricted stock and in-the-money vested stock options.

**Anti-Hedging Policy**

The Company's insider trading policy includes provisions that prohibit all employees and directors from entering into hedging transactions with respect to Company stock.

**Anti-Pledging Policy**

The Company's insider trading policy includes provisions that prohibit all employees and directors from keeping Company stock in a margin account or using Company stock as collateral for a loan. To our knowledge, none of our officers or directors has pledged any of his or her shares in violation of Company policy.

**Clawback Policy**

We adopted a clawback policy in 2013 addressing the adjustment or recovery of awards or payments if the relevant performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment. This policy, also known as a clawback policy, applies to all of our executive officers, including the NEOs. Under the policy, we may recover any incentive compensation paid to an executive officer of our company in the event of a material negative accounting restatement of our financial statements due to material noncompliance by our company with any financial reporting requirement under the securities laws. If the board of directors determines that any current or former executive officer has engaged in fraud or intentional misconduct that caused the error that, directly or indirectly, resulted in the financial restatement, the board of directors may require reimbursement or forfeiture of any annual or long-term cash bonus or any equity compensation award earned with respect to the period covered by the restatement by such executive officer.

**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, one of whom must qualify as independent as required by the rules promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act ), and by the Nasdaq Stock Market ( Nasdaq ). See Certain Relationships and Related Party Transactions Director Designation Agreement. The designees pursuant to this agreement for AMC are Paula Williams Madison and Craig R. Ramsey; for Cinemark are Thomas F. Lesinski and Lee Roy Mitchell; and for Regal are Stephen L. Lanning and Amy E. Miles.

Our bylaws provide that directors are divided into three classes, designated as Class I, Class II and Class III and that the number of total directors shall not be more than ten. The members of each class serve for staggered three-year terms. In 2015, the Class II directors are up for re-election. At the Annual Meeting, the stockholders will elect four Class II directors to serve until the 2018 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. All nominees have consented to serve as directors, if elected. If any nominee is unable or 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.

**Business Experience of the Nominees**

The names of the nominees and other information about them, including their directorships at public companies held at any time during the past five years, if applicable, and their involvement in certain legal proceedings during the past 10 years, if applicable, are set forth below. In addition, we have included information about each nominee's specific experience, qualifications, attributes or skills that led the board to conclude that the nominee should serve as a director of the Company at the time we are filing this proxy statement, in light of our business and corporate structure.

*David R. Haas.* Mr. Haas has served as a director of NCM, Inc. and chairman of the Audit Committee 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' experience as a former high-ranking financial executive in a media company qualifies him to serve on our board of directors, the Audit Committee and to provide guidance to our internal audit function and financial advice to our board. In addition, Mr. Haas' previous experience serving on several public company boards and audit committees has provided him a broad-based understanding of financial risks and compliance expertise.

*Stephen L. Lanning.* Mr. Lanning has served as a director of NCM, Inc. and chairman of the Nominating and Governance Committee of NCM, Inc. since February 2007. Prior to his retirement in 2009, he served with URS Corp. EG&G Division from 2006 to 2009 as an independent consultant and Director of Space and Information

Operations Strategic Business Element. Mr. Lanning served in the United States Air Force from 1977 until 2006. From 2005 to 2006, Mr. Lanning was the Director, Logistics and Warfighting Integration, and Chief Information Officer for the United States Air Force Space Command. Mr. Lanning was a Principal Director of the Defense Information Systems Agency from 2002 to 2005.

Mr. Lanning has significant experience in technology, operational leadership and policy development combined with his drive for innovation and excellence, which positions him well to serve as our Nominating and Governance Committee chairman. Mr. Lanning's background allows him to share best practices with our board of directors. His years of serving in the military have given him valuable knowledge and perspective.

*Thomas F. Lesinski.* Mr. Lesinski was named a director of NCM, Inc. on December 19, 2014, filling the vacancy left by the resignation of Mr. James R. Holland, Jr. Mr. Lesinski has served as the Founder and CEO of Energi Entertainment, a multi-media content production company, since August 2014. From 2013 to 2014, Mr. Lesinski was President of Digital Content and Distribution at Legendary Entertainment, a leading media company dedicated to owning, producing and delivering content to mainstream audiences with a targeted focus on the powerful fandom demographic. Prior to that role, from 2006 to 2013, Mr. Lesinski served as President, Digital Entertainment at Paramount Pictures, a global producer and distributor of filmed entertainment. Mr. Lesinski also served as President of Worldwide Home Entertainment at Paramount Pictures for three years, prior to which, he spent ten years in various leadership positions at Warner Bros. Entertainment and was a Managing Director for an advertising agency.

Mr. Lesinski's experience in home entertainment and digital media give him the experience to critically review the various business considerations necessary to run a business such as ours and offers a valuable perspective as the media marketplace becomes more competitive, particularly with the growth of online and mobile advertising platforms.

*Paula Williams Madison.* Ms. Madison was named a director of NCM, Inc. on March 3, 2014, filling the vacancy left by the resignation of Mr. Edward H. Meyer. Ms. Madison has served as Chairman and CEO of Madison Media Management LLC, a company that invests in emerging media, entertainment and communication businesses, since 2011. From 2011 to 2014, Ms. Madison also was Chief Executive Officer of the Los Angeles Sparks, a WNBA professional women's basketball team. Prior to this role, Ms. Madison served as Executive Vice President of Diversity at NBCUniversal, as well as, Vice President of the General Electric Company, NBCUniversal's parent company at the time. Ms. Madison spent 22 years with NBCUniversal in various leadership positions and prior to that ran several different local affiliate television stations.

Ms. Madison's senior executive positions in the media and entertainment industries give her the experience to critically review the various business considerations necessary to run a business such as ours. Ms. Madison is able to offer the board sound business strategies. This, combined with her many years of business experience, makes her a valued contributor to the Board.

---

**Board Composition**

Shown below are the names and ages, as of March 19, 2015, of the ten members of our current board of directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Kurt C. Hall	55	President, Chief Executive Officer and Chairman (Class I)
Lawrence A. Goodman	60	Director (Class I)
David R. Haas	73	Director (Class II)
Stephen L. Lanning	61	Director (Class II)
Thomas F. Lesinski	55	Director (Class II)
Paula Williams Madison	62	Director (Class II)
Amy E. Miles	48	Director (Class III)
Lee Roy Mitchell	78	Director (Class III)
Craig R. Ramsey	63	Director (Class III)
Scott N. Schneider	57	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 and are expected to continue to serve as our directors following the annual meeting, including their directorships at public companies held at any time during the past five years, if applicable, and their involvement in certain legal proceedings during the past 10 years, if applicable. In addition, we have included information about each director's specific experience, qualifications, attributes or skills that led the board to conclude that the director should serve as a director of the Company at the time we are filing this proxy statement, in light of our business and corporate structure.

*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. His current term expires in 2017. 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. From 1988 to 2005, Mr. Hall held various executive positions with United Artists Theatre Company, and its predecessor companies, including Chief Financial Officer and then Chief Executive Officer when it became part of Regal Entertainment Group in 2002.

Mr. Hall has contributed significantly to the founding and development of the Company since its inception. He has extensive experience in the theatre exhibitor and cinema advertising businesses and is familiar with all aspects of the Company, including its management, operations and financial requirements and brings exceptional leadership and financial skills to the Board. Mr. Hall's extensive theatre operating and finance experience provides insight and continuity in our strategic, operational and financial management.

*Lawrence A. Goodman.* Mr. Goodman has been a director and chairman of the Compensation Committee of NCM, Inc. since February 2007. His current term expires in 2017. 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 March 1995 to July 2003, Mr. Goodman was the President of Sales and Marketing for CNN, a division of Turner Broadcasting System, Inc.

Mr. Goodman's extensive background in the media industry allows him to provide media sales and marketing advice to our management and board. Mr. Goodman brings significant business experience to provide strategies and solutions to address the complex compensation environment of the media business that is required to appropriately compensate and motivate our sales personnel and executives.

*Amy E. Miles.* Ms. Miles has served as a director of NCM Inc. since June 2011 and her current term expires in 2016. Ms. Miles has served as a director and Chief Executive Officer of Regal since June 2009. Ms. Miles

previously served as Regal's Executive Vice President, Chief Financial Officer and Treasurer from March 2002 through June 2009 and in various executive roles at Regal Cinemas, Inc., Regal's wholly owned subsidiary. Ms. Miles was a Senior Manager with Deloitte & Touche from 1998 to 1999 and was with Pricewaterhouse Coopers, LLP from 1989 to 1998. Ms. Miles also serves as a director of Norfolk Southern Corporation and Townsquare Media, LLC.

Ms. Miles has served in various executive positions at the most senior level of a public company in the theatre industry, which gives her the ability to understand the role of the board as well as the Company and its operations. Since Ms. Miles is a board designee for one of our founding members, she brings to the board the perspective of a major stakeholder.

*Lee Roy Mitchell.* Mr. Mitchell has served as a director of NCM, Inc. since October 2006 and his current term expires in 2016. 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. Mr. Mitchell was Chief Executive Officer of Cinemark USA, Inc. from its inception in 1987 until December 2006. Mr. Mitchell also served as a director of Texas Capital Bancshares, Inc. from 1999 to 2011.

Mr. Mitchell has over four decades of executive leadership experience, including a key role in the theatre industry and brings important institutional knowledge to the board. Mr. Mitchell's experience enables him to share with the board suggestions about how similarly situated companies effectively assess and undertake business considerations and opportunities. Since Mr. Mitchell is a board designee for one of our founding members, he brings to the board the perspective of a major stakeholder.

*Craig R. Ramsey.* Mr. Ramsey serves as the Executive Vice President and Chief Financial Officer of AMC Entertainment Inc. and oversees all financial areas of the company, including accounting, information systems, asset and liability management, and investor relations. He has served on our board since 2013 and his current term expires in 2016. Mr. Ramsey began his career with AMC in 1995 as the Director of Financial Reporting. He was promoted to Vice President of Finance in January 1997; to Senior Vice President in August 1998; and to Chief Financial Officer in February 2000. Mr. Ramsey is a certified public accountant. His professional affiliations include memberships in the American Institute of Certified Public Accountants, the Financial Executives Institute and the Missouri Society of Certified Public Accountants.

Mr. Ramsey is qualified to serve on our board based on his extensive financial experience in the media industry. Since Mr. Ramsey is a board designee for one of our founding members, he brings to the board the perspective of a major stakeholder.

*Scott N. Schneider.* Mr. Schneider has been a director of NCM, Inc. since February 2007 and served as lead director of NCM, Inc. since October 2014. His current term expires in 2017. Mr. Schneider became the Chief Executive Officer of AHC LLC, a financial consulting and advisory firm in October 2009. He served as Operating Partner and Chairman, Media and Communications, of Diamond Castle Holdings, LP, a private equity firm, from January 2005 to September 2009. 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 formerly served as a director of Centennial Communications Corp.

Mr. Schneider's extensive experience in senior leadership positions at several public and private media companies makes him well suited to understand and advise the board on complex managerial, strategic and financial considerations. He has a strong knowledge of the nuances of financial markets and is able to provide a variety of perspectives on financial and operational issues as well as provide guidance to assist the Company with its public communications.

Our board of directors has determined that Lawrence A. Goodman, David R. Haas, Stephen L. Lanning, Thomas F. Lesinski, Paula Williams Madison and Scott N. Schneider, all current directors, qualify as

independent directors under the rules promulgated by the SEC under the Exchange Act, and by the Nasdaq. There are no family relationships among any of our executive officers, directors or nominees for director. The board of directors considered Mr. Goodman's service on the board of directors of a company that the Company uses to sell some of its online inventory and Mr. Holland's position as Chief Executive Officer of a company that has an ownership interest in one of our affiliate theatre circuits and concluded that these respective relationships did not affect their independence qualifications. For further detail of related party transactions, refer to Certain Relationship and Related Party Transactions located elsewhere in this document.

### **Company Leadership Structure**

The position of Board Chairman is filled by our Chief Executive Officer. We believe this combined leadership structure promotes unified leadership and direction for the board and executive management and it conveys a singular, cohesive message to our stockholders, employees, founding members and the investment community. Our lead director leads executive sessions of non-management directors at every quarterly board meeting and presides over meetings of the entire board in the absence of the chairman. Our lead director is Scott N. Schneider, a member of our Audit Committee and Nominating and Governance Committee.

Our lead director and other directors and management team engage frequently and directly in the flow of information and ideas. We believe our combined leadership structure facilitates high quality, appropriate quantity and timeliness of communication.

### **Board's Role in Risk Oversight**

The board as a whole has responsibility for risk oversight, including setting the tone at the top regarding the importance of risk management. The board reviews information on the Company's credit, liquidity and operations, as well as reports from management on enterprise risk and committee reports. The Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation. The Audit Committee is responsible for overseeing the management of financial risks. The Nominating and Governance Committee is responsible for overseeing the management of risks associated with board independence and potential conflicts of interests. While each committee is responsible for evaluating and overseeing the management of such risks, the entire board is regularly informed of each committee's analysis.

Jeffrey T. Cabot, Senior Vice President, Controller and Interim Co-Chief Financial Officer is our Chief Risk Officer. The Chief Risk Officer provides periodic updates to the board on the strategic, operational, financial, compliance and reputational risks facing the Company, which serves to ensure that risk management is a priority within the organization and the Company's risk oversight is aligned with its strategies. In addition, in 2014 Ernst & Young LLP assisted the Company's internal audit department to evaluate the Company's business risks and delivered a report to the board in January 2015 which the board incorporated into its evaluation.

### **Compensation Risk Assessment**

We do not believe we have compensation practices that are reasonably likely to have a material adverse effect on the Company. Our Compensation Committee reviewed the compensation policies and practices for all employees, including executive officers. The Compensation Committee considered whether the compensation program encouraged excessive risk taking by employees at the expense of long-term Company value. Based upon its assessment, the Compensation Committee does not believe that the compensation program encourages excessive or inappropriate risk-taking. The Compensation Committee believes that the design of the compensation program, which includes a mix of annual and long-term incentives, cash and equity awards and retention incentives, is balanced and does not motivate imprudent risk-taking.

### **Meetings of the Board of Directors and Standing Committees**

The board of directors held eleven meetings during the fiscal year ended January 1, 2015. During our 2014 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 or she was a director and of the total number of meetings held by all of the committees of the board of directors on which he or she served. The Company does not have a formal policy regarding attendance by members of the board of directors at the Company's Annual Meeting, but encourages our directors to attend. All of our directors attended our Annual Meeting of Stockholders held on April 30, 2014. The three standing committees of the board of directors are the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. During 2014, a special committee was established to review the related party transactions between NCM, Inc. and NCM LLC in connection with the merger with Screenvision, LLC ( "Screenvision" ). In May 2014, NCM, Inc. entered into an Agreement and Plan of Merger to merge with Screenvision. The Screenvision merger agreement was subsequently terminated in March 2015. The special committee consisted of the three independent directors who were not designated by one of NCM LLC's founding members, Messrs. Goodman, Haas and Schneider. There were six meetings of the special committee during our 2014 fiscal year.

