

National CineMedia, Inc.
Form 8-K
January 19, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): January 13, 2011

National CineMedia, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33296
(Commission
file number)

20-5665602
(IRS employer
identification no.)

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9110 E. Nichols Ave., Suite 200

Centennial, Colorado 80112-3405

(Address of principal executive offices, including zip code)

(303) 792-3600

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 210.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.*2011 Stock Option and Restricted Stock Awards to Executive Officers*

On January 13, 2011, the Compensation Committee of the Company's Board, with the unanimous approval of the Board, granted stock options and performance-based restricted stock awards to each of the Company's executive officers, as described in greater detail below.

The following table shows the maximum number of shares granted to each of our executive officers for these awards:

Name and Position	Number of Shares of Restricted Stock (1)	Number of Stock Options	Total Number of Shares
Kurt C. Hall President, Chief Executive Officer and Chairman	73,502	220,506	294,008
Clifford E. Marks President of Sales and Marketing	59,064	177,192	236,256
Gary W. Ferrera Executive Vice President and Chief Financial Officer	27,752	83,255	111,007
Ralph E. Hardy Executive Vice President and General Counsel	19,122	57,367	76,489
Earl B. Weihe Executive Vice President and Chief Operations Officer	17,011	51,034	68,045
Executive Officers as a Group	196,451	589,354	785,805

- (1) Includes the maximum number of shares that will vest if actual cumulative Free Cash Flow equals 100% of the three-year cumulative Free Cash Flow target. If actual Free Cash Flow exceeds 100% of the Free Cash Flow target (up to 110% of Free Cash Flow), the number of shares will be increased ratably as set forth below for actual Free Cash Flow performance versus the target. As such, Mr. Hall could receive up to 36,751 additional shares; Mr. Marks could receive up to 29,532 additional shares; Mr. Ferrera could receive up to 13,876 additional shares; Mr. Hardy could receive up to 9,561 additional shares and Mr. Weihe could receive up to 8,505 additional shares for a total up to 98,225 additional shares to the Executive Officers as a Group.

The stock options are scheduled to vest 33.33% each year over the next three years, subject to continuous service. The stock options have a 10-year term and an exercise price of \$18.37, the closing price of the Company's common stock on January 13, 2011, the date of approval of the grants.

The restricted stock awards are scheduled to vest based upon achievement of at least 90% of the actual cumulative Free Cash Flow target at the end of the three-year measurement period. The restricted stock awards include the right to receive dividend equivalents, subject to vesting. Below is a summary of how the number of vested shares of restricted stock will be determined based on the level of achievement of actual cumulative Free Cash Flow.

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Award Vesting %	Free Cash Flow Target Actual %
100%	100%
50%	90%
None	<90%

If actual cumulative Free Cash Flow is between 90% and 100% of the target, the award will vest proportionately. If actual cumulative Free Cash Flow exceeds 100% of the Free Cash Flow target for the measurement period, the participant will receive an additional grant of shares of restricted stock that will vest 60 days following the last day of the measurement period. The number of additional shares of restricted stock will be determined by interpolation, but will not exceed 50% of the number of shares of restricted stock that vest as set forth above up to 110% of the targeted cumulative Free Cash Flow.

Upon vesting of the restricted stock and exercise of the options described above, National CineMedia, LLC will issue common membership units to the Company equal to the number of shares of the Company's common stock represented by such restricted stock and options.

2011 Base Salaries for Executive Officers

On January 13, 2011, the Compensation Committee, with the unanimous approval of the Board, approved the following 2011 base salaries:

Name and Position	2011 Base Salary (in thousands)	2010 Base Salary
Kurt C. Hall President, Chief Executive Officer and Chairman	\$ 750.1	\$ 735.4
Clifford E. Marks President of Sales and Marketing	\$ 723.3	\$ 709.2
Gary W. Ferrera Executive Vice President and Chief Financial Officer	\$ 364.1	\$ 357.0
Ralph E. Hardy Executive Vice President and General Counsel	\$ 281.0	\$ 262.2
Earl B. Weihe (1) Executive Vice President and Chief Operations Officer	\$ 250.0	\$ 250.0

- (1) Mr. Weihe's base salary of \$250.0 was effective December 1, 2010. Prior to this, Mr. Weihe's base salary was \$200.0 per year, which was approved by the Compensation Committee on January 14, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATIONAL CINEMEDIA, INC.

Dated: January 19, 2011

By: /s/ Ralph E. Hardy
Ralph E. Hardy

Executive Vice President, General Counsel

and Secretary