National CineMedia, Inc.
Form DEF 14A
March 15, 2017
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)

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No fee required.
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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

9110 E. Nichols Ave., Suite 200

Centennial, Colorado 80112-3405

Notice of Annual Meeting of Stockholders to be held on April 28, 2017

You are cordially invited to attend the Annual Meeting of Stockholders of National CineMedia, Inc., which will be held at the offices of NCM, Inc., located at 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112 on Friday, April 28, 2017 at 9:00 a.m., Mountain Time, for the following purposes:

1. To elect three directors to serve until the 2020 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 consider an advisory vote on the frequency of the executive compensation advisory vote;
4. To ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2017 fiscal year ending December 28, 2017; and
5. To transact such other business as may properly come before the meeting.

The close of business on March 3, 2017 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 December 29, 2016 are available at 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 15, 2017

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NATIONAL CINEMEDIA, INC.

PROXY STATEMENT FOR THE 2017

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 2017 Annual Meeting of Stockholders to be held at the offices of NCM, Inc., located at 9110 E. Nichols Ave., Suite 200, Centennial, Colorado 80112, on Friday, April 28, 2017, 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 subsidiary National CineMedia, LLC ("NCM LLC"). The proxy may be revoked at any time before it is voted. If no contrary instruction is received, signed proxies returned by stockholders will be voted in accordance with the board of directors' recommendations.

This proxy statement and accompanying proxy are first being made available to stockholders on or about March 15, 2017.

SHARES OUTSTANDING AND VOTING RIGHTS

Our board of directors has fixed the close of business on March 3, 2017 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 62,865,998 shares were outstanding as of the close of business on the record date, which includes 2,328,023 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 four proposals: to elect three directors to serve until the 2020 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); to approve, on an advisory basis, the frequency of the executive compensation vote (Proposal 3); and to ratify the appointment of Deloitte & Touche LLP as our independent auditors for our 2017 fiscal year ending December 28, 2017 (Proposal 4).

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 4. With respect to Proposal 3, the frequency that receives the greatest number of votes will be considered to have been approved by the stockholders (on an advisory basis).

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 (Proposal 1) or for the frequency of the executive compensation vote (Proposal 3) will have no effect. For purposes of determining whether any of the other proposals have received the requisite vote, if 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. 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.

Before 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 four proposals. Shares that are not voted by a broker because of having no 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, 2 and 3, which are considered non-routine matters. Proposal 4 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 4.

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 2016 Annual Report on Form 10-K, including the audited consolidated financial statements as of and for the year ended December 29, 2016, 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 3, 2017, the percentage of beneficial ownership for NCM, Inc. is based on 62,865,998 shares of common stock outstanding (including unvested restricted stock) and 137,858,308 membership units outstanding for NCM LLC, of which 60,537,975 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 3, 2017, 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 NCM, Inc. Common Stock	
Five Percent Stockholders				
Regal Entertainment Group and Affiliates (“Regal”) (2)	—	27,072,701	30.9	%
Cinemark Holdings, Inc. and Affiliates (“Cinemark”) (3)	—	26,384,644	30.4	%
American Multi-Cinema, Inc. and Affiliates (“AMC”) (4)	200,000	23,862,988	28.4	%
Arrowpoint Asset Management, LLC (5)	7,126,101	—	11.8	%
Janus Capital Management LLC and Affiliates (6)	6,458,164	—	10.7	%
The Vanguard Group, Inc. and Affiliates (7)	4,731,534	—	7.8	%
BlackRock, Inc. (8)	3,878,114	—	6.4	%
Wellington Management Group LLP (9)	3,819,822	—	6.3	%
Vanguard Explorer Fund (10)	3,565,396	—	5.9	%
Stephens Investment Management Group, LLC (11)	3,545,175	—	5.9	%
Directors and Executive Officers		—		
Andrew J. England	241,688	—	*	
Kurt C. Hall (12)	1,702,338	—	2.7	%
Clifford E. Marks (13)	723,878	—	1.2	%
Katherine L. Scherping	73,698	—	*	
David J. Oddo (14)	41,882	—	*	
Ralph E. Hardy (15)	222,456	—	*	
Alfonso P, Rosabal, Jr. (16)	228,020	—	*	
Peter B. Brandow (17)	—	—	0.0	%
Lawrence A. Goodman	43,233	—	*	

David R. Haas	59,813	—	*	
Stephen L. Lanning	27,116	—	*	
Thomas F. Lesinski	14,796	—	*	
Paula Williams Madison	7,328	—	*	
Lee Roy Mitchell (17)	—	—	0.0	%
Scott N. Schneider	77,621	—	*	
All directors, nominees for director and executive officers as a group (15 persons)	3,463,867	—	5.4	%

*Less than one percent

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(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 were to choose to redeem all of its NCM LLC common membership units and we elected, as of March 3, 2017 to issue shares of NCM, Inc. common stock in redemption of all of the units, AMC would receive 23,862,988 shares of NCM, Inc. common stock, Cinemark would receive 26,384,644 shares of NCM, Inc. common stock and Regal would receive 27,072,701 shares of NCM, Inc. common stock. These share amounts would represent 17.3%, 19.1% and 19.6%, 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 Cinemas Inc., 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, 2016 based on the Statement of Changes in Beneficial Ownership of Securities on Form 4 filed on March 18, 2016.

(3) Includes Cinemark Holdings, Inc., Cinemark USA Inc. and Cinemark Media, Inc. The address of these stockholders is 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. Represents beneficial ownership as of March 17, 2016 based on the Statement of Beneficial Ownership of Securities filed on Form 4 filed on March 21, 2016.

(4) Includes American Multi-Cinema, Inc., AMC Starplex, LLC 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 December 20, 2016 based on the Statement of Beneficial Ownership of Securities filed on Schedule 13G/A filed on December 30, 2016.

(5) The address of this stockholder is 100 Fillmore Street, Suite 325, Denver, Colorado 80206. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 13, 2017.

(6) The address of these stockholders is 151 Detroit Street, Denver, Colorado 80206. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 13, 2017. These securities are owned by various individual and institutional investors, including Janus Triton Fund (which owns 3,709,128 shares, representing 5.9% 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.

(7) Includes Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The address of these stockholders is 100 Vanguard Blvd. Malvern, Pennsylvania 19355. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 10, 2017.

(8) The address of this stockholder is 55 East 52nd Street, New York, New York 10055. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on January 25, 2017.

(9) Includes Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP. The address of these stockholders is 280 Congress Street, Boston, Massachusetts 02210. Represents beneficial ownership as of December 30, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 9, 2017.