The following table shows the current membership and number of meetings held by the board and each standing committee during our 2014 fiscal year:

#### DIRECTOR COMMITTEE MEMBERSHIP AND MEETINGS

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee	Board of Directors
Kurt C. Hall				Chair
Lawrence A. Goodman	X	Chair	X	X
David R. Haas	Chair	X		X
Stephen L. Lanning		X	Chair	X
Thomas F. Lesinski				X
Paula Williams Madison		X	X	X
Amy E. Miles				X
Lee Roy Mitchell				X
Craig R. Ramsey				X
Scott N. Schneider	X		X	Lead Director
2014 Fiscal Year Meetings	8	10	5	11

#### *Audit Committee*

The Audit Committee consists of David R. Haas (chairman), Lawrence A. Goodman and Scott N. Schneider. James R. Holland, Jr. served on the Audit Committee during 2014 until his resignation from NCM, Inc.'s board of directors on October 27, 2014, at which time he was replaced on the Audit Committee by Lawrence A. Goodman. Each of the committee members was determined to be independent as required by the rules promulgated by the SEC under the Exchange Act, and by the Nasdaq. Each of them also meets the financial literacy requirements of the Nasdaq. 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 charter, which was reviewed by the Committee and approved by the Board in January 2015. The current version of the charter is available on our website at [www.ncm.com](http://www.ncm.com) at the Investor Relations link. There were eight meetings of the Audit Committee during our 2014 fiscal year.

#### ***Compensation Committee***

The Compensation Committee consists of Lawrence A. Goodman (chairman), David R. Haas, Stephen L. Lanning and Paula Williams Madison. Edward H. Meyer served on the Compensation Committee during 2014 until his resignation from NCM, Inc.'s board of directors on March 3, 2014. On October 29, 2014, the board of directors confirmed the appointment of Paula Williams Madison to the Compensation Committee. Each member was determined to be independent as defined in the rules promulgated by the SEC under the Exchange Act and by the Nasdaq, 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 Exchange Act.

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 CEO and other executives;
- (2) to administer our equity incentive plans (other than equity compensation for non-employee directors which is administered by the Board); 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 most recently reviewed by the Committee and approved by the Board in January 2015. The current version of the charter is available on our website at [www.ncm.com](http://www.ncm.com) at the Investor Relations link. There were ten meetings of the Compensation Committee during our 2014 fiscal year.

The Compensation Committee performs such functions and has the authority and responsibilities enumerated in its charter. 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 Compensation 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.

In 2014, the Compensation Committee has engaged ClearBridge Compensation Group, LLC (ClearBridge), a nationally recognized consulting firm, to assess the competitiveness of pay for the executive officers and provide independent advice and recommendations to the Compensation Committee regarding executive compensation. Prior to retaining ClearBridge, the Compensation Committee reviewed ClearBridge's independence as contemplated by the committee's charter and applicable Nasdaq rules, and determined that there were no conflicts of interest and that ClearBridge is independent from the Company, our Compensation Committee and our executive officers.

#### ***Nominating and Governance Committee***

The Nominating and Governance Committee consists of Stephen L. Lanning (chairman), Lawrence A. Goodman, Paula Williams Madison and Scott N. Schneider. Edward H. Meyer served on the Nominating and Governance Committee during 2014 until his resignation from NCM, Inc.'s board of directors on March 3, 2014.

On October 29, 2014, the board of directors confirmed the appointment of Paula Williams Madison to the Nominating and Governance Committee. Each of the members of our Nominating and Governance Committee was determined to be independent 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 director nominees to the board;
- (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 most recently reviewed by the Committee and approved by the Board in January 2015. The current version of the charter as well as our Corporate Governance Guidelines are available on our website at [www.ncm.com](http://www.ncm.com) at the Investor Relations link. There were five meetings of the Nominating and Governance Committee during our 2014 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 or in connection with filling a vacancy on the board between annual meetings. 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 overall 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 reviews such guidelines and the provisions of the Nominating and Governance Committee charter on a regular basis to confirm that such guidelines 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.

*Nomination of Directors.* The nominees for election or re-election to our board of directors at the 2015 Annual Meeting were recommended by the Nominating and Governance Committee to, and were approved by the board of directors on January 21, 2015. Mr. Lanning, Mr. Lesinski and Ms. Madison were designated by Regal, Cinemark and AMC, respectively, pursuant to the Director Designation Agreement.

As the need to fill vacancies arises in the future, the Nominating and Governance Committee will refer to its list of potential candidates that is maintained and updated on an on-going basis and will 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. See *Stockholder Communications* below for information on how our stockholders may communicate with our board of directors. See *Proposals of Stockholders* below for further information on making director nominations.

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 the best interests of all our stockholders, including our founding members.

*Diversity of Directors.* In considering whether to recommend any candidate for inclusion in the slate of director nominees, the Nominating and Governance Committee complies with the Company's Corporate Governance Guidelines and Corporate Code of Conduct. In addition to considering the above qualifications, the Committee seeks nominees that will complement the existing members and will provide diversity of background, professional expertise, gender and ethnicity.

#### **Stockholder Communications**

Our board of directors provides a process for stockholders to send communications to the board. Information on communicating directly with the board of directors is available on our website at [www.ncm.com](http://www.ncm.com) at the Investor Relations link.

#### **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.

**PROPOSAL 2**

**ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION**

As required under Section 14A of the Securities Exchange Act, stockholders are being asked to approve, on an advisory basis, the Company's executive compensation, also known as "say-on-pay." We currently hold this vote annually. This non-binding advisory approval of the Company's executive compensation considers the information in this proxy statement included in the "Compensation Discussion and Analysis" and in the Summary Compensation Table and other related tables and narrative disclosures.

The Compensation Committee believes that the Company's compensation policies and procedures are aligned with the short-term and long-term interests of stockholders and are designed to attract, motivate, reward and retain superior talent who are critical to our long-term growth and profitability. A significant portion of the compensation of our NEOs is tied closely to the financial performance of the Company (in 2014 approximately 60% of total compensation assuming 100% achievement of targets and approximately 49% of total compensation based upon actual 2014 performance bonuses paid), thus aligning our officers' interests with those of our stockholders, including the annual performance bonus and equity incentives (refer to "Compensation Discussion and Analysis - Pay-for-Performance"). Under these programs, we provide our executives with incentives to achieve specific annual and long-term company performance goals established by the Compensation Committee. The Compensation Committee reviews our executive compensation programs annually to ensure they align executive compensation with the interests of our stockholders and current market practices and do not encourage excessive risk-taking.

Because your approval is advisory, it will not be binding on either the board of directors or the Company. However, the Compensation Committee and board value the opinions of our stockholders and will take into account the result of the vote on this proposal when considering future executive compensation arrangements.

Our stockholders have the opportunity to vote, on an advisory basis, for the following resolution at our Annual Meeting:

RESOLVED, that the compensation paid to the Company's NEOs, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion in this proxy statement is hereby APPROVED.

**Vote Required**

Approval of the foregoing resolution by our stockholders, on an advisory basis, requires the affirmative vote of a majority of the votes cast on this proposal voting in favor of this Proposal 2.

**Recommendation**

The board of directors recommends that stockholders vote **FOR** Proposal 2, and approve, on an advisory basis, the Company's executive compensation program, as presented in this proxy statement.

**PROPOSAL 3****RATIFICATION OF INDEPENDENT AUDITORS**

A resolution will be presented at the Annual Meeting to ratify the appointment by the Audit Committee of the firm Deloitte & Touche LLP as independent auditors, to audit our financial statements for the 2015 fiscal year ending December 31, 2015, and to perform other approved accounting services.

Although current law, rules and regulations, as well as the charter of the Audit Committee, require the Audit Committee to appoint, retain, and supervise our independent auditors, our board of directors considers the selection of our independent auditors to be an important matter of stockholder concern and is submitting the selection of Deloitte & Touche LLP for ratification by stockholders as a matter of good corporate practice. If the stockholders do not ratify the selection of Deloitte & Touche LLP as our independent auditors, the Audit Committee will reconsider whether to retain Deloitte & Touche LLP. Even if the selection of Deloitte & Touche LLP is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interest of the Company and its stockholders.

Deloitte & Touche LLP served as our independent registered public accounting firm for our 2014 fiscal year. Representatives of Deloitte & Touche LLP are expected to be present at our Annual Meeting, will have the opportunity to make a statement if they wish to do so, and will be available to respond to appropriate questions.

**Fees Paid to Independent Auditors**

We paid Deloitte & Touche LLP, the Company's independent registered public accounting firm for fiscal years 2014 and 2013, the following amounts:

	<b>2014</b>	<b>2013</b>
Audit Fees (1)	\$ 793,200	\$ 989,450
Audit Related Fees (2)	337,620	285,288
<b>Total Audit and Related Fees</b>	<b>1,130,820</b>	<b>1,274,738</b>
Tax Fees		
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,130,820</b>	<b>\$ 1,274,738</b>

- (1) Includes consent fees of \$40,000 and \$25,000 for fiscal years 2014 and 2013, respectively.
- (2) In 2014, audit related fees consisted primarily of services provided for Screenvision merger planning and due diligence (\$232,620) and assistance with a debt offering and periodic filings for our founding members (\$105,000) all of which was reimbursed to the Company by the founding members. In 2013, audit related fees consisted of assistance for founding member registration statement filings, debt offerings and periodic filings, of which \$185,000 was reimbursed to the Company by the founding members.

**Pre-Approval Policies and Procedures**

All auditing services, internal control-related services, and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by our independent auditors must be approved by the Audit Committee in advance, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more of its members or may delegate authority to one or more members, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that all decisions to grant pre-approvals pursuant to such delegated authority will be presented to the entire Audit Committee at its next scheduled meeting. Effective with the completion of our initial public offering in February 2007, all of our independent auditors' services were pre-approved by the Audit Committee.



**Vote Required**

The affirmative vote of the holders of a majority of the votes cast on this proposal is required to approve Proposal 3.

**Recommendation**

The board of directors recommends that stockholders vote **FOR** Proposal 3.

**AUDIT COMMITTEE REPORT**

The charter of the Audit Committee specifies that the purpose of the Committee is to assist the board in the oversight of management's processes and activities relating to the following:

maintaining the reliability and integrity of our accounting policies, financial reporting practices and financial statements;

the independent auditor's qualifications and independence;

the performance of our internal audit function and independent auditor; and

confirming compliance with laws and regulations, and the requirements of any stock exchange or quotation system on which our securities may be listed.

As part of fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements of NCM, Inc. for fiscal year ended January 1, 2015 with management and discussed those matters required by Auditing Standard No. 16, Communications with Audit Committees (as amended), as well as all other matters required to be discussed with Deloitte & Touche LLP, our independent registered public accounting firm. The Audit Committee received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, and has discussed that firm's independence with representatives of the firm with respect to NCM, Inc.

Based upon the Audit Committee's review of the audited consolidated financial statements and its discussions with management and Deloitte & Touche LLP, the Audit Committee recommended that the board of directors include the audited consolidated financial statements for the fiscal year ended January 1, 2015 in NCM, Inc.'s Annual Report on Form 10-K filed with the SEC.

**Audit Committee of National CineMedia, Inc.**

*David R. Haas, Chairman*

*Lawrence A. Goodman*

*Scott N. Schneider*

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included elsewhere in this report with management and, based on such review and discussions, the Compensation Committee recommended that the board of directors include such disclosure for the fiscal year ended January 1, 2015 in NCM, Inc.'s Annual Report on Form 10-K and Proxy Statement filed with the SEC.

**Compensation Committee of National CineMedia, Inc.**

*Lawrence A. Goodman, Chairman*

*David R. Haas*

*Stephen L. Lanning*

*Paula Williams Madison*

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

We do not have any interlocking relationships between any member of our Compensation Committee and any of our executive officers that would require disclosure under the applicable rules promulgated under the U.S. federal securities laws.

---

**COMPENSATION DISCUSSION AND ANALYSIS**

During fiscal 2014, the Company had the following NEOs:

Kurt C. Hall President, Chief Executive Officer and Chairman (our CEO)

Clifford E. Marks President of Sales & Marketing

David J. Oddo Senior Vice President, Finance and Interim Co-Chief Financial Officer (our principal financial officer)

Jeffrey T. Cabot Senior Vice President, Controller and Interim Co-Chief Financial Officer (our principal accounting officer)

Ralph E. Hardy Executive Vice President and General Counsel

Alfonso P. Rosabal Executive Vice President, Chief Operations Officer and Chief Technology Officer

**Executive Summary**

**Fiscal Year 2014 Performance.** For fiscal year 2014, the Company reported a decrease in advertising revenue of 7.6% compared to fiscal year 2013. The decline in advertising revenue was primarily due to 12.3% lower national advertising revenue primarily due to the impact of lower CPMs (cost per thousand), offset by higher national inventory utilization and a 7.7% increase in local and regional advertising revenue. The following table summarizes the key fiscal 2014 financial metrics on which the Company based its executive compensation.

	Fiscal 2014 Performance Measures (in millions) (1)		Achievement relative to target
	Target	Actual	
Adjusted OIBDA for compensation purposes	\$ 191.2	\$ 162.7	85.1% of targeted Adjusted OIBDA for compensation purposes
Adjusted advertising revenue	\$ 399.8	\$ 355.9	89.0% of Adjusted advertising revenue target
Technology and Operations operating expenditures	\$ 25.2	\$ 23.3	Under-spent target by 7.5%
Technology and Operations capital expenditures	\$ 11.1	\$ 8.8	Under-spent target by 20.7%

(1) Refer to Annual Performance Bonus below for additional details on the Executive Performance Bonus Plan, Adjusted OIBDA for Compensation Purposes and adjusted advertising revenue, which are non-GAAP measures. See Definitions of Performance Measures Used in Incentive Plans below for the definitions of Adjusted OIBDA for Compensation Purposes and adjusted advertising revenue and the reconciliations to the closest GAAP based measurement.

Payouts under our compensation program are directly aligned with these results, as discussed below under Pay-for-Performance Alignment.

**Elements of 2014 Compensation Program.** Our Compensation Committee believes that the Company's compensation policies and procedures are aligned with the short-term and long-term interests of our stockholders and are designed to attract, motivate, reward and retain superior talent who are critical to our long-term growth and profitability. Approximately 50% of the target annual cash compensation (salary and annual performance bonus at 100% target) and 75% of target long-term incentives for our CEO and 25% to 60% of target long-term incentives for our other NEOs is tied closely to the financial performance of the Company, thus aligning our officers' interest with those of our stockholders. We believe the mix of annual and long-term incentives, and the mix of cash and equity awards are balanced and do not motivate imprudent risk-taking.

Component	Description	Purpose
Base Salary	Fixed cash component	Reward for level of responsibility, experience and sustained individual performance
Annual Performance Bonus	Cash performance bonus based on achievement of pre-determined performance goals	Reward team and individual achievement against specific objective financial goals
Long-Term Incentives	Equity grants in 2014 consisted of:  Performance-based restricted shares  Time-based restricted shares	Reward for the creation of stockholder value and retain executives for the long-term
Other Compensation	A matching contribution to our defined contribution 401(k) plan and various health, life and disability insurance plans; dividend equivalents accrued on restricted stock and other customary employee benefits.	Provide an appropriate level of employee benefit plans and programs
Potential Payments Upon Termination or Change in Control	Contingent in nature. Amounts are payable only if employment is terminated as specified under each employment agreement. No excise tax gross-ups are provided.	Provide an appropriate level of payment in the event of a change in control or termination
Other Policies	Stock Ownership Guideline policy  Clawback policy  Insider trading policy, which includes anti-hedging and anti-pledging policies	Enhance alignment with stockholder interests

The following charts present the elements of compensation as a percentage of total compensation for fiscal year 2014, computed using the Fiscal 2014 Summary Compensation Table, except for the annual performance bonus which is calculated using targets (assuming 100% achievement). The first chart presents the compensation elements for our CEO, Kurt C. Hall. The NEOs included in the second chart are Messrs. Marks, Oddo, Cabot, Hardy and Rosabal.

