

National CineMedia, Inc.

Reconciliation of Operating Income to OIBDA, Adjusted OIBDA and Adjusted OIBDA Margin (Excluding Fathom Events)

(dollars in millions)

(unaudited)

Operating Income Before Depreciation and Amortization (“OIBDA”), Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with GAAP in the United States. OIBDA represents operating income before depreciation and amortization expense. Adjusted OIBDA excludes from OIBDA non-cash share based payment costs, the merger termination fee and related merger costs, Chief Executive Officer transition costs, early lease termination expense and operating income from our Fathom Events operating segment that was sold on December 26, 2013. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. Our management uses these non-GAAP financial measures to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company’s management, helps improve their ability to understand the Company’s operating performance and makes it easier to compare the Company’s results with other companies that may have different depreciation and amortization policies, non-cash share based compensation programs, levels of mergers and acquisitions, CEO turnover, early lease termination expense, interest rates or debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company’s business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company’s share based payment costs, costs associated with the terminated merger with Screenvision, costs associated with the resignation of the Company’s former Chief Executive Officer, early lease termination expense, or results from the Fathom Events operating segment. OIBDA or Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that operating income is the most directly comparable GAAP financial measure to OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company’s debt agreement.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Operating income	\$ 168.2	\$ 190.6	\$ 193.7	\$ 191.8	\$ 202.0	\$ 151.7	\$ 148.0	\$ 173.0	\$ 153.9
Depreciation and amortization	15.6	17.8	18.8	20.4	26.6	32.4	32.2	35.8	37.6
OIBDA	183.8	208.4	212.5	212.2	228.6	184.1	180.2	208.8	191.5
Fathom operating income	(6.9)	(6.7)	(6.4)	(5.3)	(6.5)	—	—	—	—
Share-based compensation costs (1)	5.5	14.0	11.8	9.0	5.9	7.7	14.8	18.3	11.2
Merger-related administrative costs (2)	—	—	—	—	—	7.5	34.3	—	—
CEO transition costs (3)	—	—	—	—	—	—	0.6	3.6	0.6
Early lease termination expense (4)	—	—	—	—	—	—	—	—	1.8
Adjusted OIBDA excluding Fathom Events	\$ 182.4	\$ 215.7	\$ 217.9	\$ 215.9	\$ 228.0	\$ 199.3	\$ 229.9	\$ 230.7	\$ 205.1
Total advertising revenue	335.1	\$ 379.4	\$ 386.1	\$ 409.5	\$ 426.3	\$ 394.0	\$ 446.5	\$ 447.6	\$ 426.1
Adjusted OIBDA margin excluding Fathom Events	54.4%	56.9%	56.4%	52.7%	53.5%	50.6%	51.5%	51.5%	48.1%

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the financial statements.

(2) Merger-related costs primarily include the merger termination payment and legal, accounting, advisory and other professional fees associated with the terminated merger with Screenvision.

(3) Chief Executive Officer transition costs represent severance, consulting and other costs.

(4) Early lease termination expense represents an expense recorded upon the early termination of the lease of our corporate headquarters because the early termination payment made by the Company was reimbursed by the landlord of the new building.