(10) The address of this stockholder is 100 Vanguard Blvd. Malvern, Pennsylvania 19355. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G on February 13, 2017. Vanguard Explorer Fund is a "multi-managed" fund and some of the shares reported as held by this fund may also be included in other shareholders listed on this table to the extent that they share voting or dispositive power with respect to the shares held by this fund.

(11) Includes Stephens Investment Management Group, LLC, Stephens Investments Holdings LLC, Stephens Inc. and Warren A. Stephens. The address of these stockholders is 111 Center Street, Little

Rock, Arkansas 72201. Represents beneficial ownership as of December 31, 2016 based on the Statement of Beneficial Ownership filed on Schedule 13G/A on February 13, 2017.

(12) Includes 1,031,894 stock options that were vested and exercisable within 60 days of March 3, 2017. Mr. Hall served as our President, Chief Executive Officer and Chairman until January 1, 2016.

(13) Includes 262,166 stock options that were vested and exercisable within 60 days of March 3, 2017.

(14) Mr. Oddo served as our Interim Co-Chief Financial Officer until August 11, 2016. While he was a named executive officer for the fiscal year ended December 29, 2016, he is no longer an officer or employee of the Company. Includes 2,859 stock options that were vested and exercisable within 60 days of March 3, 2017.

(15) Includes 55,051 stock options that were vested and exercisable within 60 days of March 3, 2017.

(16) Mr. Rosabal served as our Executive Vice President, Chief Operations Officer and Chief Technology Officer until January 3, 2017. While he was a named executive for the fiscal year ended December 29, 2016, he is no longer an officer or employee of the Company. Includes 117,581 stock options that were vested and exercisable within 60 days of March 3, 2017.

(17) Mr. Brandow and Mr. Mitchell 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.

Share Ownership, Anti-Hedging, Anti-Pledging and Clawback Policies

The Company has adopted share ownership guidelines, an anti-hedging policy, an anti-pledging policy and a clawback policy, which are discussed in further detail in “Compensation Discussion and Analysis”.

PROPOSAL 1

ELECTION OF DIRECTORS

Our board of directors currently consists of nine 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 is Paula Williams Madison; for Cinemark are Thomas F. Lesinski and Lee Roy Mitchell; and for Regal are Peter B. Brandow and Stephen L. Lanning. In December 2016, AMC agreed to a proposed final judgement in a lawsuit brought by the U.S. Department of Justice in connection with AMC’s acquisition of Carmike Cinemas, Inc. Among other conditions, AMC was required to relinquish its governance rights in NCM LLC, including its seats on the NCM, Inc. board of directors as well as its rights to nominate any person to serve on the NCM, Inc. board of directors. AMC’s non-independent designee to the board of directors resigned in December 2016; however, AMC’s independent designee, Paula Williams Madison, may continue to serve the remainder of her term. In January 2017, our board of directors reduced the number of director positions from ten to nine, AMC was also required to divest the majority of its equity interests in NCM LLC, so that by June 20, 2019 it will own no more than 4.99% of NCM LLC’s outstanding membership units.

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. As noted above, the number of director positions has now been reduced to nine. The members of each class serve for staggered three-year terms. In 2017, the Class I directors are up for re-election. At the Annual Meeting, the stockholders will elect three Class I directors to serve until the 2020 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 ten years, if applicable, are set forth below. In addition, we have included information about each nominee's experience, qualifications, attributes or skills that led our 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.

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Scott N. Schneider. Mr. Schneider has been a director of NCM, Inc. since February 2007 and has served as Non-Employee Executive Chairman of NCM, Inc. since January 2016. He also served as lead director from October 2014 through January 2016. 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 and to serve as Non-Employee Executive Chairman. 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.

Andrew J. England. Mr. England was appointed Chief Executive Officer and Director of NCM, Inc. on January 1, 2016. Mr. England has a long career in marketing, previously serving as the Executive Vice President and Chief Marketing Officer of MillerCoors, LLC from 2010 until July 2015. From 2008 to 2010, Mr. England served as the Chief Marketing Officer of the then newly formed MillerCoors, LLC. From 2006 to 2008 he served as Chief Marketing Officer of Coors Brewing Co. Prior to that, Mr. England was Vice President and General Manager of Hershey's Snacks division, Director of the Reese's Brand, and held various marketing and brand management positions for over ten years at Nabisco Biscuit Company and Cadbury Schweppes. Mr. England holds a Master of Business Administration degree from Stanford University and a bachelor's degree in Engineering Science from Durham University in the United Kingdom.

Mr. England's extensive experience as an executive in the marketing industry brings valuable experience to the board regarding our strategic and operating objectives. Further, his position as our Chief Executive Officer provides insight to all aspects of the Company, including its management, operations and financial requirements. Mr. England also offers exceptional leadership skills to the board.

Lawrence A. Goodman. Mr. Goodman has been a director and chairman of the Compensation Committee of NCM, Inc. since February 2007 (co-chairman since January 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 which qualifies him to serve as co-chairman of our Compensation Committee.

Board Composition

Shown below are the names and ages, as of March 3, 2017, of the nine members of our current board of directors.

Name	Age	Position

Scott N. Schneider	59	Non-Employee Executive Chairman (Class I)
Andrew J. England	52	Chief Executive Officer and Director (Class I)
Peter B. Brandow	56	Director (Class III)
Lawrence A. Goodman	62	Director (Class I)
David R. Haas	75	Director (Class II)
Stephen L. Lanning	63	Director (Class II)
Thomas F. Lesinski	57	Director (Class II)
Paula Williams Madison	64	Director (Class II)
Lee Roy Mitchell	79	Director (Class III)

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 ten 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.

Peter B. Brandow. Mr. Brandow has served as a director of NCM, Inc. since April 2015. His current term as director expires in 2019. Mr. Brandow has served as Executive Vice President, General Counsel and Secretary of Regal Entertainment Group since March 2002. Mr. Brandow has served as the Executive Vice President, General Counsel and Secretary of Regal Cinemas, Inc. since July 2001, and prior to that time he served as Senior Vice President, General Counsel and Secretary of Regal Cinemas, Inc. since February 2000. Prior thereto, Mr. Brandow served as Vice President, General Counsel and Secretary from February 1999 when he joined Regal Cinemas, Inc. From September 1989 to January 1999, Mr. Brandow was an associate with the law firm Simpson Thacher & Bartlett LLP. Mr. Brandow is also a member of the board of directors of AC JV, LLC, of which NCM LLC has a 4% ownership interest.

Mr. Brandow has extensive experience and association in the theater industry which gives him the ability to offer guidance to the Company and its operations. Since Mr. Brandow is a board designee for one of our founding members, he brings to the board the perspective of a major stakeholder.