**Fiscal Year 2014 Compensation Mix**

(a) Approximately 60% of Mr. Hall's compensation is performance-based and approximately 74% of his compensation is variable, which represents the performance-based elements and time-based restricted stock.

(b) Approximately 48% of all other NEOs' compensation is performance-based and approximately 72% of their compensation is variable, which represents the performance-based elements and time-based restricted stock.

**Pay-for-Performance Alignment.** The Compensation Committee believes that having a large percentage of executive officers' pay as performance-based compensation ensures their interests are aligned with those of our stockholders. Consistent with our compensation program design, our compensation program results for the 2014 fiscal year were aligned with the Company's financial results. The fiscal year 2014 annual performance bonuses paid out below target and the 3-Year Performance-Based Restricted Stock for the period ending January 1, 2015 did not vest. This is described in greater detail in *Fiscal 2014 Executive Performance Bonus Plan Payments* and *Results for Performance-Based Restricted Stock with Measurement Periods Ending January 1, 2015*. In support of continuously striving to improve total shareholder return (TSR), the Company seeks to align short-

term executive compensation with short-term Company performance and long-term compensation with long-term Company performance and stockholder return. The link between the realizable compensation of our CEO and indexed TSR is shown in the following graph.

- (1) All categories are captured as shown in the Summary Compensation Table, except for equity incentive plan compensation and associated dividends, which are captured as of the year paid. Equity plan compensation is computed as the value of restricted stock actually vested based on performance each year, and the in-the-money value of options that vested during each year, based on the closing stock price at fiscal year-end. Dividends which are included in All Other Compensation are computed as the value of dividends paid on vested restricted stock awards, rather than accrued.

Type of Compensation	Dec. 30, 2010	Dec. 29, 2011	As of Dec. 27, 2012	Dec. 26, 2013	Jan. 1, 2015
Salary	\$ 735,420	\$ 750,128	\$ 765,131	\$ 765,131	\$ 779,845
Annual Performance Bonus	1,042,224		485,093	857,329	367,452
Discretionary Bonus		330,056			
Equity Incentive Plans Compensation	1,602,863	435,912	1,946,406	1,714,544	586,623
All Other Compensation	35,928	23,267	212,210	147,922	68,824
Total	\$ 3,416,435	\$ 1,539,363	\$ 3,408,840	\$ 3,484,926	\$ 1,802,744

- (2) TSR is computed as NCM, Inc.'s closing stock price as of the end of each respective year less the closing stock price on December 30, 2010 plus dividends paid, divided by the closing stock price on December 30, 2010 multiplied by 100.

#### Consideration of 2014 Say-on-Pay Result

In establishing and recommending 2015 compensation for the Company's NEOs, the Compensation Committee considered the results of the say-on-pay vote at the 2014 Annual Meeting of Stockholders. At that meeting, our stockholders approved our executive compensation for the 2013 fiscal year with approximately 97% of the votes cast in favor. Our board of directors recognizes that executive compensation is an important matter of stockholder concern and takes stockholder views into account when reviewing the compensation program throughout the year. The Compensation Committee considered the results of the advisory approval and as such generally maintained the overall composition of executive compensation for the 2014 fiscal year.

#### Compensation Philosophy

The primary goals of our Compensation Committee with respect to executive compensation are to:

review the competitiveness of executive cash compensation and equity grant levels compared to a select peer group of companies, using the 50<sup>th</sup> percentile as a reference point for setting compensation;

provide shorter term cash incentives primarily for achieving specified annual performance objectives;

provide a mix of long-term equity incentives that are performance- and time-based to promote stock price growth, retention and ownership through achievement of long-term financial performance goals; and

establish and monitor appropriate pay and performance relationships.

To achieve these goals, we intend to maintain a compensation structure that provides rewards for high performance and value creation for our stockholders (including the founding members). Our objectives are to maintain compensation plans with an appropriate balance of base salary, annual performance bonus and long-term incentives (stock-based awards), and to tie a substantial portion of executives' overall compensation to key financial goals such as achievement of targeted levels of adjusted advertising revenue, Adjusted OIBDA for Compensation Purposes and Free Cash Flow (all non-GAAP basis measurements are defined in Definitions of Performance Measures Used in Incentive Plans below, which also provides reconciliations to the closest GAAP based measurement).

### **Role of Compensation Consultant and CEO in Determining Executive Compensation**

Our CEO had substantial input in determining executive compensation other than his own and made all of the recommendations for the other five NEOs that were ultimately approved by the Compensation Committee.

In 2014, the Compensation Committee engaged ClearBridge, a nationally recognized consulting firm, to serve as an independent consultant, to assess the competitiveness of pay for the executive officers and provide independent advice and recommendations to the Compensation Committee regarding executive compensation. The Compensation Committee determined that ClearBridge is independent from the Company.

As part of its review, ClearBridge considered base salary, annual performance bonus, total cash compensation (combined salary and annual performance bonus), value of long-term incentives, and total compensation. ClearBridge reviewed and recommended a peer group for pay comparison for our executive officers comprised of companies that are domestic, publicly-traded, of comparable size to NCM, Inc., and in relevant industries (i.e., in advertising, media and entertainment industries, or software technology-based companies in media-related industries). The Compensation Committee reviewed and approved the peer group.

Our Compensation Committee believes that peer group comparisons are useful to measure the competitiveness of our compensation practices and uses the information provided by the compensation consultant to guide its decision making. Although the Compensation Committee references the 50<sup>th</sup> percentile of the peer group, specific positioning for each NEO is determined on a case-by-case basis.

The following peer companies were used in our competitive analysis for fiscal 2014 decisions:

Arbitron Inc.	Lamar Advertising Co.
Belo Corp.	QuinStreet, Inc.
comScore, Inc.	Reachlocal Inc.
Crown Media Holdings, Inc.	SeaChange International Inc.
Digital Generation, Inc.	Sinclair Broadcast Group Inc.
Digital River Inc.	Tivo, Inc.
DreamWorks Animation SKG Inc.	ValueClick Inc.
Harte-Hanks Inc.	WebMD Health Corp.
IMAX Corp.	

In fiscal 2015, Outfront Media was added to the peer group. Four companies were removed from the peer group: Reachlocal, Inc. due to size and Belo Corp., Arbitron, Inc., and Digital Generation, Inc. due to acquisitions.

## 2014 Compensation

**Base Salary.** Base salaries for our executives were established based on the scope of their responsibilities, taking into account the internal value and importance of the role, experience and seniority of the individual, our ability to replace the individual, peer salary levels, and other primarily judgmental factors deemed relevant by the Compensation Committee.

Base salaries are reviewed annually by the Compensation Committee and the board, and may be adjusted from time to time pursuant to such review and/or in accordance with guidelines contained in the various employment agreements and are generally for relatively small percentage cost of living increases.

The base salaries of our NEOs in 2014 compared to 2013 were as follows.

Name	2013 Base Salary	2014 Base Salary	Percentage Change
Kurt C. Hall	\$ 765,131	\$ 779,845	2%
Clifford E. Marks	\$ 737,805	\$ 751,994	2%
David J. Oddo	\$ 152,468	\$ 176,220	16%(1)
Jeffrey T. Cabot	\$ 187,354	\$ 197,095	5%(2)
Ralph E. Hardy	\$ 286,642	\$ 292,154	2%
Alfonso P. Rosabal, Jr.	\$ 242,462	\$ 267,462	10%(3)

- (1) Mr. Oddo received mid-year pay increases during 2013 in connection with his appointment as the Company's Interim Co-Chief Financial Officer (principal financial officer) in March 2013 and his promotion to Senior Vice President, Finance in August 2013. His pay increase in January 2014 was 2%.
- (2) Mr. Cabot received a mid-year pay increase during 2013 in connection with his appointment as the Company's Interim Co-Chief Financial Officer (principal accounting officer) in March 2013. His pay increase in January 2014 was 2%.
- (3) Mr. Rosabal received a 10% increase in connection with his promotion to Executive Vice President, Chief Operations Officer and Chief Technology Officer on December 27, 2013.

For 2014, we believe salary and total cash compensation of our executives, which is base salary combined with the annual performance bonus, was within a market competitive range versus our peer group, as well as, the total video advertising marketplace primarily made up of companies that are much larger than the Company, but which the Company competes with for sales executives.

**Annual Performance Bonus.** Annual performance bonuses are intended to compensate executives for achieving financial goals that support our annual operational and strategic goals. The target percentages for our executives were established based on the level of responsibility, as well as experience and seniority of the individual. We believe our annual bonuses, in combination with base salaries, deliver competitive total cash compensation. In addition, we believe rewarding our executives for achievement of our financial goals is consistent with the practice of aligning their interests with our stockholders. A stretch bonus is further incentive for our executive officers to exceed operating budgets and thus further increase our equity value.

Payments of performance bonuses are objectively calculated based on the achievement of specific financial targets for each named executive that was part of the Executive Performance Bonus Plan, which is designed to ensure executive compensation is aligned with the performance of the Company. All performance bonuses under the Executive Performance Bonus Plan are paid in cash.

The Compensation Committee adopted the National CineMedia, Inc. Executive Performance Bonus Plan on March 13, 2013 and it was approved by our stockholders on May 1, 2013. The Executive Performance Bonus Plan is expected to continue for five years. The Executive Performance Bonus Plan in 2014 included Messrs. Hall, Marks, Hardy and Rosabal. The financial performance criteria under the plan were consistent with 2013, however the payment scale changed in 2014, as shown below. The Compensation Committee may apply other

pre-determined adjustments to the definitions of the financial performance criteria under the plan. The 2014 bonus awards for Mr. Oddo and Mr. Cabot were pursuant to the Officer Performance Plan that provided for 75% of the bonus potential to be based on Company performance and 25% at the discretion of the CEO and the Compensation Committee based on individual performance.

The objective financial factors are consistent with the metrics used in previous years and represent the metrics the Compensation Committee believes may best encourage sound decisions regarding operations and investment of capital and are important to our goal of increasing the value of our equity. We believe we have adequately addressed the risks that an executive might be incentivized to take inappropriate actions to meet the performance metrics through our internal controls over financial reporting, coupled with other elements of our overall compensation program (e.g., equity with multi-year vesting, ownership guidelines, stock holding requirements, clawback policy, etc.).

Our annual performance bonus traditionally has been paid in a single payment in the first quarter following the completion of a given fiscal year. Payments are subject to review, approval and certification by the Compensation Committee in conjunction with the issuance of our annual audit report.

Our performance weightings by individual pursuant to the Executive Performance Bonus Plan are as follows.

**Fiscal 2014 Executive Performance Bonus Plan Summary**

Name	Performance Measure Weightings Up to 100% of Target Bonus			Stretch Bonus (4)
	Adjusted OIBDA for Compensation Purposes (1)	Adjusted advertising revenue (2)	Technology and Operations operating and capital expenditures budget (3)	
Kurt C. Hall	100%	0%	0%	100%
Clifford E. Marks	0%	100%	0%	100%
Ralph E. Hardy	100%	0%	0%	100%
Alfonso P. Rosabal, Jr.	75%	0%	25%	100%

(1) The performance bonus potential is based on the percentage of Adjusted OIBDA for Compensation Purposes (defined in the Definitions of Performance Measures Used in Incentive Plans below) target achieved as follows. Straight line interpolation is applied to performance between the levels shown.

Percentage of Adjusted OIBDA for Compensation Purposes Achieved	% of Target Bonus
Less than or equal to 80%	0%
80%	25%
95%	90%
100%	100%

- (2) The performance bonus potential is based on the percentage of advertising revenue (defined in Definitions of Performance Measures Used in Incentive Plans below) target achieved as follows. Straight line interpolation is applied to performance between the levels shown.

Percentage of Adjusted Advertising Revenue Target Achieved	% of Target <sup>1</sup> Bonus
Less than 80%	0%
80%	50%
90%	80%
95%	90%
100%	100%

- (3) No performance bonus is payable for 25% of Mr. Rosabal's award if the actual annual operating expenditures and capital expenditures, including any capitalized overhead, on an aggregate basis exceed 100% of budget.
- (4) The 2014 Stretch Bonus potential is 50% of the product of (a) the performance bonus paid times (b) the percentage obtained by dividing (i) the percentage that Adjusted OIBDA for Compensation Purposes is in excess of budget (capped at 10% and expressed as a whole number by (ii) 10.

Actual fiscal year 2014 performance results were as follows.

#### Fiscal 2014 Performance Results

(in millions)

Performance Measure	Target	Actual	Achievement relative to target
Adjusted OIBDA for compensation purposes (a)	\$ 191.2	\$ 162.7	85.1% of targeted Adjusted OIBDA for compensation purposes
Adjusted advertising revenue (a)	\$ 399.8	\$ 355.9	89.0% of Adjusted advertising revenue target
Technology and Operations operating expenditures	\$ 25.2	\$ 23.3	Under-spent target by 7.5%
Technology and Operations capital expenditures	\$ 11.1	\$ 8.8	Under-spent target by 20.7%

- (a) Adjusted OIBDA for Compensation Purposes and adjusted advertising revenue are non-GAAP measures. See Definitions of Performance Measures Used in Incentive Plans below for the definitions of Adjusted OIBDA for Compensation Purposes and adjusted advertising revenue and the reconciliations to the closest GAAP basis measurement.

Resulting bonus payouts for fiscal year 2014 were as follows.

#### Fiscal 2014 Executive Performance Bonus Plan Payments

The awards under the Executive Performance Bonus Plan were determined in accordance with the Company's actual performance compared to our internal targets. We believe the amounts paid under the Executive Performance Bonus Plan are appropriate in light of the achievement relative to the financial targets. The following table provides details about each component of the Non-Equity Incentive Plan Compensation column of the Fiscal 2014 Summary Compensation Table for Messrs. Hall, Marks, Hardy and Rosabal.

Name	Target Award as a % of Salary (1)	Performance Bonus Results		
		Actual Achievement as a % of Target	Actual Award as a % of Target	Total Award Amount
Kurt C. Hall	100%	85.1%	47.1%	\$ 367,452
Clifford E. Marks	100%	89.0%	77.0%	\$ 579,472
Ralph E. Hardy	75%	85.1%	47.1%	\$ 103,244

Edgar Filing: National CineMedia, Inc. - Form DEF 14A

Alfonso P. Rosabal, Jr.

75%

88.8%

60.3%

\$ 121,409

(1) Percentage of base salary determined at the end of our 2014 fiscal year (January 1, 2015).

**Fiscal 2014 Bonus Plan Summary and Payments for Interim Co-Chief Financial Officers**

The financial performance criteria and applicable weights for financial performance criteria for the 2014 cash bonuses for the 2014 fiscal year for the Interim Co-Chief Financial Officers are as follows.

Name	Performance Measure Weightings		Stretch Bonus (1)
	Up to 100% of Target Bonus		
	Adjusted OIBDA for Compensation Purposes (1)	Individual Performance (2)	Adjusted OIBDA for Compensation Purposes
David J. Oddo	75%	25%	100%
Jeffery T. Cabot	75%	25%	100%

(1) The performance bonus potential for Adjusted OIBDA for Compensation Purposes and the stretch bonus are consistent with those described in footnotes 1 and 4 to the Fiscal 2014 Executive Performance Bonus Plan Summary table above.