David R. Haas. Mr. Haas has served as a director of NCM, Inc. and chairman of its Audit Committee since February 2007. His current term expires in 2018. 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 and chairman of our 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 was chairman of its Nominating and Governance Committee from February 2007 until January 2017. His current term expires in 2018. 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, retiring as a general officer. 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. That, combined with his drive for innovation and excellence, positions him well to serve on our board of directors. 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 has served as a director of NCM, Inc. since December 2014 and as co-chairman of its Compensation Committee since January 2017. His current term expires in 2018. Mr. Lesinski has served as the Chief Executive Officer of Sonar Entertainment, an independent entertainment studio, since January 2016. Mr. Lesinski served as the Founder and CEO of Energi Entertainment, a multi-media content production company, from

August 2014 until December 2015. 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 gives 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. Mr. Lesinski's experience as a Chief Executive Officer provides valuable perspective as co-chairman of our Compensation Committee.

Paula Williams Madison. Ms. Madison has served as a director of NCM, Inc. since March 2014 and as chairman of its Nominating and Governance Committee since January 2017. Her current term expires in 2018. 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 and qualifies her to serve as chairman of our Nominating and Governance Committee.

Lee Roy Mitchell. Mr. Mitchell has served as a director of NCM, Inc. since October 2006. His current term as director expires in 2019. Mr. Mitchell has served as Chairman of the Board of Cinemark Holdings, Inc. since March 1996 and as a director since its inception in 1987. Mr. Mitchell served as Chief Executive Officer of Cinemark Holdings, Inc. from its inception in 1987 until December 2006, Vice Chairman of the Board from March 1996 and was President from inception in 1987 until March 1993. 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 theater 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.

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 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 concluded that this relationship does not affect his 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

Our board determined to split the roles of chairman of the board of directors and Chief Executive Officer. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while our chairman sets the agenda for board meetings and presides over meetings of the full board in their oversight role. We believe this leadership structure will best serve the objectives of the board's oversight of management, the board's ability to carry out its roles and responsibilities on behalf of our stockholders, and the Company's overall corporate governance.

Mr. Schneider assumed the position of Chairman of the board of directors on January 1, 2016 and on January 20, 2016, the board appointed him as the Non-Employee Executive Chairman.

The board plans to periodically review the leadership structure to determine whether it continues to best serve the Company and our stockholders.

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.

Katherine L. Scherping, 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.

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 reviews the compensation policies and practices for all employees, including executive officers. Among other things, the Compensation Committee considers 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 our compensation program encourages excessive or inappropriate risk-taking. The Compensation Committee believes that the design of our 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 five meetings during the fiscal year ended December 29, 2016. During our 2016 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. Eight of our directors attended our Annual Meeting of Stockholders held on April 29, 2016 (the board consisted of ten members at the time). The three standing committees of the board of directors are the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Periodically the board has established a special committee to review significant transactions and other matters. For example, in 2016 a special committee of the board of directors was to consider the implications of the AMC acquisition of Carmike Cinemas, Inc. The special committee established at the time consists of the three independent directors who were not designated by one of NCM LLC's founding members, Messrs. Goodman, Haas and Schneider. There were two meetings of the special committee during our 2016 fiscal year.

The following table shows the current membership as of March 3, 2017 and number of meetings held by the board and each standing committee during our 2016 fiscal year:

DIRECTOR COMMITTEE MEMBERSHIP AND MEETINGS

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee	Board of Directors

Peter B. Brandow				X
Andrew J. England				X
Lawrence A. Goodman		Co-Chair	X	X
David R. Haas	Chair	X		X
Stephen L. Lanning	X		X	X
Thomas F. Lesinski	X	Co-Chair		X
Paula Williams Madison		X	Chair	X
Lee Roy Mitchell				X
Scott N. Schneider	X		X	Chair
2016 Fiscal Year Meetings	8	9	4	5

Audit Committee

The Audit Committee consists of David R. Haas (chairman), Stephen L. Lanning, Thomas F. Lesinski and Scott N. Schneider. 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, the current version of which was most recently reviewed by the Committee and approved by the Board in January 2017. The current version of the charter is available on our website at www.ncm.com at the Investor Relations link. There were eight meetings of the Audit Committee during our 2016 fiscal year.

Compensation Committee

The Compensation Committee consists of Lawrence A. Goodman (co-chairman), Thomas F. Lesinski (co-chairman), David R. Haas and Paula Williams Madison. Each member was determined to be “independent” as defined in the rules promulgated by the SEC under the Exchange Act and by 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 2017. The current version of the charter is available on our website at www.ncm.com at the Investor Relations link. There were nine meetings of the Compensation Committee during our 2016 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.

The Compensation Committee engaged ClearBridge Compensation Group, LLC (“ClearBridge”), a nationally recognized consulting firm, to assess the competitiveness of compensation 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 Paula Williams Madison (chairman), Lawrence A. Goodman, Stephen L. Lanning and Scott N. Schneider. 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 2017. The current version of the charter as well as our Corporate Governance Guidelines are available on our website at www.ncm.com at the Investor Relations link. There were four meetings of the Nominating and Governance Committee during our 2016 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 terms of our Corporate Governance Guidelines. The Nominating and Governance Committee 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 2017 Annual Meeting were formally nominated by the Nominating and Governance Committee, and were approved by the board of directors on January 19, 2017.

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 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 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 qualifications listed above, the Committee seeks nominees that will complement the existing members and 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 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 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 2016 approximately 49% of total compensation, assuming 100% achievement of targets, and approximately 47% of total compensation, based upon actual 2016 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.

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PROPOSAL 3

ADVISORY VOTE ON THE FREQUENCY OF THE

EXECUTIVE COMPENSATION ADVISORY VOTE

Under the Dodd-Frank Act noted in Proposal 2, every six years we are required to ask our stockholders to consider an advisory vote on the frequency of the say-on-pay proposal, as to whether the executive compensation advisory vote should occur every one, two or three years.

The board of directors recommends at this time that stockholders vote for the option of an advisory vote on executive compensation every year. Our board of directors recognizes that executive compensation is an important matter of stockholder concern and believes that providing stockholders with the opportunity to review our compensation programs annually is a matter of good corporate practice. Further, we believe this frequency should provide the board of directors and the Compensation Committee with more immediate stockholder input on the Company's executive compensation programs.

Our stockholders have the opportunity to vote, on an advisory basis, for the preferred frequency by choosing the option of every one year, two years, or three years or to abstain from voting when you vote in response to the following resolution at our Annual Meeting:

"RESOLVED, that the Company hold a stockholder advisory vote to approve the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, with a frequency of once every year, two years or three years, whichever receives the highest number of votes cast with respect to this resolution."

Vote Required

The frequency—one year, two years or three years—that receives the greatest number of votes will be considered to have been approved by the stockholders. Stockholders are not voting to approve or disapprove of the board of directors' recommendation. Abstentions and broker non-votes will not be included in the totals for the proposal, and will have no effect on the outcome of the vote. This vote is advisory and is not binding on the Company or the board. However, the board values the opinions of our stockholders and will consider the result of this vote in setting the frequency of future advisory votes on executive compensation.

Recommendation

The board of directors recommends that stockholders vote for a ONE YEAR frequency for future advisory votes on executive compensation. If not otherwise specified, proxies will be voted for a ONE YEAR frequency for an advisory vote on executive compensation. This say-on-frequency proposal is non-binding.

PROPOSAL 4

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 2017 fiscal year ending December 28, 2017 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 2016 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 2016 and 2015, the following amounts:

	2016	2015
Audit Fees (1)	$ 1,140,000	$ 853,000
Audit Related Fees (2)	236,600	171,000
Total Audit and Related Fees	1,376,600	1,024,000
Tax Fees	—	—
All Other Fees	—	—
Total Fees	$ 1,376,600	$ 1,024,000

(1) In 2016, audit fees include $256,895 of fees for the issuance of consents and comfort letters in connection with registration statement filings and debt offerings. For fiscal year 2015, audit fees included consent fees of $20,000 in connection with a registration statement.

(2) Audit related fees consisted of assistance with debt offerings and periodic filings for NCM LLC's founding members, all of which was reimbursed to NCM LLC 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)(l)(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 4.

Recommendation

The board of directors recommends that stockholders vote FOR Proposal 4.

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 December 29, 2016 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 December 29, 2016 in NCM, Inc.'s Annual Report on Form 10-K filed with the SEC.

Audit Committee of National CineMedia, Inc.

David R. Haas, Chairman

Stephen L. Lanning

Thomas F. Lesinski

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 December 29, 2016 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, Co-Chairman

Thomas F. Lesinski, Co-Chairman

David R. Haas

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

Introduction

This Compensation Discussion and Analysis (“CD&A”) explains the executive compensation program for the following individuals, who are referred to as the “Named Executive Officers” (“NEOs”).

- Andrew J. England – Chief Executive Officer and Director (our CEO since January 1, 2016)
- Kurt C. Hall – Former President, Chief Executive Officer and Chairman (our CEO until January 1, 2016)
- Clifford E. Marks – President
- Katherine L. Scherping – Chief Financial Officer (our principal financial officer since August 11, 2016)
- David J. Oddo – Former Senior Vice President, Finance and Interim Co-Chief Financial Officer (our principal financial officer until August 11, 2016)
- Ralph E. Hardy – Executive Vice President and General Counsel
- Alfonso P. Rosabal – Former Executive Vice President, Chief Operations Officer and Chief Technology Officer (until January 3, 2017)

Executive Summary

Fiscal Year 2016 Performance. For fiscal year 2016, the Company reported record revenue and Adjusted OIBDA derived from advertising. Revenue increased 0.2% compared to fiscal year 2015. The increase in revenue was primarily due to a 1.6% increase in national advertising revenue primarily due to the impact of higher pricing (CPMs), partially offset by a 2.3% decrease in local and regional advertising revenue and a 4.3% decrease in advertising revenue from beverage concessionaire agreements. Operating income increased 16.9% in 2016 from 2015, driven primarily by the absence of $34.3 million of costs related to a terminated merger. Net income increased from $15.4 million, or $0.26 per diluted share, to $25.4 million, or $0.42 per diluted share, due primarily to the higher operating income, partially offset by costs related to a debt refinancing.

Key Performance Measures. The following table summarizes the key fiscal 2016 financial metrics on which the Company based its executive compensation.

Fiscal 2016 Performance Measures (in millions) (1)

	Target	Actual	Achievement relative to target
Adjusted OIBDA for compensation purposes	$219.4	$206.4	94.1% of targeted Adjusted OIBDA for compensation purposes
Adjusted advertising revenue	$442.3	$420.6	95.1% of Adjusted advertising revenue target

(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 in Fiscal 2016” 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 under the Pay-for-Performance Alignment section.

Executive Transitions. In January 2016, the Company appointed a new Chief Executive Officer, Andrew J. England and, in August 2016, the Company appointed a new Chief Financial Officer, Katherine L. Scherping. In connection with their respective appointments, each was issued a one-time sign-on grant of time-based restricted stock with a value equivalent to one times their respective base salaries as inducement to join the Company. The time-based restricted stock vests over a three-year period to align the executive's interests with that of shareholders over the long-term. The Company also entered into a Separation and General Release Agreement and a Consulting Agreement with Kurt C. Hall, our former Chief Executive Officer. In connection with these agreements, Mr. Hall received a lump-sum severance payment and certain modifications were made to his outstanding equity awards. Further, Mr. Hall is providing consulting services for a monthly fee and his stock vesting continues for a period of approximately two years to assist in the transition, given his deep knowledge of our business as a founder of the Company. See the "Summary Compensation Table" and supporting footnotes and "Employment Agreements" for further detail of these arrangements.

Elements of 2016 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. The 2016 Compensation Program consists of the following pay elements:

Base Salary	+	Annual Cash Incentive	+	Performance-Based Restricted Stock (PBRS)	+	Time-Based Restricted Stock (TBRS)	=	Total Direct Compensation

The design for the Annual Cash Incentive Plan and Long-Term Incentive Plan was generally maintained from the 2015 Compensation Program, based on the Compensation Committee's assessment that the compensation program continued to align with the Company's business and compensation objectives.

Pay Mix. We believe the mix of annual and long-term incentives, and the mix of cash and equity awards are balanced, emphasize Company performance and do not motivate imprudent risk-taking. The following charts present the elements of compensation as a percentage of total target direct compensation for fiscal year 2016, computed using the annual salary, target annual cash incentive (assuming 100% achievement) and grant date fair value of PBRS and TBRS. The first chart presents the compensation elements for our CEO, Andrew J. England. The NEOs included in the second chart are Messrs. Marks, Oddo, Hardy, Rosabal and Ms. Scherping.

Fiscal Year 2016 Compensation Mix

Andrew J. England (a)

(a) Approximately 50% of Mr. England's compensation is performance-based and approximately 80% of his compensation is variable, which represents the performance-based elements and time-based restricted stock. Mr. England received a one-time sign-on grant during 2016 upon his hire as CEO, which is included above and resulted in him having a higher percentage of time-based restricted stock. Mr. England's annual stock grants will be 75% PBRS and 25% TBRS.

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Other NEOs (b)

(b) Approximately 49% of all other NEOs' compensation is performance-based and approximately 74% 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 2016 fiscal year were aligned with the Company's financial results. The fiscal year 2016 annual cash incentives paid out below target (88%) as described in greater detail in "Fiscal 2016 Executive Performance Bonus Plan Payments". PBRS paid out below target (91%) for the 2014-2016 performance period, as described in greater detail in "Long-Term Incentives".