(2) The individual performance targets are based upon the individual's performance during the 2014 fiscal year.

The awards to Messrs. Oddo and Cabot were determined in accordance with the Company's actual performance compared to our internal targets and individual performance. We believe the amounts paid are appropriate in light of the achievement relative to the financial targets, as shown under Fiscal 2014 Performance Bonus Results, and individual performance. The following table provides details about each component of the Non-Equity Incentive Plan Compensation column of the Fiscal 2014 Summary Compensation Table for Messrs. Oddo and Cabot.

	Target Award as a % of Salary (1)(2)	Performance Results				
		Actual Achievement as a % of Target	Actual Award as a % of Target	Adjusted OIBDA for Compensation Purposes Award (75% Weighting)	Individual Performance Award (25% Weighting)	Total Award Amount
David J. Oddo	40%	88.8%	60.3%	\$ 24,898	\$ 17,627	\$ 42,525
Jeffery T. Cabot	40%	88.8%	60.3%	\$ 27,857	\$ 19,722	\$ 47,579

(1) Includes supplemental bonus opportunity of 10% of base salary for Interim Co-Chief Financial Officer roles.

(2) Percentage of base salary determined at the end of our 2014 fiscal year (January 1, 2015).

**Long-Term Incentives.** We believe that creating long-term value for our stockholders is achieved, in part, by aligning the interests of our executive officers with those of our stockholders. We grant awards under our stockholder approved equity incentive plan, the National CineMedia, Inc. 2007 Equity Incentive Plan as amended and restated, which we refer to as the Equity Incentive Plan.

All grants under the Equity Incentive Plan to our executive officers other than to the CEO are generally proposed annually by the CEO at the start of each fiscal year and approved and priced by the Compensation Committee at its first meeting of the fiscal year, although grants could be made at any time at the discretion of our Compensation Committee, generally related to promotions or other merit-related reasons.

For 2014, the Committee decided to continue to grant Performance-Based Restricted Stock to align executives with the long-term financial goals of the Company. The Committee also decided to continue to grant Time-Based Restricted Stock to promote retention objectives, stock ownership in the Company, and a more direct alignment of the executives' interests with stockholders' interests. On January 15, 2014, the Compensation Committee granted performance-based and time-based restricted stock awards to Messrs. Hall, Marks, Oddo, Cabot, Hardy and Rosabal, as follows.

Name	Performance-Based Restricted Stock (2)		Time-Based Restricted Stock (3)		Total Number of Target Shares Granted
	% of Total Long-Term Incentives (approximate)	Target Number of Shares Granted (4)	% of Total Long-Term Incentives (approximate)	Number of Shares Granted	
Kurt C. Hall	75%	79,090	25%	26,363	105,453
Clifford E. Marks	60%	62,685	40%	38,712	101,397
David J. Oddo (5)	25%	3,919	75%	10,201	14,120
Jeffrey T. Cabot (5)	25%	4,288	75%	11,413	15,701
Ralph E. Hardy (5)	60%	17,048	40%	10,528	27,576
Alfonso P. Rosabal, Jr. (5)	60%	32,592	40%	20,710	53,302

- (1) Performance-based and time-based restricted stock awards include the right to receive dividend equivalents, subject to vesting.
- (2) Performance-based restricted stock awards vest based on the achievement of cumulative 2014-2016 Free Cash Flow goals.
- (3) Vest ratably over a 3-year period.
- (4) Reflects the target number of shares that will vest if actual cumulative Free Cash Flow equals 100% of the three-year cumulative Free Cash Flow target. The performance-based restricted stock awards are scheduled to vest based on the scale shown below. The Compensation Committee may apply other pre-determined adjustments to the definition of Free Cash Flow under the plan.

Free Cash Flow - % of Target	Award Vesting % of Target Shares
<80%	0%
80%	25%
95%	90%
100%	100%
≥110%	150%

Straight line interpolation is applied to Free Cash Flow performance between the levels shown to determine the corresponding payout. Free Cash Flow is a non-GAAP measure. See Definitions of Performance Measures Used in Incentive Plans below for the definition of Free Cash Flow and the reconciliations to the closest GAAP basis measurement.

- (5) Mr. Oddo and Mr. Cabot have approximately 25% performance-based restricted stock awards and approximately 75% time-based restricted stock awards due to their position as Senior Vice Presidents. Messrs. Hardy and Rosabal received approximately 60% performance-based restricted stock and approximately 40% time-based restricted stock due to their positions as Executive Vice Presidents.

**Results for Performance-Based Restricted Stock with Measurement Periods Ending January 1, 2015.** The 2012 restricted stock awards were scheduled to vest based upon achievement of the actual cumulative Free Cash Flow target at the end of the three-year measurement period ending January 1, 2015. The 2012 awards vest at 50% of the award at 90% of target achievement and vest at 150% of the award at 110% of target achievement (with interpolation between 90% and 110%). On all performance-based restricted stock, dividends accrue and are paid upon vesting for those shares earned. In the event that shares are not earned, accrued dividends on those shares are not paid.



Because achievement relative to target was below the 90% threshold, none of the Performance-Based Restricted Stock vested, as shown below.

Performance Measure (in millions)	Target	Actual	Achievement Relative to Target	Vesting %
2012 grant three-year cumulative Free Cash Flow (a)	\$ 750.8	\$ 627.9	83.6%	0%

(a) Free Cash Flow is a non-GAAP measure. See Definitions of Performance Measures Used in Incentive Plans below for the definition of Free Cash Flow and the reconciliations to the closest GAAP basis measurement.

**Other Compensation.** Our employees, including our NEOs, participate in various employee benefits. These benefits include the following: medical and dental insurance; flexible spending accounts for healthcare; life, accidental death and dismemberment and disability insurance; employee assistance programs (confidential counseling); a 401(k) plan; and paid time off.

None of our NEOs participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us or in non-qualified defined contribution plans or other deferred compensation plans maintained by us. The Compensation Committee may elect to provide our officers and other employees with non-qualified defined contribution or deferred compensation benefits if the Compensation Committee determines that doing so is in our best interests.

**Potential Payments upon Termination or Change in Control.** Upon certain types of terminations of employment, payments may be made to our executive officers in accordance with their respective employment agreements. These events and potential amounts are further described below under the heading Potential Payments Upon Termination or Change in Control.

**Definitions of Performance Measures Used in Incentive Plans.****Adjusted OIBDA for Compensation Purposes**

Adjusted OIBDA for Compensation Purposes used to measure achievement against performance bonus targets is a non-GAAP financial measure that differs from Adjusted OIBDA as defined in our Form 10-K. It is a key metric used by management to measure the Company's operating performance. OIBDA represents consolidated net income (loss) plus income tax expense, interest and other costs and depreciation and amortization expense. Adjusted OIBDA for Compensation Purposes adds back the revenue from advertising by NCM LLC's founding members beverage supplier, share-based compensation costs, merger-related administrative costs, make-good liability shifted into 2015 and other costs that are considered to be extraordinary or outside the control of management. The definition of Adjusted OIBDA for Compensation Purposes for 2014 was changed from prior years to exclude revenue from advertising by NCM LLC's founding members beverage supplier as the level of that revenue in any year is contractual and thus outside of the control of management. While Adjusted OIBDA for Compensation Purposes is a measure used to calculate our Executive Performance Bonus awards, you should not consider this non-GAAP measure in isolation of, or as a substitute for, measures of our financial performance as determined in accordance with GAAP, such as net income (loss). Adjusted OIBDA for Compensation Purposes has material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. Because other companies may calculate Adjusted OIBDA for Compensation Purposes differently than we do, this measure may not be comparable to similarly-titled measures reported by other companies (dollars in millions).

	<b>FY 2014 Target</b>	<b>FY 2014 Actual</b>
Consolidated net income	\$ 95.2	\$ 65.6
Income tax expense	16.7	9.9
Interest and other non-operating costs	75.7	76.2
Depreciation and amortization	34.3	32.4
<b>OIBDA</b>	<b>221.9</b>	<b>184.1</b>
Founding member circuit beverage revenue	(40.9)	(38.4)
Share-based compensation costs	10.2	7.7
Merger-related administrative costs		7.5
Make-good liability		2.0
Other costs		(0.2)
<b>Adjusted OIBDA for compensation purposes</b>	<b>\$ 191.2</b>	<b>\$ 162.7</b>

**Adjusted Advertising Revenue**

Adjusted advertising revenue used to determine achievement against performance bonus targets is a non-GAAP financial measure used by management to measure the performance of certain of its advertising sales personnel, including Mr. Marks. Adjusted advertising revenue represents reported advertising revenue less founding member circuit beverage revenue, zero margin barter revenue and other founding member payments included in revenue plus the make-good liability shifted into 2015. You should not consider this non-GAAP measure in isolation of, or as a substitute for, measures of our financial performance as determined in accordance with GAAP, such as advertising revenue (dollars in millions).

	<b>FY 2014 Target</b>	<b>FY 2014 Actual</b>
Advertising revenue	\$ 441.7	\$ 394.0
Less: Founding member circuit beverage revenue and other revenue	(41.9)	(40.1)
Plus: Make-good liability		2.0
<b>Adjusted advertising revenue</b>	<b>\$ 399.8</b>	<b>\$ 355.9</b>

### Free Cash Flow

Free Cash Flow is a non-GAAP measure used by management to measure the Company's operating cash flow in determining whether performance-based restricted stock targets have been achieved. Free Cash Flow represents Adjusted OIBDA for Compensation Purposes, described above, less capital expenditures (dollars in millions).

	2012-2014 3- Year Cumulative Ended January 1, 2015	
	Target	Actual
Consolidated net income	\$ 355.7	\$ 260.7
Income tax expense	69.8	56.8
Interest and other non-operating costs	238.1	228.0
Depreciation and amortization	76.1	79.4
<b>OIBDA</b>	<b>739.7</b>	<b>624.9</b>
Share-based compensation costs	39.8	22.6
Merger-related administrative costs		7.5
Make-good liability		2.0
Other costs		0.3
Capital expenditures	(28.7)	(29.4)
<b>Free Cash Flow - Actual</b>	<b>\$ 750.8</b>	<b>\$ 627.9</b>

### Compensation Decisions for 2015

Below is information about compensation decisions made for our NEOs (Messrs. Hall, Marks, Oddo, Cabot, Hardy and Rosabal) in early 2015.

**Base Salary.** The Compensation Committee reviewed executive compensation in January 2015 and decided to increase the base salary by a cost of living adjustment of 2% for each of Messrs. Hall, Marks, Oddo, Cabot, and Hardy which is consistent with the average increases given to the majority of employees. For Mr. Rosabal, 2015 compensation changes were made to reallocate the mix of pay elements to better align his compensation with the compensation of other comparable executives at our peer companies. Specifically, Mr. Rosabal's total direct compensation (salary, bonus and restricted stock) increased by 2%, with a shift in pay mix from restricted stock to salary, resulting in a 27% salary increase and a 10% reduction in restricted stock grant value.

**Annual Performance Bonus.** The process for setting the financial targets for 2015 was consistent with previous years as part of the annual budget review and approval. Mr. Oddo and Mr. Cabot's bonus opportunities were increased from 40% to 50% of base salary in order to better align with their roles as Interim Co-CFOs. In addition, Mr. Oddo and Mr. Cabot's bonus payouts will be determined under the Executive Performance Bonus Plan in 2015 and thus based on 100% Adjusted OIBDA for Compensation Purposes performance in 2015.

**Long-Term Incentives.** The 2015 long-term incentive grant was made in consideration of several factors, including current role, individual performance, potential company performance and market positioning, among other factors. The Compensation Committee granted performance-based restricted stock awards and time-based restricted stock to each of our executive officers effective January 21, 2015, as described in greater detail below:

Name	2015 Restricted Stock Awards (1)				
	Performance-Based Restricted Stock (2)		Time-Based Restricted Stock		
	% of Total Long-Term Incentives	Target Number of Shares Granted (3)	% of Total Long-Term Incentives	Number of Shares Granted	Total Number of Target Shares Granted
Kurt C. Hall	75%	108,198	25%	36,066	144,264
Clifford E. Marks	60%	78,168	40%	52,112	130,280
David J. Oddo (4)	25%	6,866	75%	20,598	27,464
Jeffrey T. Cabot (4)	25%	6,828	75%	20,485	27,313
Ralph E. Hardy (4)	60%	24,295	40%	16,197	40,492
Alfonso P. Rosabal, Jr. (4)	60%	37,067	40%	24,711	61,778

- (1) The performance-based and time-based restricted stock awards include the right to receive dividend equivalents, subject to vesting.
- (2) Performance-based restricted stock awards vest based on the achievement of cumulative 2015-2017 Free Cash Flow goals.
- (3) Reflects the target number of shares that will vest if actual cumulative Free Cash Flow equals 100% of the three-year cumulative Free Cash Flow target. The performance-based restricted stock awards are scheduled to vest based on the scale below. The Compensation Committee may apply other pre-determined adjustments to the definition of Free Cash Flow under the plan.

Free Cash Flow - % of Target	Award Vesting % of Target Shares
<80%	0%
80%	25%
95%	90%
100%	100%
<sup>3</sup> 110%	150%

Straight line interpolation is applied to Free Cash Flow performance between the levels shown. Free Cash Flow is a non-GAAP measure. See Definitions of Performance Measures Used in Incentive Plans above for the definition of Free Cash Flow and the reconciliations to the closest GAAP basis measurement.

- (4) Mr. Oddo and Mr. Cabot have approximately 25% performance-based restricted stock awards and approximately 75% time-based restricted stock awards due to their position as Senior Vice Presidents. Messrs. Hardy and Rosabal received approximately 60% performance-based restricted stock and approximately 40% time-based restricted stock due to their positions as Executive Vice Presidents.

## EXECUTIVE COMPENSATION TABLES

## FISCAL 2014 SUMMARY COMPENSATION TABLE

The following table shows the amount of compensation earned by our NEOs during the years indicated. For additional information regarding the material terms of each NEOs' employment agreement, see Employment Agreements and Potential Payments Upon Termination or Change in Control below.