Shareholder Say-on-Pay Vote and Company Response

In establishing and recommending 2017 compensation for the Company's NEOs, the Compensation Committee considered the results of the say-on-pay vote at the 2016 Annual Meeting of Stockholders. At that meeting, our stockholders approved our executive compensation for the 2015 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 through the say-on-pay vote 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 2016 fiscal year.

Detailed Discussion & Analysis

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^{th} 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).

Role of Compensation Consultant and CEO in Determining Executive Compensation

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

In 2016, the Compensation Committee engaged ClearBridge, a nationally recognized consulting firm, to serve as an independent consultant on executive compensation matters. ClearBridge assessed the competitiveness of pay for the executive officers and provided 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 cash incentive, total cash compensation (combined salary and annual cash incentive), long-term incentives, and total direct 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 50th percentile of the peer group's pay levels, specific positioning for each NEO is determined on a case-by-case basis considering multiple factors.

The following peer companies were used in our competitive analysis for fiscal 2016 decisions:

comScore, Inc.	Lamar Advertising Company
Crown Media Holdings, Inc.	Media General, Inc.
DreamWorks Animation SKG, Inc.	Outfront Media Inc.
Global Eagle Entertainment Inc.	Pandora Media, Inc.
Harte Hanks, Inc.	TiVo Inc.
IMAX Corp.	WebMD Health Corp.

We eliminated five companies and added three companies from our 2015 peer group either due to acquisition or as a result of the Compensation Committee's assessment of the group relative to industry and size criteria.

2016 Compensation

Provided below is a summary of the key elements of our 2016 compensation program.

Component	Description	Purpose
Base Salary	Fixed cash component	Reward for level of responsibility, experience and sustained individual performance
Annual Cash Incentive	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 2016 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	Enhance alignment with stockholder interests
	Clawback policy	
	Insider trading policy, which includes anti-hedging and anti-pledging policies	

Specific compensation decisions made in 2016 are described below.

Base Salary. Base salaries for our executives were established based on the scope of their role and responsibilities, taking into account the experience and seniority of the individual, individual performance, peer salary levels, and other primarily subjective 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.

The base salaries of our NEOs in 2016 compared to 2015 as of the end of the fiscal year were as follows.

Name	2015 Base Salary	2016 Base Salary	Percentage Change	
Andrew J. England	$N/A	$ 750,000	N/A	(1)
Clifford E. Marks	$ 825,000	$ 841,500	2	%
Katherine L. Scherping	$N/A	$ 400,000	N/A	(1)
David J. Oddo	$ 179,794	$ 183,390	2	%
Ralph E. Hardy	$ 298,222	$ 304,187	2	%
Alfonso P. Rosabal, Jr.	$ 341,000	$ 410,000	20	%(2)

(1) Mr. England and Ms. Scherping were hired in 2016, and as such did not have a 2015 base salary.
(2) Mr. Rosabal received a shift in pay mix from restricted stock to salary to better align his compensation with that of executives at our peer companies. Specifically, Mr. Rosabal's total direct compensation (salary, bonus and restricted stock) increased by 2%, with the shift in pay mix, resulting in a 20% salary increase and a 10% reduction in restricted stock grant value.

For 2016, we believe salary was within a market competitive range compared to our competitors.

Annual Cash Incentive. Annual cash incentives are intended to compensate executives for achieving financial goals that support our annual operational and strategic goals. The annual cash incentives for NEOs are awarded under the Executive Performance Bonus Plan that was approved by stockholders on May 1, 2013.

The target percentages for our NEOs were established based on the responsibility, experience and seniority of the individual. We believe our annual cash incentives, 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 those of 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 annual cash incentives are objectively calculated based on the achievement of specific financial targets for each NEO. The process for setting the financial targets for 2016 was consistent with previous years as part of the annual budget review and approval. The Compensation Committee approved a change in the performance measures for the annual cash incentive for all NEOs to align the team to work toward the same objectives. For 2016, the annual cash incentive was based (i) 50% on achievement of Adjusted OIBDA for compensation purposes and (ii) 50% on adjusted advertising revenue targets. The stretch bonus for achievement above 100% of the target bonus continued to be based 100% upon Adjusted OIBDA for compensation purposes for all NEOs. These performance measures are non-GAAP measures and are specifically defined in the "Definitions of Performance Measures Used in Incentive Plans in Fiscal 2016" section below.

Our annual cash incentive 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.

The annual cash incentive potential that is based on Adjusted OIBDA for Compensation Purposes (defined in the "Definitions of Performance Measures Used in Incentive Plans in Fiscal 2016" below) is 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 80%	0%
80%	25%
95%	90%
100%	100%

The annual cash incentive potential that is based on adjusted advertising revenue (defined in "Definitions of Performance Measures Used in Incentive Plans in Fiscal 2016" below) is achieved as follows. Straight line interpolation is applied to performance between the levels shown.

Percentage of Adjusted Advertising Revenue Target Achieved	% of Target Bonus
Less than 80%	0%
80%	50%
90%	80%
95%	90%
100%	100%

The 2016 Stretch Bonus potential is 50% of the product of (a) the annual cash incentive 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 2016 performance results were as follows.

Fiscal 2016 Performance Measures (in millions) (1)

	Target	Actual	Achievement relative to target
Adjusted OIBDA for compensation purposes	$219.4	$206.4	94.1% of targeted Adjusted OIBDA for compensation purposes
Adjusted advertising revenue	$442.3	$420.6	95.1% of Adjusted advertising revenue target

(1) 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 annual cash incentive payouts for fiscal year 2016 were as follows.

Fiscal 2016 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 2016 Summary Compensation Table for Messrs. England, Marks, Oddo, Hardy, and Rosabal and Ms. Scherping.

	Annual Cash Incentive							
		Adjusted OIBDA for Compensation Purposes (50% weighting)		Adjusted Advertising Revenue (50% weighting)		Total		
Name	Target Award as a % of Salary (1)	Actual Achievement as a % of Target	Actual Award as a % of Target	Actual Achievement as a % of Target	Actual Award as a % of Target	Actual Award as a % of Target	Total Award Amount	
Andrew J. England	100%	94.1%	86.0%	95.1%	90.2%	88.1%	$ 660,464	
Clifford E. Marks	100%	94.1%	86.0%	95.1%	90.2%	88.1%	$ 741,041	
Katherine L. Scherping	75%	100.0%	100.0%	100.0%	100.0%	100.0%	$ 116,393	(2)
David J. Oddo	50%	94.1%	86.0%	95.1%	90.2%	88.1%	$ 80,748	
Ralph E. Hardy	75%	94.1%	86.0%	95.1%	90.2%	88.1%	$ 200,905	
Alfonso P. Rosabal, Jr.	75%	94.1%	86.0%	95.1%	90.2%	88.1%	$ 270,790	

(1) Percentage of base salary determined at the end of our 2016 fiscal year (December 29, 2016).
(2) Pursuant to Ms. Scherping's employment agreement, her annual cash incentive payment was to be paid in full, and prorated for her time of employment during the year.

Long-Term Incentives (LTI). 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 plans, the National CineMedia, Inc. 2007 Equity Incentive Plan as amended and restated and the National CineMedia, Inc. 2016 Equity Incentive Plan, together we refer to as the "Equity Incentive Plan." Stockholders approved the National CineMedia, Inc. 2016 Equity Incentive Plan in May 2016 because the National CineMedia, Inc. 2007 Equity Incentive Plan was set to expire by its terms in February 2017.

All grants under the Equity Incentive Plan to our executive officers are approved 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. Ms. Scherping's mid-year grant was approved in connection with her appointment as Chief Financial Officer in August 2016.

For 2016, the Committee decided to continue to grant the following LTI vehicles:

- PBRS: Aligns executives with the long-term financial goals of the Company. PBRS vest based upon the achievement of cumulative 2016-2018 "Free Cash Flow" goals, as defined in "Definitions of Performance Measures Used in Incentive Plans in Fiscal 2016".
- TBRS: Promotes retention objectives, stock ownership in the Company, and a more direct alignment of the executives' interests with stockholders' interests. TBRS vest ratably over a 3-year period.

On January 20, 2016, the Compensation Committee granted PBRS and TBRS to Messrs. England, Marks, Oddo, Hardy and Rosabal, as follows. Ms. Scherping received a grant on August 11, 2016 upon her appointment as Chief Financial Officer of TBRS, which is included in the following table.

2016 Restricted Stock Awards (1)

Name	PBRS % of Total LTI	PBRS Target Grant Date Fair Value of Shares Granted (2)	PBRS Target Number of Shares Granted (2)	TBRS % of Total LTI	TBRS Grant Date Fair Value of Shares Granted	TBRS Number of Shares Granted (3)	Total Grant Date Fair Value of Shares Granted	Total Number of Target Shares Granted
Andrew J. England (4)	51%	$ 1,125,000	74,950	49%	$ 1,130,787	73,092	$ 2,255,787	148,042
Clifford E. Marks (6)	60%	$ 1,388,470	92,503	40%	$ 925,652	61,669	$ 2,314,122	154,172
Katherine L. Scherping (5)	0%	$ —	—	100%	$ 396,843	25,455	$ 396,843	25,455
David J. Oddo (6)	25%	$ 68,776	4,582	75%	$ 206,312	13,745	$ 275,088	18,327
Ralph E. Hardy (6)	60%	$ 319,398	21,279	40%	$ 212,932	14,186	$ 532,330	35,465
Alfonso P. Rosabal, Jr. (6)	60%	$ 491,998	32,778	40%	$ 327,999	21,852	$ 819,996	54,630

(1) The performance-based and time-based restricted stock awards include the right to receive dividend equivalents, subject to vesting.

(2) Reflects the target number of shares that will vest if actual cumulative Free Cash Flow equals 100% of the three-year cumulative target. PBRS are scheduled to vest based on the scale shown below.

Free Cash Flow - % of Target	Award Vesting % of Target Shares
<80%	0%

80%	25%
95%	90%
100%	100%
≥110%	150%

(3) Vest ratably over a 3-year period.
(4) Mr. England received a sign-on grant at his hire date of 48,109 shares of TBRS, or a value of $750,000 using a 30-day average stock price. The value above reflected the value using the stock price at the date of grant. Mr. England also received a grant equivalent to $1.5 million on January 21, 2016 that consisted of 25% TBRS and 75% PBRS.
(5) Ms. Scherping received a sign-on grant at her hire date of 25,455 shares of TBRS, or a value of $400,000, using a 30-day average stock price. The value above reflected the value using the stock price at the date of grant. Annual grants to Ms. Scherping will be made with 60% as PBRS and 40% as TBRS.
(6) Mr. Oddo received 25% PBRS and 75% TBRS due to his position as a Senior Vice President. Messrs. Marks, Hardy and Rosabal received 60% PBRS and 40% TBRS due to their positions as President in the case of Mr. Marks and Executive Vice Presidents in the case of Mr. Hardy and Mr. Rosabal.

Results for Performance-Based Restricted Stock with Measurement Periods Ended December 29, 2016. The 2014 PBRS 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 December 29, 2016. The 2014 PBRS vest according to the scale shown below. Straight line interpolation is applied to Free Cash Flow performance between the levels shown to determine the corresponding payout.

Free Cash Flow - % of Target	Award Vesting % of Target Shares
<85%	0%
85%	25%
100%	100%
≥110%	150%

On all PBRS, 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.

The PBRS vested as shown below.

Performance Measure (in millions)	Target	Actual	Achievement Relative to Target	Vesting %
2014 grant three-year cumulative Free Cash Flow (a)	$ 556.6	$ 532.4	95.7%	91.3%

(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.

The following table shows the number of shares vested and accrued dividends paid for our NEOs for the performance-based restricted stock with the measurement period ended December 29, 2016.

	Number of Shares Awarded on January 15, 2014	Total Vesting on February 27, 2017		Accrued Dividends (1)
Kurt C. Hall (2)	79,090	79,090	(2)	$ 248,343
Clifford E. Marks	62,685	57,231		$ 179,705
David J. Oddo	3,919	3,578		$ 11,235
Ralph E. Hardy	17,048	15,564		$ 48,871
Alfonso P. Rosabal, Jr.	32,592	29,756		$ 93,434

(1)

As a result of the level of achievement of the 2014 award which vested on February 27, 2017, accrued dividends were paid on March 9, 2017.

(2) Pursuant to Mr. Hall's Separation and General Release Agreement, effective upon his resignation as CEO on January 1, 2016, 100% of Mr. Hall's PBRS that was granted on January 15, 2014 was modified such that it was no longer subject to the performance conditions and vested in accordance with the TBRS vesting schedule with 52,727 shares vesting on January 15, 2016 and 26,363 vesting on January 15, 2017. Therefore, none of the shares were subject to the performance conditions.

Compensation Decisions for 2017

Below is information about compensation decisions made in early 2017 for active NEOs, Mr. England, Mr. Marks, Ms. Scherping and Mr. Hardy.

Base Salary. The Compensation Committee reviewed executive compensation in January 2017 and decided to increase the base salary by a cost of living adjustment of 2% for each of Messrs. Marks, Hardy and Ms. Scherping which is consistent with the average increases given to the majority of employees. Mr. England received a 17% increase in base salary to recognize his performance and better align his compensation with the compensation of other executives at the Company's peer companies.