Name and Principal				Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Position	Year	Salary	Bonus	(1)	(2)	(3)	(4)	
Kurt C. Hall	2014	\$ 779,845		\$ 2,050,006		\$ 367,452	\$ 207,584	\$ 3,404,887
	2013	\$ 765,131		\$ 1,931,626		\$ 857,329	\$ 121,781	\$ 3,675,867
President, Chief Executive Officer and Chairman	2012	\$ 765,131		\$ 1,609,689	\$ 299,888	\$ 485,093	\$ 118,883	\$ 3,278,684
Clifford E. Marks	2014	\$ 751,994		\$ 1,971,158		\$ 579,472	\$ 204,322	\$ 3,506,946
	2013	\$ 737,805		\$ 1,844,517		\$ 801,540	\$ 113,214	\$ 3,497,076
President of Sales & Marketing	2012	\$ 737,805		\$ 1,293,500	\$ 240,981	\$ 596,367	\$ 92,904	\$ 2,961,557
David J. Oddo (5)	2014	\$ 176,220		\$ 274,493		\$ 42,525	\$ 34,417	\$ 527,655
	2013	\$ 152,468		\$ 226,243		\$ 80,535	\$ 12,292	\$ 471,538
Senior Vice President, Finance and Interim Co-Chief Financial Officer								
Jeffrey T. Cabot (6)	2014	\$ 197,095		\$ 305,227		\$ 47,579	\$ 34,068	\$ 583,969
	2013	\$ 187,354		\$ 196,257		\$ 89,279	\$ 13,611	\$ 486,501
Senior Vice President, Controller and Interim Co-Chief Financial Officer								
Ralph E. Hardy	2014	\$ 292,154		\$ 536,077		\$ 103,244	\$ 61,198	\$ 992,673
	2013	\$ 286,642		\$ 501,635		\$ 242,320	\$ 36,811	\$ 1,067,408
Executive Vice President and General Counsel	2012	\$ 286,642		\$ 418,771	\$ 78,017	\$ 136,298	\$ 32,799	\$ 952,527
Alfonso P. Rosabal, Jr. (7)	2014	\$ 267,462		\$ 1,036,191		\$ 121,409	\$ 95,537	\$ 1,520,599
Executive Vice President, Chief Operations Officer and Chief Technology Officer								

- (1) The amounts represent the aggregate grant date fair value of the target level of stock awards computed in accordance with ASC Topic 718. Certain of the stock awards granted in 2014, 2013 and 2012 are scheduled to vest based upon the achievement of performance conditions relating to cumulative Free Cash Flow at the end of the two or three-year measuring period. The amounts for these awards are presented based on 100% of the fair market value on the date of grant and do not include an estimate of performance. Actual results could materially differ from this estimate (in fact the 2011 and 2012 grants ultimately vested at 0%). Stock awards are further discussed in the Long-Term Incentives section of our CD&A. The table below includes the maximum amounts payable assuming the highest level of performance is achieved:

<b>Stock Awards</b>		<b>Maximum Number of Shares Scheduled to Vest</b>	<b>Maximum Grant Date Fair Value (a)</b>
<b>Name</b>	<b>Grant Date</b>		
Kurt C. Hall	1/15/2014	144,998	\$ 2,818,761
	1/15/2013	177,302	\$ 2,655,984
	1/12/2012	183,754	\$ 2,414,527
Clifford E. Marks	1/15/2014	132,740	\$ 2,580,456
	1/15/2013	169,307	\$ 2,536,211
	1/12/2012	147,660	\$ 1,940,252
David J. Oddo	1/15/2014	16,080	\$ 312,585
	1/15/2013	5,264	\$ 78,847
	5/1/2013	6,875	\$ 106,906
	8/14/2013	6,875	\$ 125,331
Jeffrey T. Cabot	1/15/2014	17,845	\$ 346,907
	1/15/2013	10,878	\$ 162,945
	5/1/2013	6,875	\$ 106,906
Ralph E. Hardy	1/15/2014	36,100	\$ 701,784
	1/15/2013	46,045	\$ 689,747
	1/12/2012	47,805	\$ 628,157
Alfonso P. Rosabal, Jr.	1/15/2014	69,598	\$ 1,352,985

- (a) The amount is based on the maximum number of shares as of the grant date subject to the award assuming the highest level of performance is achieved (150%) for the performance-based restricted stock grants. The time-based restricted stock grants are included at 100%. The amounts for these awards are presented based upon the fair market value on the date of grant.
- (2) The amounts represent the aggregate grant date fair value of the options computed in accordance with ASC Topic 718 and do not represent cash payments made to the individuals or amounts realized. See details of the assumptions used in valuation of the options in Note 11 Share-Based Compensation to the audited financial statements filed with the SEC on Form 10-K for the year ended January 1, 2015. The full grant date fair values of the awards were \$4.08 (January 12, 2012) per share. Share-based options are discussed in the Long-Term Incentives section of our Compensation Discussion and Analysis (CD&A).
- (3) The Compensation Committee approved fiscal 2014 performance bonuses for the NEOs on February 23, 2015, and the bonuses were paid on February 27, 2015. See further discussion in the Annual Performance Bonus section of our CD&A. For fiscal 2013, the payments of non-equity incentive plan compensation included a stretch bonus and a 2% raise deferral performance bonus due to achievement of certain performance measures.

- (4) The following table provides details about each component of the All Other Compensation column from the Fiscal 2014 Summary Compensation Table above.

Name	Year	401(k)	Term Life	Disability	Restricted	Miscellaneous	Total All Other Compensation
		Employer Contribution (a)	Insurance (b)	Insurance (c)	Stock Dividends (d)		
Kurt C. Hall	2014	\$ 6,240	\$ 890	\$ 1,356	\$ 199,098	\$	\$ 207,584
	2013	\$ 6,120	\$ 873	\$ 1,356	\$ 111,658	\$ 1,774	\$ 121,781
	2012	\$ 6,000	\$ 1,510	\$ 3,414	\$ 107,959	\$	\$ 118,883
Clifford E. Marks	2014	\$ 6,240	\$ 858	\$ 1,356	\$ 195,868	\$	\$ 204,322
	2013	\$ 6,120	\$ 842	\$ 1,356	\$ 103,034	\$ 1,862	\$ 113,214
	2012	\$ 6,000	\$ 1,456	\$ 3,304	\$ 81,024	\$ 1,120	\$ 92,904
David J. Oddo	2014	\$ 6,162	\$ 201	\$ 1,124	\$ 26,930	\$	\$ 34,417
	2013	\$ 3,870	\$ 175	\$ 979	\$ 7,268	\$	\$ 12,292
Jeffrey T. Cabot	2014	\$ 4,211	\$ 225	\$ 1,249	\$ 28,383	\$	\$ 34,068
	2013	\$ 4,241	\$ 215	\$ 1,202	\$ 7,953	\$	\$ 13,611
Ralph E. Hardy	2014	\$ 6,240	\$ 334	\$ 1,356	\$ 53,268	\$	\$ 61,198
	2013	\$ 6,120	\$ 327	\$ 1,356	\$ 29,008	\$	\$ 36,811
	2012	\$ 6,000	\$ 566	\$ 1,485	\$ 24,748	\$	\$ 32,799
Alfonso P. Rosabal, Jr.	2014	\$ 6,240	\$ 305	\$ 1,356	\$ 87,636	\$	\$ 95,537

- (a) Represents matching contributions made pursuant to NCM LLC's defined contribution 401(k) Plan. Eligible employees, including the NEOs are eligible for a discretionary contribution under the 401(k) plan on base pay up to IRS limits.
- (b) Represents imputed income for term life insurance coverage.
- (c) Represents imputed income for long-term and short-term disability insurance coverage.
- (d) Under the 2007 and 2008 restricted stock awards, the NEOs are entitled to receive cash dividends at the same time as other stockholders on unvested shares. Starting with the 2009 restricted stock grants, dividends are accrued and paid only when vested. Dividends that are accrued on unvested restricted stock are reported in the year such amounts accrue instead of the year paid, based on an SEC staff interpretation. These dividends are payable to the executive only if and to the extent the restricted stock vests and is not forfeited. The amounts above include both ordinary and special dividends declared which were \$1.38 per share in 2014, \$0.88 per share in 2013 and \$0.88 per share in 2012. The Company assigned probability weightings to the restricted stock dividends at the end of each fiscal year based upon its expectations of the performance conditions being met and shares ultimately vesting.
- (e) Represents business-related awards, gifts and prizes and taxable fringe benefits for Messrs. Hall and Marks.
- (5) Compensation for Mr. Oddo is only provided for 2013 and 2014, as he was appointed as the Company's Interim Co-Chief Financial Officer in March 2013.
- (6) Compensation for Mr. Cabot is only provided for 2013 and 2014, as he was appointed as the Company's Interim Co-Chief Financial Officer in March 2013.
- (7) Compensation for Mr. Rosabal is only provided for 2014, as he was appointed as the Company's Executive Vice President, Chief Operations Officer and Chief Technology Officer on December 27, 2013.

### FISCAL 2014 GRANTS OF PLAN-BASED AWARDS

The following table shows the awards granted to our NEOs for our 2014 fiscal year.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock (#)	All Other Awards: Number of Securities Underlying Options	Exercise of Base Price of Awards	Grant Date Fair Value of Stock and Option Awards (\$ (3))
		Thres-hold (\$)	Target (\$)	Maxi-mum (\$)	Thres-hold (#)	Target (#)	Maxi-mum (#)				
Kurt C. Hall	N/A		\$ 796,042	\$ 1,194,063							
	1/15/2014					79,090	118,635				\$ 1,537,510
Clifford E. Marks	1/15/2014							26,363			\$ 512,497
	N/A		\$ 767,612	\$ 1,151,418							
David J. Oddo	1/15/2014					62,685	94,028				\$ 1,218,596
	1/15/2014							38,712			\$ 752,561
Jeffrey T. Cabot	N/A		\$ 71,918	\$ 107,876							
	1/15/2014					3,919	5,879				\$ 76,185
Ralph E. Hardy	1/15/2014							10,201			\$ 198,307
	N/A		\$ 80,465	\$ 120,698							
Alfonso P. Rosabal, Jr.	1/15/2014					4,288	6,432				\$ 83,359
	1/15/2014							11,413			\$ 221,869
Alfonso P. Rosabal, Jr.	N/A		\$ 223,667	\$ 335,500							
	1/15/2014					17,048	25,572				\$ 331,413
Alfonso P. Rosabal, Jr.	1/15/2014							10,528			\$ 204,664
	N/A		\$ 255,750	\$ 383,625							
Alfonso P. Rosabal, Jr.	1/15/2014					32,592	48,888				\$ 633,588
	1/15/2014							20,710			\$ 402,602

- (1) Amounts represent potential cash bonus amounts if targets are achieved for 2014 performance for each NEO. The Compensation Committee may, at its discretion, reduce the amount of any awards payable under the Executive Performance Bonus Plan by up to 25%. See our Summary Compensation Table for amounts paid.
- (2) Represents performance-based restricted stock grants made in 2014 under the Equity Incentive Plan. The restricted stock awards provide that the award will accrue dividends payable subject to vesting. For additional information regarding equity awards see Long-Term Incentives in the CD&A and Equity Incentive Plan Information.
- (3) Grant date fair value of stock and option awards was calculated in accordance with GAAP. Some of the 2014 restricted stock awards are scheduled to vest based upon achievement of the actual cumulative Free Cash Flow target at the end of the three-year measuring period and are presented in the table based on target amounts. Refer to footnote (2) to our Summary Compensation Table for the maximum number of shares that could be awarded.

#### Non-Equity Incentive Plan Awards

Refer to our Summary Compensation Table for the actual payouts for fiscal 2014, 2013 and 2012. Additional information about these awards and our actual performance is included in our CD&A, Annual Performance Bonus.

#### Equity Incentive Plan Awards

During fiscal 2014, each of our NEOs received awards under our Equity Incentive Plan. Additional information about the awards is included in our CD&A, Long-Term Incentives.

## OUTSTANDING EQUITY AWARDS AT JANUARY 1, 2015

Name	Stock Option Awards				Restricted Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested (b)	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date (a)	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested (b)		Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (c)
Kurt C. Hall	237,864		\$ 16.43	1/14/2020				
	227,689		\$ 17.79	1/13/2021				
	490,445		\$ 15.83	4/4/2021				
	50,598	25,298(d)	\$ 12.73	1/12/2022				
							73,502	\$ 1,056,224
						96,710	\$ 1,389,723	
					21,491(f)	\$ 308,826		
					26,363(i)	\$ 378,836		
							79,090	\$ 1,136,523
Clifford E. Marks	182,964		\$ 17.79	1/13/2021				
	38,543		\$ 23.28	9/7/2021				
	20,330	20,329(d)	\$ 12.73	1/12/2022				
							59,064	\$ 848,750
							92,349	\$ 1,327,055
					20,522(f)	\$ 294,901		
					38,712(i)	\$ 556,291		
							62,685	\$ 900,784
David J. Oddo	3,098		\$ 20.34	2/13/2017				
	1,033		\$ 18.88	4/29/2018				
	1,264		\$ 17.79	1/13/2021				
		562(d)	\$ 12.73	1/12/2022				
							1,632	\$ 23,452
						2,871	\$ 41,256	
					638(f)	\$ 9,168		
					833(g)	\$ 11,970		
							3,750	\$ 53,888
					833(h)	\$ 11,970		
							3,750	\$ 53,888
					10,201(i)	\$ 146,588		
							3,919	\$ 56,316
Jeffrey T. Cabot	5,163	2,581(d)	\$ 12.73	1/12/2022				
							7,500	\$ 107,775
							5,933	\$ 85,257
						1,318(f)	\$ 18,940	
						833(g)	\$ 11,970	
							3,750	\$ 53,888
					11,413(i)	\$ 164,005		
							4,288	\$ 61,619
Ralph E. Hardy	22,143		\$ 8.93	1/15/2019				
	19,745		\$ 17.79	1/13/2021				

Edgar Filing: National CineMedia, Inc. - Form DEF 14A

6,582	6,581(d)	\$ 12.73	1/12/2022			19,122	\$ 274,783
						25,115	\$ 360,903
				5,581(f)	\$ 80,199		
				10,528(i)	\$ 151,287		
						17,048	\$ 244,980

Name	Stock Option Awards				Restricted Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested (b)
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date (a)	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested (b)	Equity Incentive Plan Awards: Number of Shares That Have Not Vested (c)
Alfonso P. Rosabal, Jr.	77,443		\$ 18.57	11/4/2020			
	26,981		\$ 17.79	1/13/2021			
	3,997	3,997(d)	\$ 12.73	1/12/2022			
	2,582	2,581(e)	\$ 13.66	8/2/2022			11,614 \$ 166,893
							7,500 \$ 107,775
				6,786(f)	\$ 97,515	30,541	\$ 438,874
				20,710(i)	\$ 297,603		
						32,592	\$ 468,347

- (a) Options generally expire prior to date if NEO terminates employment.  
 (b) Amounts are based on the closing stock price, \$14.37 per share, on December 31, 2014 based on the target level of performance.  
 (c) The restricted stock awards are scheduled to vest based on achievement of the actual cumulative Free Cash Flow target at the end of the three-year measuring period. Refer to CD&A for discussion of cumulative Free Cash Flow.  
 (d) The options vest 33.33% per year commencing on January 12, 2013, subject to continuous service.  
 (e) The options vest 33.33% per year commencing on August 2, 2013, subject to continuous service.  
 (f) The restricted stock vests 33.33% per year commencing on January 16, 2014, subject to continuous service.  
 (g) The restricted stock vests 33.33% per year commencing on May 1, 2014, subject to continuous service.  
 (h) The restricted stock vests 33.33% per year commencing on August 14, 2014, subject to continuous service.  
 (i) The restricted stock vests 33.33% per year commencing on January 15, 2015, subject to continuous service.  
 See Long-Term Incentives in the CD&A for additional information.

**OPTION EXERCISES AND STOCK VESTED AT JANUARY 1, 2015**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (a)	Number of Shares Acquired on Vesting	Value Realized on Vesting (b)
Kurt C. Hall		\$	38,726	\$ 642,059
Clifford E. Marks		\$	32,745	\$ 547,043
David J. Oddo	7,265	\$ 24,763	1,619	\$ 25,970
Jeffrey T. Cabot		\$	1,077	\$ 18,993
Ralph E. Hardy		\$	10,071	\$ 166,960
Alfonso P. Rosabal, Jr.		\$	6,710	\$ 116,657

- (a) Amounts are based on the difference between the market price of our shares at exercise and the exercise price of the options.  
 (b) Amounts are based on the closing stock price on the date realized.

**Potential Payments Upon Termination or Change in Control**

The following summaries set forth potential payments payable to our NEOs upon termination of their employment or a change in control of NCM, Inc. under their employment agreements, as amended, and under the Equity Incentive Plan. The following discussion is based on the assumption that the actual bonus amount would be the target amount reported as a non-equity incentive plan award in the Grants of Plan Based Awards table. Actual payments may be more or less than the amounts described below. In addition, the Company may enter into new arrangements or modify these arrangements, from time to time. Each employment agreement provides definitions for the termination reasons.

The following table assumes the executive's employment was terminated under each of these circumstances on January 1, 2015 and such payments and benefits have an estimated value of:

	Cash Severance (1)	Bonus (1)	Medical Insurance (2)	Term Life Insurance (2)	Disability Insurance (2)	401(k) Employer Contribution (2)	Value of Accelerated Equity Awards (2)
<b>Kurt C. Hall (a)</b>							
Without Cause	\$ 1,592,084	\$ 367,452	\$ 54,720	\$ 1,780	\$ 2,712		
For Good Reason	\$ 2,388,126	\$ 367,452	\$ 54,720	\$ 1,780	\$ 2,712		
Without Cause or For Good Reason 3 months prior or one year following a Change of Control	\$ 3,582,189	\$ 367,452	\$ 68,400	\$ 2,225	\$ 3,390		\$ 4,311,734
Death		\$ 367,452	\$ 27,360				
Disability		\$ 367,452	\$ 27,360	\$ 890	\$ 1,356		
<b>Clifford E. Marks (b)</b>							
Without Cause or For Good Reason or Expiration of Agreement	\$ 767,612	\$ 579,472	\$ 27,360	\$ 858	\$ 1,356	\$ 6,240	
Without Cause or For Good Reason 3 months prior or one year following a Change of Control		579,472					\$ 3,961,212
Death	\$	\$ 579,472	\$ 27,360	\$	\$		
Disability*	\$ 383,806	\$ 579,472	\$ 27,360	\$ 858	\$ 1,356		
<b>Ralph E. Hardy (c)</b>							
Without Cause or For Good Reason or Expiration of Agreement	\$ 298,222	\$ 103,244	\$ 26,834	\$ 334	\$ 1,356	\$ 6,240	
Without Cause or For Good Reason 3 months prior or one year following a Change of Control		\$ 103,244					\$ 1,122,974
Death		\$ 103,244	\$ 26,834				
Disability*	\$ 149,111	\$ 103,244	\$ 26,834	\$ 334	\$ 1,356		
<b>Alfonso P. Rosabal, Jr. (c)</b>							
Without Cause or For Good Reason or Expiration of Agreement	\$ 341,000	\$ 121,409	\$ 27,360	\$ 305	\$ 1,356	\$ 6,240	
Without Cause or For Good Reason 3 months prior or one year following a Change of Control		\$ 121,409					\$ 1,585,425
Death		\$ 121,409	\$ 27,360				
Disability*	\$ 170,500	\$ 121,409	\$ 27,360	\$ 305	\$ 1,356		

\* net of amounts offset by disability insurance payments

(1) If the employment of the NEO is terminated by NCM, Inc. for reasons other than disability, death or cause, or the executive resigns for good reason, as defined in the agreement, or his agreement is not renewed on substantially equal terms, he will be entitled to severance for a specified period and any annual bonuses awarded but not yet paid. If the NEO's employment terminates due to his death, his beneficiaries will receive his base salary paid through the end of the month of his death. Except for Mr. Hall, if the NEO terminates employment on account of his disability, in exchange for



a release of claims against the Company, he will be entitled to his base salary for a period of six months following termination, offset by any disability benefits provided under a company sponsored benefit arrangement.

- (a) If the employment of Mr. Hall is terminated by NCM, Inc., for reasons other than permanent disability, death or cause, he will be entitled to severance equal to two times his base salary. If Mr. Hall resigns from NCM, Inc. with good reason, as defined in the agreement, he will be entitled to severance equal to three times his base salary. If, within three months before or one year after a change of control, as defined in the agreement, Mr. Hall resigns for good reason or his employment is terminated for reasons other than permanent disability, death or cause, he would be entitled to severance equal to 2.25 times the sum of his base salary and his target bonus. If Mr. Hall terminates employment for any reason, other than cause, he or his beneficiaries will receive his actual bonus for the current year prorated by the number of days until his termination to be paid at the same time bonuses are paid to other executives. Because this table assumes termination as of January 1, 2015, the full 2014 bonus would be payable. Amounts are based on Mr. Hall's base salary in effect on January 21, 2015.
  - (b) Mr. Marks will be entitled to severance equal to the greater of (1) his base salary paid over the remaining existing term of the contract and a bonus equal to the last bonus paid per month applied against the remaining contract period or (2) one year of base salary plus 100% of the bonus amount paid for the last full year of employment. The cash severance amount is based on Mr. Marks' base salary in effect on January 21, 2015 and the bonus amount is based on the Summary Compensation Table under the heading "Non-Equity Incentive Plan Compensation" for 2014.
  - (c) Mr. Hardy and Mr. Rosabal's severance represents base salary paid over 12 months based on his base salary in effect on January 21, 2015.
- (2) Except for Mr. Hall, if the employment of a NEO is terminated by NCM, Inc. for reasons other than disability, death or cause, or he resigns for good reason, as defined in the agreement, the NEO is entitled to receive an amount equal to NCM, Inc.'s premium costs or other contributions made by the Company on behalf of each NEO with respect to all employee benefit plans or programs that such NEO was participating in on the date of his termination of employment, for a specified period. If Mr. Hall's employment is terminated by NCM, Inc. for reasons other than disability, death or cause, or he resigns for good reason, as defined in the agreement, he will be entitled to payments equal to the amount of company contributions and payments under any medical, health and life insurance plans per month for the preceding calendar year, for a specified period. If the NEO terminates employment on account of his death or disability, he or his beneficiaries will be entitled to one year of continued coverage under the NCM, Inc. medical and health insurance plan pursuant to COBRA.
- (a) Amounts for Mr. Hall represent a 24-month period, except if within three months before or one year after a change of control, as defined in the agreement, then he is entitled to 30-months of continued benefits.
  - (b) Amounts for Mr. Marks represent estimates until the date he receives equivalent coverage but not longer than the period for which his base salary is paid after termination.
  - (c) Amounts for Mr. Hardy and Mr. Rosabal represent a 12-month period.
- (3) Under the Equity Incentive Plan, if within three months prior to or one year after the consummation of a change of control, as defined in the plan, the NEO's employment is terminated by NCM, Inc., its affiliate or a successor in interest without cause or by the NEO for good reason, both as defined in the plan, then all outstanding options and stock appreciation rights shall become immediately exercisable and all other awards shall become vested and any restrictions will lapse. Amounts are based on the closing stock price, \$14.37 per share, on December 31, 2015.

#### **Employment Agreements**

On February 13, 2007, NCM, Inc. and NCM LLC entered into multi-year employment agreements with three of our NEOs (Messrs. Hall, Marks and Hardy) as described further below. The agreements were amended effective as of January 1, 2009 in order to comply with the requirements of Section 409A and Section 162(m) of the Internal Revenue Code of 1986. We entered into an employment agreement with Mr. Rosabal on January 15, 2014. The Compensation Committee believes these employment agreements are consistent with the industry standard in our industry for top executives. The agreements provide for payments and benefits if each executive's employment with the Company and its affiliates is terminated (i) without cause (as defined in the agreements), (ii) for good reason (as defined in the agreements), (iii) without cause or good reason three months prior to or within one year following a change of control (as defined in the agreements), (iv) in the event of death, and (v) in the event of disability. See "Potential Payments Upon Termination or Change in Control" for additional information about such payments and benefits.

#### ***Kurt C. Hall***

Mr. Hall's employment agreement, which initially had a two-year term beginning February 13, 2007, provides that he will serve as President, Chief Executive Officer and as a member of the Board of NCM, Inc. On

each May 24, beginning in 2007, one year is added to the term of the agreement. The agreement initially provided that Mr. Hall be paid an initial base salary at the rate of \$700,000 per year, subject to annual increases at the discretion of the Compensation Committee based on previous year performance, market conditions and other factors deemed to be relevant by the Compensation Committee. The Compensation Committee set Mr. Hall's base salary at \$765,131, \$765,131 and \$779,845 and \$796,042 effective January 2012, January 2013 and January 2014, and January 2015 respectively. In addition to base salary, Mr. Hall is eligible to receive an annual cash bonus pursuant to the Company's annual Performance Bonus Plan based upon attainment of performance goals determined by the Compensation Committee. Mr. Hall will also be reimbursed for reasonable out-of-pocket business expenses. Under the agreement, during his employment and for 12 months thereafter, Mr. Hall, subject to certain limitations, has agreed not to compete with NCM, Inc. or any of its affiliates or subsidiaries or solicit anyone who was employed by these entities. Under the agreement, Mr. Hall has also agreed not to divulge or disclose confidential information of NCM, Inc. or its affiliates or subsidiaries except in the business of and for the benefit of NCM, Inc., or as required by law.

***Clifford E. Marks***

Mr. Marks' employment agreement, which initially had a two-year term beginning February 13, 2007, provides that he will serve as the President of Sales & Marketing. On September 30 of each year, beginning in 2008, the term is automatically extended by one year. Under the agreement, Mr. Marks is paid a base salary, which was initially at the rate of \$675,000 per year with increases of not less than 1% annually; however the Company and Mr. Marks agreed that his base salary would not be increased for fiscal 2009. The Compensation Committee set Mr. Marks' base salary at \$737,805, \$737,805 and \$751,994 and \$767,612 effective January 2012, January 2013, January 2014 and January 2015, respectively. The Compensation Committee will review Mr. Marks' salary at least annually and may increase (but not reduce) the base salary in its sole discretion. In addition to base salary, Mr. Marks is eligible to receive an annual cash bonus pursuant to the Company's annual Performance Bonus Plan based upon attainment of performance goals determined by the Compensation Committee. The Compensation Committee will review Mr. Marks' bonus structure and may adjust the bonus structure in its sole discretion based on previous year performance, market conditions and other factors deemed relevant by the Compensation Committee. Under the agreement, during his employment and for 12 months thereafter, Mr. Marks has agreed not to compete with NCM, Inc., its affiliates or subsidiaries, or solicit anyone who is an employee, officer or agent of these entities. Under the agreement, Mr. Marks has also agreed not to divulge or disclose customer lists or trade secrets of NCM, Inc. or its affiliates or subsidiaries except in the course of carrying out his duties under the agreement or as required by law.

***Ralph E. Hardy***

Mr. Hardy's employment agreement provides that he will serve as the Executive Vice President and General Counsel of NCM, Inc. The term of employment terminates on each December 31, but will be considered automatically renewed unless notice of termination is given by either party. The agreement initially provided that Mr. Hardy be paid an initial base salary at the rate of \$221,728 per year, subject to further annual increases at the discretion of the Compensation Committee based on previous year performance, market conditions and other factors deemed relevant by the Compensation Committee. The Compensation Committee set Mr. Hardy's base salary at \$286,642, \$286,642 and \$292,154 and \$298,222 effective January 2012, January 2013, January 2014 and January 2015, respectively. In addition to base salary, Mr. Hardy is eligible to receive an annual cash bonus pursuant to the Company's annual Performance Bonus Plan based upon attainment of performance goals determined by the Compensation Committee. Under the agreement, during his employment and for so long as he is entitled to receive any benefits or payment under the agreement (but in no event less than 12 months), Mr. Hardy has agreed not to compete with NCM, Inc. or any of its affiliates or subsidiaries, or solicit any of the employees, officers or agents of these entities. Under the agreement, Mr. Hardy has also agreed not to divulge or disclose customer lists or trade secrets of NCM, Inc. or its affiliates or subsidiaries except in the course of carrying out his duties under the agreement or as required by law.

*Alfonso P. Rosabal, Jr.*

Mr. Rosabal's employment agreement provides that he will serve as the Executive Vice President, Chief Technology Officer and Chief Operations Officer of NCM, Inc. The term of employment terminates on each December 31, but will be considered automatically renewed unless notice of termination is given by either party. The agreement initially provided that Mr. Rosabal be paid an initial base salary at the rate of \$268,400 per year, subject to further annual increases at the discretion of the Compensation Committee based on previous year performance, market conditions and other factors deemed relevant by the Compensation Committee. The Compensation Committee set Mr. Rosabal's base salary at \$341,000 effective January 2015. In addition to base salary, Mr. Rosabal is eligible to receive an annual cash bonus pursuant to the Company's annual Performance Bonus Plan based upon attainment of performance goals determined by the Compensation Committee. Under the agreement, during his employment and for so long as he is entitled to receive any benefits or payment under the agreement (but in no event less than 12 months), Mr. Rosabal has agreed not to compete with NCM, Inc. or any of its affiliates or subsidiaries, or solicit any of the employees, officers or agents of these entities. Under the agreement, Mr. Rosabal has also agreed not to divulge or disclose customer lists or trade secrets of NCM, Inc. or its affiliates or subsidiaries except in the course of carrying out his duties under the agreement or as required by law.

**NON-EMPLOYEE INDEPENDENT DIRECTOR COMPENSATION**

*Non-Employee Directors*

For our 2014 fiscal year, our directors who were not our employees or employees of our founding members ( independent directors ) received annual cash retainers and meeting fees as follows.

\$45,000 per annum	Retainer for each independent director
\$12,000 per annum	Additional retainer for serving as Lead Director
\$12,000 per annum	Additional retainer for serving as Chairman of the Audit Committee
\$6,000 per annum	Additional retainer for serving as Chairman of the Compensation Committee or Nominating and Governance Committee
\$1,750 per meeting	Fee for attending meetings of the board of directors
\$1,750 per meeting	Fee for attending meetings of the Audit Committee
\$1,200 per meeting	Fee for attending meetings of the Compensation Committee or Nominating and Governance Committee
\$1,200 per meeting	Fee for attending meetings of the Special Committee

Non-employee directors received a grant of 5,144 restricted stock units at \$19.44 per share on January 15, 2014. Ms. Madison received a grant of 5,144 restricted stock units at \$15.19 per share on April 30, 2014. The restricted stock units will be settled in shares of the Company's common stock. The restricted stock units vested on February 15, 2015 and had a value of \$14.92 per share based on the closing price of the Company's common stock on the trading day preceding the vesting date. The restricted stock unit awards include the right to receive dividend equivalents, subject to vesting. We reimburse all of our directors for reasonable travel, lodging and other expenses related to their service on our board of directors.

In January 2015, the Nominating and Governance Committee considered compensation for 2015 for non-employee directors and recommended no change to the cash fees, but increased the value of their grant of restricted stock units from \$100,000 to \$110,000. Non-employee directors received a grant of 7,468 restricted stock units at \$14.73 per share on January 21, 2015. The restricted stock units will be settled in shares of the Company's common stock. The restricted stock units are scheduled to vest on February 21, 2016, subject to continuous service. The restricted stock unit awards include the right to receive dividend equivalents, subject to vesting.

**Employee Directors**

Our employees and employees of our founding members who also serve as directors receive compensation for their services as employees from their respective employers, but they do not receive any additional compensation from us for their service as our directors.