Annual Cash Incentive. The process for setting the financial targets for 2017 was consistent with previous years as part of the annual budget review and approval. The Compensation Committee approved a change to align the adjusted advertising revenue and Adjusted OIBDA for compensation purposes pay scales to be the same. The pay scales were adjusted so that the threshold increased from 25% payout at 80% of achievement for Adjusted

OIBDA for compensation purposes and 50% payout at 80% achievement for adjusted advertising revenue, to 25% payout at 85% of achievement of the target for both measures. The Compensation Committee also approved an additional cash incentive payment equal to 10 percentage points of the executive's annual cash incentive as a percentage of target if revenue in the first quarter of 2017 is achieved at or above target in order to incentivize higher sales during the first quarter, which has historically been the Company's lowest quarter of the year. This additional cash incentive will only be paid if both annual adjusted advertising revenue and annual Adjusted OIBDA for compensation purposes are achieved at or above target.

Long-Term Incentives. The Compensation Committee granted standard LTI awards in the form of PBRS and TBRS to each of the NEOs based on generally the same design as the 2016 LTI program, as the Compensation Committee believed the program continued to align with the Company's business and compensation objectives. For the 2017 grants, the Compensation Committee approved a change in the measures, such that, a target of 2019 digital revenue was added and weighted at 25%, in addition to the target for free cash flow, which is now weighted at 75%, rather than 100%. This additional measure was added to reinforce the future strategy of the business.

The 2017 long-term incentive grants were made in consideration of several factors, including current role, individual performance, potential company performance and market positioning, among other factors. Specific details for awards granted on January 19, 2017 are provided below.

	2017 Restricted Stock Awards (1)							
	PBRS (2)			TBRS (3)			Total	
Name	% of Total LTI	Target Grant Date Fair Value of Shares Granted	Target Number of Shares Granted (4)	% of Total LTI	Grant Date Fair Value of Shares Granted	Number of Shares Granted	Total Number of Target Shares Granted	Total Grant Date Fair Value of Shares Granted
Andrew J. England	75%	$ 1,124,992	76,013	25%	$ 375,002	25,338	101,351	$ 1,499,995
Clifford E. Marks	60%	$ 1,416,242	95,692	40%	$ 944,166	63,795	159,487	$ 2,360,408
Katherine L. Scherping	60%	$ 428,401	28,946	40%	$ 285,596	19,297	48,243	$ 713,997
Ralph E. Hardy	60%	$ 325,778	22,012	40%	$ 217,190	14,675	36,687	$ 542,968

(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 in February 2020 based (a) 75% on the achievement of cumulative 2017-2019 "Free Cash Flow" goals and (b) 25% on the achievement of 2019 "Digital Revenue" goals (defined as revenue derived from advertising sold online, through mobile devices and other digital platforms).
(3) Vest ratably over a 3-year period.
(4) Reflects the target number of shares that will vest if actual cumulative Free Cash Flow and Digital Revenue equals 100% of the targets. The performance-based restricted stock awards are scheduled to vest based on the scales below. The Compensation Committee may apply other pre-determined adjustments to the definition of Free Cash Flow and Digital Revenue under the plan.

Free Cash Flow - % of Target	Award Vesting % of Target Shares
<85%	0%
85%	25%
90%	50%
95%	75%
100%	100%
≥105%	150%

Digital Revenue - % of Target	Award Vesting % of Target Shares
<44.4%	0%
44.4%	25%
100%	100%
≥155.6%	200%

Straight line interpolation is applied to Free Cash Flow and Digital Revenue performance between the levels shown. 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 for Fiscal 2016. Presented below are definitions of performance measures used in incentive plans. The Compensation Committee may apply pre-determined adjustments to the definitions of the financial performance criteria under the 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. Adjusted OIBDA is a key metric used by management to measure the Company's operating performance. OIBDA represents operating income plus 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, CEO transition costs, make-good liability shifted into 2017 and barter revenue, net of barter expense. While Adjusted OIBDA for Compensation Purposes is a measure used to calculate our Executive Performance Bonus awards, this non-GAAP measure should not be considered in isolation of, or as a substitute for, measures of our financial performance as determined in accordance with GAAP, such as operating income. 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. The following table reconciles operating income to Adjusted OIBDA for Compensation Purposes (dollars in millions).

	FY 2016 Target	FY 2016 Actual

Operating income	$ 190.5	$ 173.0
Depreciation and amortization	36.7	35.8
OIBDA	227.2	208.8
Founding member circuit beverage revenue	(28.9)	(28.7)
Share-based compensation costs	18.0	18.3
CEO transition costs	3.0	3.6
Make-good liability	—	4.6
Barter revenue, net of barter expense	0.1	(0.2)
Adjusted OIBDA for compensation purposes	$ 219.4	$ 206.4

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 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 2017. This non-GAAP measure should not be considered in isolation of, or as a substitute for, measures of our financial performance as determined in accordance with GAAP, such as advertising revenue. The following table reconciles advertising revenue to adjusted advertising revenue (dollars in millions).

	FY 2016 Target	FY 2016 Actual
Advertising revenue	$ 473.0	$ 447.6
Less: Founding member circuit beverage revenue and other revenue	(30.7)	(31.6)
Plus: Make-good liability	—	4.6
Adjusted advertising revenue	$ 442.3	$ 420.6

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 PBRS targets have been achieved. Free Cash Flow represents Adjusted OIBDA for Compensation Purposes, described above, less capital expenditures. The following table reconciles operating income to Free Cash Flow (dollars in millions).

	2014-2016 3- Year Cumulative Ended December 29, 2016 Target	Actual
Operating income	$ 566.3	$ 472.7
Depreciation and amortization	103.7	100.4
OIBDA	670.0	573.1
Founding member circuit beverage revenue	(114.3)	(97.0)
Share-based compensation costs	30.8	40.8
Merger-related administrative costs	—	41.8
CEO transition costs	—	4.2
Make-good liability	—	4.6
Capital expenditures	(29.9)	(35.1)
Free Cash Flow – Actual	$ 556.6	$ 532.4

Other Policies

Adoption of Share Ownership Guidelines

The Company has adopted the following share ownership guidelines for its executive officers and directors:

Position	Minimum Share Ownership Level
Chief Executive Officer and Director	Lesser of: 3 times base salary or 140,000 shares
President 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 (January 2018), 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 have adopted a "clawback" policy 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.