**FISCAL 2014 NON-EMPLOYEE INDEPENDENT DIRECTOR COMPENSATION**

Name	Fees Earned or Paid in Cash (4)	Stock Awards (5)	All Other Compensation (6)	Total
Lawrence A. Goodman	\$ 100,700	\$ 99,999	\$ 7,099	\$ 207,798
David R. Haas	\$ 111,200	\$ 99,999	\$ 7,099	\$ 218,298
James R. Holland, Jr. (1)	\$ 79,750	\$ 99,999	\$	\$ 179,749
Stephen L. Lanning	\$ 85,850	\$ 99,999	\$ 7,099	\$ 192,948
Thomas F. Lesinski (2)	\$	\$	\$	\$
Paula Williams Madison	\$ 68,500	\$ 78,137	\$ 3,395	\$ 150,032
Edward H. Meyer (3)	\$ 12,852	\$ 99,999	\$	\$ 112,851
Scott N. Schneider	\$ 101,600	\$ 99,999	\$ 7,099	\$ 208,698

- (1) Mr. Holland resigned from NCM, Inc.'s board of directors on October 27, 2014. Mr. Holland served as the Company's lead director and was a member of the Company's Audit Committee. Mr. Holland forfeited 5,144 of his unvested restricted stock units upon his resignation.
- (2) Mr. Lesinski was named a director of NCM, Inc. on December 19, 2014 filling the vacancy left by the resignation of Mr. Holland. Mr. Lesinski attended his first meeting in January 2015, and thus did not receive any compensation for the 2014 fiscal year.
- (3) Mr. Meyer resigned from NCM, Inc.'s board of directors on March 3, 2014. Mr. Meyer served on the Company's Compensation Committee and Nominating and Governance Committee. AMC nominated Paula Williams Madison as his replacement and the board of directors appointed her as a director on March 3, 2014. Mr. Meyer received an annual retainer prorated for his time of service during 2014 and forfeited 5,144 of his unvested restricted stock units upon his resignation.
- (4) The following table provides details about each component of the Fees Earned or Paid in Cash column from the Fiscal 2014 Director Compensation Table above.

Name	Annual Retainer	Lead Director/ Committee Chair Retainer	Meeting Fees	Total Fees Earned or Paid in Cash
Lawrence A. Goodman	\$ 45,000	\$ 6,000	\$ 49,700	\$ 100,700
David R. Haas	\$ 45,000	\$ 12,000	\$ 54,200	\$ 111,200
James R. Holland, Jr.	\$ 45,000	\$ 12,000	\$ 22,750	\$ 79,750
Stephen L. Lanning	\$ 45,000	\$ 6,000	\$ 34,850	\$ 85,850
Paula Williams Madison	\$ 45,000	\$	\$ 23,500	\$ 68,500
Edward H. Meyer	\$ 7,502	\$	\$ 5,350	\$ 12,852
Scott N. Schneider	\$ 45,000	\$	\$ 56,600	\$ 101,600

- (5) The amounts represent the aggregate grant date fair value of the restricted stock unit awards as computed under ASC 718 and do not represent cash payments made to the individuals or amounts realized. The grant date fair value of the awards was \$19.44 per share for Messrs. Goodman, Haas, Holland, Lanning, Meyer and Schneider. The grant date fair value of the awards was \$15.19 per share for Ms. Madison.
- (6) During 2014, NCM, Inc. accrued per share dividends of \$0.22 on March 6, 2014, May 19, 2014, August 21, 2014 and November 20, 2014, respectively. During 2014, NCM, Inc. also accrued a special dividend on March 6, 2014 of \$0.50. The accrued dividends were paid on February 26, 2015 after the vesting on February 15, 2015, except for Mr. Lanning who elected to defer delivery of their shares until February 15,

2016 and will receive his payment of the dividend equivalents upon the delivery of their shares. Mr. Meyer and Mr. Holland did not receive any dividends due to the forfeiture of their restricted stock units prior to vesting. The restricted stock units are also subject to the terms and provisions of the Equity Incentive Plan. The following table provides details about the Stock Awards column from the Fiscal 2014 Director Compensation Table above and outstanding stock awards at January 1, 2015.

Name	Grant Date	Fiscal 2014 Grants		Outstanding Equity Awards at January 1, 2015	
		Number of Shares of Stock	Grant Date Fair Value of Stock Awards (a)	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested (b)
Lawrence A. Goodman	1/15/2014	5,144	\$ 19.44	5,144	\$ 73,919
David R. Haas	1/15/2014	5,144	\$ 19.44	5,144	\$ 73,919
James R. Holland, Jr. (c)	1/15/2014	5,144	\$ 19.44		\$
Stephen L. Lanning (d)	1/15/2014	5,144	\$ 19.44	5,144	\$ 73,919
Paula Williams Madison	4/30/2014	5,144	\$ 15.19	5,144	\$ 73,919
Edward H. Meyer (c)	1/15/2014	5,144	\$ 19.44		\$
Scott N. Schneider	1/15/2014	5,144	\$ 19.44	5,144	\$ 73,919

- (a) Calculated in accordance with ASC Topic 718 as described in footnote (4) to the Fiscal 2014 Director Compensation Table above and based on a stock price of \$19.44.
- (b) Amounts are based on the closing stock price, \$14.37 per share, on December 31, 2014.
- (c) Mr. Holland and Mr. Meyer resigned during 2014 and their unvested restricted stock units were forfeited upon their resignation.
- (d) Mr. Lanning elected to defer delivery of his shares until February 12, 2016.

**EQUITY COMPENSATION PLAN**

The following table sets forth, as of January 1, 2015, information for all equity compensation plans under which our equity securities were authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,782,600(1)	\$ 16.53(2)	4,126,037(3)
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>3,782,600</b>	<b>\$ 16.53</b>	<b>4,126,037</b>

(1)

## Edgar Filing: National CineMedia, Inc. - Form DEF 14A

Includes 3,004,841 stock option grants; 25,720 restricted stock units; 189,370, 314,660 and 248,009 for additional shares for the 2014, 2013 and 2012 performance-based restricted stock grants, respectively, that may be issued assuming the highest level of performance is achieved (150%). For the 2012 three-year performance awards, we achieved 83.6% of target resulting in a vesting of 0% of the awards on February 23, 2015. Actual results could vary from estimates, especially in the later years included in the three-year projections.

- (2) Restricted stock awards are excluded as there is no exercise price for these awards.
- (3) Represents remaining shares of our common stock available for issuance under the Equity Incentive Plan. The Equity Incentive Plan, as amended, was approved by our stockholders on May 1, 2013.

---

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### General

Before the completion of our IPO in February 2007, NCM LLC was wholly owned by the founding members. After the IPO, NCM LLC was owned by NCM, Inc. and the founding members. In connection with the IPO, we entered into several agreements to define and regulate the relationships among us, NCM LLC and the founding members. 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 going forward, other than ordinary course business relationships. As of January 1, 2015, NCM, Inc. owned approximately 45.8% of the outstanding common membership units in NCM LLC, and the founding members collectively owned approximately 54.2% of the outstanding common membership units in NCM LLC. NCM, Inc. is the sole managing member of NCM LLC.

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*

In connection with the IPO, NCM LLC and each of AMC, Cinemark and Regal executed an amended and restated exhibitor service agreement (ESA), effective as of February 13, 2007, which replaced the exhibitor services agreements previously in effect. In connection with the sale of the Fathom business, on December 26, 2013, NCM LLC and each of AMC, Cinemark and Regal amended and restated the ESAs to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business as described under Other Transactions Sale of Fathom Events Business to AC JV, LLC. Certain basic terms of the ESAs are discussed below:

Advertising Services. Under 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). The ESAs have a term of 30 years from the completion of the IPO, with 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.

The advertising services include the on-screen advertising of the *FirstLook* pre-show, use of the lobby entertainment network or LEN and lobby promotions. The pre-show is generally 20 to 30 minutes long. The *FirstLook* pre-show includes up to two minutes for the founding members to be used to promote various activities associated with operation of the theatres, including concessions, ticketing partners, gift card and loyalty programs, founding member special events and vendors of non-film related services provided to theatres, only if the promotion is incidental to the vendor's service (called theatre advertising). During 2014, the last 60 seconds of the *FirstLook* program was sold to NCM LLC's founding members to be used to satisfy the founding members' on-screen advertising commitments under their beverage concessionaire agreements. In December 2014, we were notified by one of our founding members that beginning in July 2015, they will reduce their beverage advertising from 60 seconds to 30 seconds to accommodate a six-month test of other in-theatre marketing activities by their beverage supplier. Beginning in 2012, the CPM rate equaled the annual percentage change in the advertising CPM charged by NCM LLC to unaffiliated third parties whose ads exhibited in segment one of the *FirstLook* pre-show, limited to the highest advertising CPM being then-charged by NCM LLC.

In the lobby, the founding members are required to provide a specified number of LEN screens according to the number of auditoriums in the theatre. The founding members have the right to install additional screens in their theatre lobbies, but these screens can only be used for limited strategic programs, described below, concessions and theatre advertising. NCM LLC's founding members may conduct a limited number of lobby promotions at no charge in connection with the promotion of motion pictures and their strategic programs; however, such activities do not reduce the lobby promotions inventory available to us.

**Payments.** In consideration for access to the founding members' theatre attendees for on-screen advertising and use of the founding members' theatres for the LEN and lobby promotions, the founding members receive a monthly theatre access fee. The theatre access fee is composed of a fixed payment per patron and a fixed payment per digital screen, which may be adjusted for any advertising exhibited by some, but not all, theatres or founding members because of content objections or technical capacity. Beginning on October 1, 2010, the theatre access fee paid to founding members included an additional fee for digital cinema systems connected to our advertising network. The payment per theatre patron increases by 8% every five years with the first such increase occurring after the end of fiscal 2011. The payment per digital screen and for the digital cinema systems increases annually by 5%. In 2014, the theatre access fee aggregate payments to the founding members totaled \$70.6 million. Also in 2014, total revenue from the founding members related to beverage concessionaire agreements totaled \$38.4 million.

**Net Payments to Founding Members.** In 2014, the net payments to each founding member for theatre access fees and payments for use of their screens and theatres for the Fathom business, less the purchase from NCM LLC of advertising under the founding member's beverage concessionaire agreements were \$9.0 million to AMC, \$9.2 million to Cinemark and \$14.1 million to Regal, respectively.

#### ***NCM LLC Operating Agreement***

NCM, Inc., AMC, Cinemark and Regal executed the NCM LLC third amended and restated limited liability company operating agreement, effective as of February 13, 2007, which was amended on March 16, 2009 (to permit NCM LLC to provide advertising to a variety of out-of-home advertising venues), and on August 6, 2010 and September 3, 2013 (in each case, to modify the timing of written notice should a founding member desire to exercise its option to redeem common membership units). Certain basic terms of the restated operating agreement are as follows.

**Manager of NCM LLC.** NCM, Inc. is a member and the sole manager of NCM LLC. As the sole manager, NCM, Inc. controls all of the day to day business affairs and decision-making of NCM LLC through our officers and directors without the approval of any other member. Furthermore, we cannot be removed as manager of NCM LLC. As long as we are the manager of NCM LLC, unless the founding members approve, our business will be limited to owning and managing the common units, managing the business of NCM LLC, fulfilling our obligations under the Exchange Act, and activities incidental to the foregoing. We are not entitled to compensation for our services as manager except as provided in the Management Services Agreement described under **Transactions with NCM LLC - Management Services Agreement** below or as otherwise approved by the members under the restated operating agreement. We are entitled to reimbursement by NCM LLC for our reasonable out-of-pocket expenses incurred by us on its behalf. In connection with entering into the Screenvision merger agreement, which was terminated in March 2015, the founding members acknowledged that NCM LLC would indemnify us with respect to the termination fee and any costs incurred in connection with the proposed Screenvision merger.

**Issuance of Units upon Exercise or Vesting of Equity Compensation.** Upon the exercise of options we have issued or the vesting of shares for other types of equity compensation, we will have the right to acquire from NCM LLC a number of common units equal to the number of our shares being issued in connection with the exercise of options or vesting of shares for other types of equity compensation. In consideration for such units,

we will contribute to NCM LLC the consideration we received for the exercise of options or vesting of shares for other types of equity compensation. In 2014, we acquired 231,789 units due to vesting of restricted stock and exercise of options and contributed \$0.8 million to NCM LLC.

**Founding Member Approval Rights.** If any director designee to our board of directors designated by NCM LLC's founding members under the Director Designation Agreement, described below, is not appointed to our board, nominated by us or elected by our stockholders, as applicable, then each of the founding members (so long as such founding member continues to own 5% of NCM LLC's issued and outstanding common membership units) will be entitled to approve certain actions of NCM LLC as identified in the restated operating agreement.

**Distributions.** We are required to make mandatory distributions to members of all Available Cash, as defined in the restated operating agreement. Available Cash does not include amounts drawn or paid under NCM LLC's working capital line of credit. The mandatory distributions must occur quarterly. In 2014, available cash distributions totaled \$146.4 million. Of that amount, the portion payable to NCM, Inc., AMC, Cinemark and Regal totaled \$67.0 million, \$21.9 million, \$28.0 million and \$29.5 million, respectively.

**Common Unit Redemption Right.** Members have a redemption right to exchange common membership units of NCM LLC for our shares of common stock on a one-for-one basis (as adjusted for certain events), or at our option, a cash payment equal to the market price of one share of our common stock. Under our amended and restated certificate of incorporation, upon the surrender of the NCM LLC common units, we will then contribute cash or shares of our common stock to NCM LLC in exchange for an amount of newly issued common units equal to the number of units surrendered by the redeeming member. NCM LLC will then distribute the cash or shares of common stock to the redeeming member to complete the redemption.

#### ***Common Unit Adjustment Agreement***

NCM, Inc., NCM LLC, AMC, Cinemark, and Regal executed the common unit adjustment agreement, effective as of February 13, 2007. The common unit adjustment agreement provides a mechanism for adjusting membership units held by the founding members based on increases or decreases in the number of screens operated by each founding member. Increases in the number of screens are included in the unit adjustment if arising from acquisition of a theatre or opening of a newly constructed theatre (subject to certain exceptions). Decreases in the number of screens are included in the unit adjustment if arising from disposition of a theatre (subject to certain exceptions).

NCM LLC adjusts its membership units annually, except that an earlier adjustment will occur for a founding member if it acquires or disposes of theatres, in a single transaction or cumulatively that will result in a change of two percent or more in the total annual attendance of all founding members (called an extraordinary attendance increase or decrease). The changes in annual attendance are calculated based on attendance at the relevant theatres during the prior twelve fiscal months; however, if an acquired theatre has not been operating during the twelve prior fiscal months, the change in annual attendance will be calculated based on 75% of the projected annual attendance for such theatre, with a subsequent adjustment for the actual attendance.

On March 27, 2014, NCM LLC issued 141,731 common membership units to AMC, 557,631 common membership units to Cinemark and 388,549 common membership units to Regal for the 2013 fiscal year common unit agreement adjustment. Neither NCM, Inc. nor NCM LLC received any cash consideration in exchange for the issuance of the units.

Theatre and attendance information is being provided to us by our founding members and we expect the calculation for our 2014 fiscal year common unit adjustment to be completed pursuant to the provisions in the common unit adjustment agreement in the first quarter of 2015.

---

***Tax Receivable Agreement***

NCM, Inc., NCM LLC, AMC, Cinemark, and Regal executed the tax receivable agreement, effective as of February 13, 2007, as amended on April 29, 2008 (to permit NCM, Inc. to make estimated payments to each of the founding members or ESA parties).

The tax receivable agreement provides for the effective payment by us to the founding members of 90% of the amount of cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that we actually realized as a result of certain increases in our proportionate share of tax basis in NCM LLC's tangible and intangible assets resulting from our IPO and related transactions, including increases attributable to payments made under the tax receivable agreement. These tax benefit payments are not conditioned upon one or more of the founding members maintaining a continued ownership interest in either NCM LLC or NCM, Inc. We expect to benefit from the remaining 10% of cash savings, if any, that we may actually realize.

Under the tax receivable agreement, cash savings in income and franchise tax are computed by comparing our actual income and franchise tax liability to the amount of such taxes that we would have been required to pay had there been no increase in our proportionate share of tax basis in NCM LLC's tangible and intangible assets and had the tax receivable agreement not been entered into. The tax receivable agreement generally applies to our taxable years up to and including the 30th anniversary date of our IPO and will continue until any utilized benefits are no longer subject to potential audit or examination by a taxing authority. The term of the tax receivable agreement may, however, be terminated at an earlier date in the event that we exercise our right to terminate the agreement pursuant to an early termination procedure that requires us to pay the founding members an agreed upon amount equal to the present value of the estimated remaining payments to be made under the revenue sharing agreement.

Although the actual timing and amount of any payments that may be made under the tax receivable agreement varies depending upon a number of factors (including the timing of any redemptions of common membership units in NCM LLC by our founding members, the extent to which such redemptions are taxable, the trading price of shares of our common stock at the time of any such redemptions, and the amount and timing of our income), we expect the payments that we may effectively make to the founding members could be substantial. If the Internal Revenue Service or other taxing authority were to subsequently challenge any of our cash savings covered by the tax receivable agreement, and if such challenge were ultimately upheld, the terms of the tax receivable agreement require the founding members to repay to us an amount equal to the prior payments effectively made by us in respect of such disallowed cash savings, plus a proportionate share of any applicable interest and penalties. In such an event, and if a founding member is unable to make a timely repayment to us under the terms of the tax receivable agreement, we will have the ability to cause NCM LLC to offset against payments owed to the founding member. The repayment obligation is a several liability of each founding member and not a joint liability among the founding members.

As of January 1, 2015, we had a balance recorded for the payable to our founding members under the tax receivable agreement of approximately \$166.3 million, of which the Company expects to make \$1.5 million for the 2012 taxable year and \$18.1 million for the 2014 taxable year. In 2014, pursuant to the terms of the tax receivable agreement, we made estimated payments of \$8.7 million to AMC, \$6.4 million to Cinemark and \$12.0 million to Regal, respectively for the 2012 and 2013 taxable years.

***Software License Agreement***

NCM LLC, AMC, Cinemark, Regal CineMedia Corporation ( RCM ) and Digital Cinema Implementation Partners, LLC, a company jointly owned by the founding members ( DCIP ), executed the Second Amended and Restated Software License Agreement effective as of February 13, 2007 (the license agreement ). Certain basic terms of the license agreement are discussed below:

AMC and RCM granted to NCM LLC an exclusive license (subject to certain exceptions) to identified technology for use in the United States with respect to the services provided under the ESAs. The founding

members and DCIP each granted to NCM LLC a license, subject to certain limitations, to any existing and future developments of such party based on the licensed technology that has application to the services provided under the ESAs. NCM LLC granted to the founding members a license, subject to certain limitations, to any NCM LLC developments that existed at the IPO date based on licensed technology, solely for the founding members' internal business purposes that are outside of the services that are defined in the ESAs (but not including digital cinema applications). NCM LLC granted DCIP a license, subject to certain exceptions, to any existing and future NCM LLC developments that may have digital cinema applications.

***Director Designation Agreement***

NCM, Inc., AMC, Cinemark and Regal executed the director designation agreement effective as of February 13, 2007.

So long as a founding member owns at least 5% of NCM LLC's issued and outstanding common membership units, the founding member has the right to designate two nominees to our ten-member board of directors who are voted upon by our stockholders. At least one of the designees of such founding member must qualify as an independent director at the time of designation so that a majority of the members of the board are independent directors under the Nasdaq rules. Any remaining directors will be selected for nomination by our Nominating and Governance Committee. During the time that any founding member has designation rights, we will not take any action to change the size of our board from ten. We have agreed to include each director designee in the board's slate of nominees submitted to our stockholders for election of directors and in the proxy statement prepared by management for every meeting of our stockholders called with respect to the election of members of the board, subject to certain exceptions.

If a vacancy occurs because of the death, disability, resignation or removal of a director designee, then the board, or any board committee, will not vote, fill the vacancy or take any action subject to supermajority board approval under our amended and restated certificate of incorporation until (i) the founding member has designated a successor director designee and the board has appointed such successor director designee, (ii) the founding member fails to designate a successor director designee within 10 business days of such vacancy, or (iii) the founding member has waived its rights to designate a successor director designee and has consented to the board, or any board committee, taking a vote on the specified actions prior to the board filling the vacancy with a successor director designee.

***Registration Rights Agreement***

NCM, Inc., AMC, Cinemark and Regal executed the registration rights agreement effective as of February 13, 2007.

The registration rights agreement requires us to use our reasonable efforts to file a registration statement on the first business day after the one-year anniversary of the closing of our IPO to register all registrable securities held by the founding members that are not already registered, if necessary, and to file resale registration statements after that time for any additional registrable securities that we issue to any founding member in the future, within 20 days after such issuance. Additionally, we must maintain effectiveness of these mandatory registration statements until the earlier of the time when the founding members have disposed of all their registrable securities and the time when all registrable securities held by the founding members are eligible for resale under specified securities regulations. We are responsible for the expenses in connection with the registration of securities pursuant to the registration rights agreement.

We filed a Form S-3 automatic shelf registration statement covering 69,543,579 shares on December 16, 2014, which was declared effective immediately.

***Joint Defense Agreements***

NCM, Inc., NCM LLC and the founding members from time to time may enter into a joint defense and common interest agreement, under which the parties agree to cooperate and share information in order to advance their shared interests in owning and operating NCM LLC.

***Agreements with Founding Members Services***

In 2014, AMC, Cinemark and Regal purchased approximately \$0.3 million of NCM LLC's advertising inventory for their own use. In addition, NCM LLC paid approximately \$1.0 million in aggregate to AMC, Cinemark and Regal for the purchases of movie tickets and concession products primarily for marketing to NCM LLC's advertising clients.

**Other Transactions**

***Sale of Fathom Events Business to AC JV, LLC***

On December 26, 2013, NCM LLC sold the Fathom Events business to AC JV, LLC owned 32% by each of the founding members and 4% by us. In consideration for the sale, NCM LLC received a total of \$25.0 million in promissory notes from our founding members (one-third or approximately \$8.3 million from each founding member). The notes bear interest at a fixed rate of 5.0% per annum, compounded annually. Interest and principal payments are due annually in six equal installments commencing on December 26, 2014. Due to the related party nature of the transaction, we formed a committee of independent directors that hired a separate legal counsel and an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. During 2014, we received interest on the notes of approximately \$1.2 million. As described above, NCM LLC amended and restated the ESAs with each of the founding members to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business, which rights and obligations were conveyed to AC JV, LLC. In connection with the sale, we entered into a transition services agreement and a services agreement:

Transition Services Agreement with AC JV, LLC. NCM LLC entered into a transition services agreement with AC JV, LLC upon the closing of the sale of Fathom Events. Under the agreement, NCM LLC will provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for AC JV, LLC for a period of nine months following closing. During the year ended January 1, 2015, we received approximately \$0.2 million under this agreement. The parties extended the transition services agreement, during which extended period NCM would continue to provide certain limited services for a fee.

Services Agreement with AC JV, LLC. NCM LLC entered into a services agreement with AC JV, LLC upon the closing of the sale of Fathom Events. The agreement grants AC JV, LLC advertising on-screen and on our LEN and a pre-feature program prior to Fathom events reasonably consistent with what was previously dedicated to Fathom. In addition, the services agreement provides that we will assist with event sponsorship sales in return for a share of the sponsorship revenue. NCM LLC has also agreed to provide creative and media production services for a fee. The term of the agreement coincided with the ESAs, subject to certain exceptions

***Agreement with LA Live***

During 2009, NCM LLC entered into a digital content agreement with LA Live Cinemas LLC, an affiliate of The Anschutz Corporation, for NCM LLC to provide in-theatre advertising to LA Live in its theatre complex. The affiliate agreement was entered into at terms that are similar to those of our other network affiliates. In 2014, we incurred advertising operating costs of approximately \$0.2 million for payments made to LA Live Cinemas LLC under the agreement.

***Agreement with AEG Live***

NCM LLC entered into a one-year agreement with certain renewal options in August 2014 with AEG Live, an affiliate of The Anschutz Corporation, for AEG Live to showcase musical artists in our *FirstLook* preshow. The Anschutz Corporation is a wholly-owned subsidiary of the Anschutz Company, which is the controlling stockholder of Regal. We received approximately \$0.7 million from AEG Live for these services we provided during 2014.

***Agreement with Starplex***

During 2009, NCM LLC entered into a network affiliate agreement with Starplex Operating L.P. ( Starplex ) for NCM LLC to provide in-theatre advertising services to Starplex in its theatre locations. The affiliate agreement was entered into at terms that are similar to those of our other network affiliates. Starplex is affiliated with Hunt Capital Group LLC, of which James R. Holland, Jr., an independent director (resigned on October 27, 2014), is President and Chief Executive Officer. In 2014, we incurred advertising operating costs of approximately \$3.5 million for payments made to the affiliate under the agreement.

***Agreement with Specific Media***

NCM LLC has an agreement with Specific Media, LLC, an interactive media company, under which we have purchase inventory from them and Specific Media sells our remnant inventory. During 2013, Lawrence A. Goodman, an independent director, served on the board of directors of Specific Media, LLC, a privately held company. During 2014, Specific Media generated approximately \$0.3 million in revenue for NCM LLC.

**Transactions with NCM LLC**

***Management Services Agreement***

On February 13, 2007, NCM, Inc. and NCM LLC executed the management services agreement under which we provide certain management services to NCM LLC, including services typically provided by the individuals serving in the positions of president and chief executive officer, president of sales, executive vice president and chief financial officer (interim co-chief financial officers), executive vice president and chief technology and operations officer and executive vice president and general counsel. In exchange for the services, NCM LLC reimburses us for compensation and other expenses of our officers and employees and for certain out-of-pocket costs. NCM LLC provides administrative and support services to us, such as office facilities, equipment, supplies, payroll and accounting and financial reporting. The management services agreement also provides that our employees may participate in NCM LLC's benefit plans, and that NCM LLC employees may participate in the National CineMedia, Inc. 2007 Equity Incentive Plan. Pursuant to this agreement, NCM LLC paid us approximately \$10.2 million during 2014.

**Review, Approval or Ratification of Transactions with Related Persons**

Since the completion of our IPO in February 2007, our written Statement Of Policy With Respect To Related Party Transactions has required that transactions between us and a Related Person (as defined in the policy) where the aggregate amount involved will or may be expected to exceed \$500,000 be approved by our Audit Committee with any related party transactions below \$500,000 disclosed to our Audit Committee, which is comprised of independent members of our board of directors, in accordance with the guidance in the policy and if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party. 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.

The following transactions are exempt from this policy:

- (1) transactions where the Related Person's interest arises solely from ownership of our common stock and all holders of our common stock receive proportional benefits;
- (2) any compensation paid to a director if the compensation is required to be reported in our proxy statement under Item 402 of Regulation S-K and the compensation has been approved by the Nominating and Governance Committee; and
- (3) any employment by us of an executive officer if the related compensation is required to be reported in our proxy statement under Item 402 of Regulation S-K and the compensation has been approved by the Compensation Committee.

The policy provides for pre-approval of a particular category of related party transactions, provided that:

- (a) a proposed pre-approved transaction or series of related transactions would be in the ordinary course of business of NCM, Inc. or NCM LLC, as applicable, and would not require (i) payments to one or more related parties during any fiscal year in excess of \$500,000, or (ii) receipt of payments during any fiscal year from one or more related parties in excess of \$500,000, or (iii) the receipt or transfer of any tangible or intangible property, other than cash, having a fair market value in excess of \$500,000; and
- (b) the terms and conditions of any such transaction or series of related transactions are fair and reasonable to NCM, Inc. or NCM, LLC, as applicable, as determined by NCM, Inc.'s Chief Executive Officer and Chief Financial Officer, in the exercise of their reasonable discretion.

In such cases, the Chief Executive Officer and Chief Financial Officer may authorize, on behalf of the Audit Committee, the entering into of such transaction or series of transactions by NCM, Inc. or NCM, LLC, as applicable. However, a listing of such approved transactions must be provided to the Audit Committee on a periodic basis.

## **CORPORATE CODE OF CONDUCT**

We have adopted a Corporate Code of Conduct that applies to our directors, executive officers and all of our employees. We will provide any person, without charge and upon request, with a copy of our Corporate Code of Conduct. Requests should be directed to us at 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112-3405, Attention: Secretary. The Corporate Code of Conduct is also available on our website at [www.ncm.com](http://www.ncm.com) at the Investor Relation link. The information on our website is not incorporated into this proxy statement.

We will disclose any amendments to or waivers of the Corporate Code of Conduct on our website at [www.ncm.com](http://www.ncm.com). We have established a confidential hotline and website to answer employees' questions related to the Corporate Code of Conduct and to report any concerns regarding accounting, internal accounting controls or auditing matters. Our Audit Committee also has established procedures to receive, retain and treat complaints regarding accounting, internal accounting controls or auditing matters, and to allow for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of our common stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. As a matter of practice, we assist many of our directors and all of our executive officers by preparing initial ownership reports and reporting ownership changes, and typically file these reports on their behalf. To our knowledge, based solely on our review of the copies of such forms received by us, we believe that all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners have been complied with for the fiscal year ended January 1, 2015, except for a Form 4 filing by Mr. Meyer that was two days late and a Form 3 filing by Mr. Lesinski due December 29, 2014 and filed January 5, 2015. In addition a Form 3 for Ms. Miles was filed in June 2014 for an initial reporting date in June 2011.

## **HOUSEHOLDING**

As permitted by applicable law, we intend to deliver only one copy of certain of our documents, including Notice of Internet Availability of Proxy Materials, proxy statements, annual reports and information statements to stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies thereof. Any such request should be directed to National CineMedia, Inc., 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112-3405, Attention: Investor Relations, or by telephone at (303) 792-3600 or (800) 844-0935. Upon request, we will promptly deliver a separate copy. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

## **PROPOSALS OF STOCKHOLDERS**

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 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.

Stockholders wishing to include proposals in the proxy material in relation to the annual meeting in 2016 must submit the proposals in writing so as to be received by the Secretary at our executive offices, no later than the close of business on November 26, 2015. Such proposals must also meet the other requirements of the rules of the SEC relating to stockholders' proposals and the provisions of our Certificate of Incorporation. If we are not notified of intent to present a proposal at our 2016 annual meeting between January 8, 2016 and February 7, 2016, we will have the right to exercise discretionary voting authority with respect to such proposal, if presented at the meeting, without including information regarding such proposal in our proxy materials.

**OTHER BUSINESS**

We do not anticipate that any other matters will be brought before the Annual Meeting. However, if any additional matters shall properly come before the meeting, it is intended that the persons authorized under proxies may, in the absence of instructions to the contrary, vote or act thereon in accordance with their best judgment.

BY THE BOARD OF DIRECTORS

Ralph E. Hardy

Executive Vice President, General Counsel and

Secretary

Centennial, Colorado

March 26, 2015