EXECUTIVE COMPENSATION TABLES

FISCAL 2016 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 Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards	Non-Equity Incentive Plan Compensation (3)	All Other Compensation (4)	Total
Andrew J. England Chief Executive Officer	2016	$ 750,000	—	$ 2,255,787	—	$ 660,464	$ 201,060	$ 3,867,311
Kurt C. Hall	2016	$ —	—	$ 350,144 (2)	$ 1,930,935 (2)	$ —	$ 3,075,962	$ 5,357,041
Former President, CEO	2015	$ 795,442	—	$ 2,125,009	—	$ 1,191,277	$ 299,832	$ 4,411,560
and Chairman	2014	$ 779,845	—	$ 2,050,006	—	$ 367,452	$ 207,584	$ 3,404,887
Clifford E. Marks	2016	$ 841,500	—	$ 2,314,122	—	$ 741,041	$ 301,079	$ 4,197,742
President	2015	$ 806,763	—	$ 2,169,032	—	$ 1,200,465	$ 281,503	$ 4,457,763
	2014	$ 751,994	—	$ 1,971,158	—	$ 579,472	$ 204,322	$ 3,506,946
Katherine L. Scherping (5) Chief Financial Officer	2016	$ 160,000	—	$ 396,843	—	$ 116,393	$ 15,249	$ 688,485
David J. Oddo	2016	$ 183,390	—	$ 275,088	—	$ 80,748	$ 47,835	$ 587,061
Former SVP, Finance	2015	$ 179,659	—	$ 404,545	—	$ 134,531	$ 47,413	$ 766,148
Interim Co-CFO	2014	$ 176,220	—	$ 274,493	—	$ 42,525	$ 34,417	$ 527,655
Ralph E. Hardy	2016	$ 304,187	—	$ 532,330	—	$ 200,905	$ 83,162	$ 1,120,584
EVP and General	2015	$ 297,997	—	$ 596,447	—	$ 334,717	$ 84,353	$ 1,313,514
Counsel	2014	$ 292,154	—	$ 536,077	—	$ 103,244	$ 61,198	$ 992,673
Alfonso P. Rosabal, Jr.	2016	$ 410,000	—	$ 819,996	—	$ 270,790	$ 127,520	$ 1,628,306
Former EVP, Chief	2015	$ 338,208	—	$ 909,990	—	$ 382,730	$ 128,994	$ 1,759,922

Operations Officer and Chief Technology Officer	2014	$ 267,462	—	$ 1,036,191	—	$ 121,409	$ 95,537	$ 1,520,599

(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 2016, 2015 and 2014 are scheduled to vest based upon the achievement of performance conditions relating to cumulative "Free Cash Flow" at the end of the 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. 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:

Stock Awards						
	Grant	Maximum Number of Shares		Maximum Grant Date		
Name	Date	Scheduled to Vest		Fair Value (a)		
Andrew J. England	1/1/2016	48,109		$	755,792	
	1/20/2016	137,408		$	2,062,494	
Kurt C. Hall	1/21/2015	198,363	(b)	$	2,921,887	(b)
	1/15/2014	144,998	(b)	$	2,818,761	(b)
Clifford E. Marks	1/20/2016	200,424		$	3,008,357	
	4/10/2015	20,415		$	325,006	
	1/21/2015	169,364		$	2,494,732	
	1/15/2014	132,740		$	2,580,456	
Katherine L. Scherping	8/11/2016	25,455		$	396,843	
David J. Oddo	1/20/2016	20,618		$	309,476	
	1/21/2015	30,897		$	455,113	
	1/15/2014	16,080		$	312,585	
Ralph E. Hardy	1/20/2016	46,105		$	692,029	
	1/21/2015	52,640		$	775,380	
	1/15/2014	36,100		$	701,784	
Alfonso P. Rosabal, Jr.	1/20/2016	71,019		$	1,065,995	
	1/21/2015	80,312		$	1,182,988	
	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.

(b) Pursuant to Mr. Hall’s Separation and General Release Agreement, certain of Mr. Hall’s stock awards were modified on January 1, 2016 to time-based vesting and are no longer subject to performance measures. Awards with respect to a total of 187,288 shares were changed to time-based vesting as a result of the Separation and General Release Agreement. The values in the above tables reflect them as time-based restricted stock and are based on the grant-date fair value.

(2) Pursuant to Mr. Hall’s Separation and General Release Agreement, Mr. Hall’s outstanding stock options were modified such that he is permitted to exercise any vested stock options through their original expiration dates. Further, certain of Mr. Hall’s performance-based restricted stock was converted to time-based restricted stock which will vest on the award’s original grant date, subject to Mr. Hall’s continuous service as a consultant. In connection with these modifications, the Company recorded expense associated with the incremental fair value under ASC Topic 718. The additional expense recorded for the incremental fair value is reflected under “Stock Awards” in the table above for the restricted stock modifications and under “Option Awards” in the table above for the stock option modifications.

(3) The Compensation Committee approved fiscal 2016 performance bonuses for the NEOs on February 21, 2017, and the bonuses were paid on February 27, 2017. See further discussion in the “Annual Performance Bonus” section of our CD&A. For fiscal 2015, the payments of non-equity incentive plan compensation included a stretch 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 2016 Summary Compensation Table above.

Name	Year	401(k) Employer Contribution (a)	Term Life Insurance (b)	Disability Insurance (c)	Restricted Stock Dividends (d)	Miscellaneous	Total All Other Compensation
Andrew J. England	2016	$ 2,730	$ 1,170	$ 1,492	$ 112,469	$ 83,199 (e)	$ 201,060
Kurt C. Hall	2016	$ 17,172	$ —	$ —	$ 115,568	$ 2,943,222 (f)	$ 3,075,962
	2015	$ 6,360	$ 892	$ 1,452	$ 291,128	$ —	$ 299,832
	2014	$ 6,240	$ 890	$ 1,356	$ 199,098	$ —	$ 207,584
Clifford E. Marks	2016	$ 3,470	$ 1,268	$ 1,498	$ 294,843	$ —	$ 301,079
	2015	$ 6,360	$ 895	$ 1,508	$ 272,740	$ —	$ 281,503
	2014	$ 6,240	$ 858	$ 1,356	$ 195,868	$ —	$ 204,322
Katherine L. Scherping	2016	$ 3,323	$ 234	$ 492	$ 11,200	$ —	$ 15,249
David J. Oddo	2016	$ 6,360	$ 309	$ 1,231	$ 39,935	$ —	$ 47,835
	2015	$ 5,332	$ 205	$ 1,218	$ 40,658	$ —	$ 47,413
	2014	$ 6,162	$ 201	$ 1,124	$ 26,930	$ —	$ 34,417
Ralph E. Hardy	2016	$ 5,087	$ 513	$ 1,498	$ 76,064	$ —	$ 83,162
	2015	$ 6,360	$ 340	$ 1,452	$ 76,201	$ —	$ 84,353
	2014	$ 6,240	$ 334	$ 1,356			