REGAL ENTERTAINMENT GROUP
Form 10-K
March 01, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

Commission file number: 001-31315

Regal Entertainment Group

(Exact name of registrant as specified in its charter)

Delaware	**02-0556934**
(State or other jurisdiction of incorporation or organization)	(Internal Revenue Service Employer Identification Number)

7132 Regal Lane Knoxville, TN	**37918**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **865/922-1123**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A Common Stock, $.001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and

(2) has been subject to such filing requirements for the past 90 days: Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes o No ý

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on July 2, 2009, computed by reference to the price at which the registrant's Class A common stock was last sold on the New York Stock Exchange on such date was $1,687,639,058 (128,827,409 shares at a closing price per share of $13.10).

Shares of Class A common stock outstanding 130,569,477 shares at February 24, 2010

Shares of Class B common stock outstanding 23,708,639 shares at February 24, 2010

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement on Schedule 14A to be used in connection with its 2010 Annual Meeting of Stockholders and to be filed within 120 days of December 31, 2009 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

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REGAL ENTERTAINMENT GROUP

PART I

The information in this Annual Report on Form 10-K (this "Form 10-K") contains certain forward-looking statements, including statements related to trends in the Company's business. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed in "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as those discussed elsewhere in this Form 10-K.

Item 1. BUSINESS.

THE COMPANY

Regal Entertainment Group, a Delaware corporation organized on March 6, 2002 ("we," "us," "our," the "Company" or "Regal"), is the parent company of Regal Entertainment Holdings, Inc. ("REH"), which is the parent company of Regal Cinemas Corporation ("Regal Cinemas") and its subsidiaries. Regal Cinemas' subsidiaries include Regal Cinemas, Inc. ("RCI") and its subsidiaries, which include Edwards Theatres, Inc. ("Edwards"), Regal CineMedia Corporation ("RCM"), Hoyts Cinemas Corporation ("Hoyts") and United Artists Theatre Company ("United Artists"). The terms Regal or the Company, REH, Regal Cinemas, RCI, Edwards, RCM, Hoyts and United Artists shall be deemed to include the respective subsidiaries of such entities when used in discussions included herein regarding the current operations or assets of such entities.

Our Internet address is *www.regalentertainmentgroup.com*. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports, are available free of charge on our Internet website under the heading "Investor Relations" as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

The Company manages its business under one reportable segment: theatre exhibition operations.

DESCRIPTION OF BUSINESS

Overview

We operate the largest and most geographically diverse theatre circuit in the United States, consisting of 6,768 screens in 548 theatres in 39 states and the District of Columbia as of December 31, 2009, with over 244 million annual attendees for the fiscal year ended December 31, 2009 ("fiscal 2009"). Our geographically diverse circuit includes theatres in all of the top 30 and 44 of the top 50 U.S. designated market areas. We operate multi-screen theatres and have an average of 12.4 screens per location, which is well above the North American motion picture exhibition industry 2009 average of 6.6 screens per location. We develop, acquire and operate multi-screen theatres primarily in mid-sized metropolitan markets and suburban growth areas of larger metropolitan markets throughout the U.S.

The Company's fiscal year ends on the first Thursday after December 25, which in certain years (such as fiscal 2008) results in a 53-week fiscal year. For fiscal 2009, we reported total revenues, income from operations and net income attributable to controlling interest of $2,893.9 million, $279.4 million and $95.5 million, respectively. In addition, we generated $410.8 million of cash flows from operating activities during fiscal 2009.

We maintain an investment in National CineMedia, LLC ("National CineMedia" or "NCM"). National CineMedia primarily concentrates on in-theatre advertising and creating complementary business lines that leverage the operating personnel, asset and customer bases of its theatrical

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exhibition partners, which includes us, AMC Entertainment, Inc. ("AMC") and Cinemark, Inc. ("Cinemark"). National CineMedia operates the largest digital in-theatre network in North America and utilizes its in-theatre digital content network to distribute pre-feature advertising, cinema and lobby advertising and entertainment programming content. See "National CineMedia Joint Venture" under Part I, Item I of this Form 10-K for further discussion of National CineMedia.

Business Strategy

Our business strategy focuses on enhancing our position in the motion picture exhibition industry by distributing value to our stockholders, realizing selective growth opportunities through new theatre construction, expanding and upgrading our existing asset base with new technologies and capitalizing on prudent industry consolidation opportunities. This strategy should enable us to continue to produce the free cash flow necessary to maintain a prudent allocation of our capital among dividend payments, debt service and repayment and investment in our theatres assets, all to provide meaningful value to our stockholders. Key elements of our strategy include:

Maximizing Stockholder Value. We believe that our cash dividends are an efficient means of distributing value to our stockholders. From our initial public offering ("IPO") in May 2002 through December 31, 2009, we have returned approximately $2.8 billion to our stockholders in the form of cash dividends.

Pursuing Selective Growth Opportunities. We intend to selectively pursue expansion opportunities through new theatre construction that meets our strategic and financial return criteria. We also intend to enhance our theatre operations by selectively expanding and upgrading existing properties in prime locations. In addition, we will continue to create new strategic marketing programs aimed at increasing attendance and to enhance our food and beverage offerings.

Pursuing Premium Experience Opportunities. We continue to embrace new technologies to enhance the movie-going experience and broaden our content offerings. Specifically, the installation of digital projection systems, when combined with 3D technology or IMAX® theatre systems, allow us to offer our patrons premium 3D and large format movie experiences that we believe generate incremental revenue for the Company. In addition, we believe digital projections systems will allow us to broaden our offerings by permitting producers of specialty content cost-efficient access to our screens. As of December 31, 2009, we operated 42 IMAX® screens and operated 427 additional screens outfitted with digital 3D projection systems. We ultimately expect to outfit all of our screens with digital projection systems, with approximately 1,500 screens being digital 3D capable.

Pursuing Strategic Acquisitions. We believe that our acquisition experience and capital structure position us well to take advantage of future acquisition opportunities. We intend to selectively pursue accretive theatre acquisitions that enhance our asset base and improve our consolidated operating results.

Competitive Strengths

We believe that the following competitive strengths position us to capitalize on future opportunities:

Industry Leader. We are the largest domestic motion picture exhibitor operating 6,768 screens in 548 theatres in 39 states and the District of Columbia. We believe that the quality and size of our theatre circuit is a significant competitive advantage for negotiating attractive national contracts and generating economies of scale. We believe that our market leadership allows us to capitalize on favorable attendance trends and attractive consolidation opportunities.

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Superior Management Drives Strong Operating Margins. We have developed a proven operating philosophy focused on efficient operations and strict cost controls at both the corporate and theatre levels. At the corporate level, we are able to capitalize on our size and operational expertise to achieve economies of scale in purchasing and marketing functions. We have developed an efficient purchasing and distribution supply chain that generates favorable concession margins. At the theatre level, management devotes significant attention to cost controls through the use of detailed management reports and performance-based compensation programs to encourage theatre managers to control costs effectively and increase concession sales.

Proven Acquisition and Integration Expertise. We have significant experience identifying, completing and integrating acquisitions of theatre circuits. Since our 2002 initial public offering, we have demonstrated our ability to enhance revenues and realize operating efficiencies through the successful acquisition and integration of seven theatre circuits, consisting of 149 theatres and 1,702 screens, including the acquisition of Consolidated Theatre Holdings, G.P. ("Consolidated Theatres") in fiscal 2008. We have generally achieved immediate cost savings at acquired theatres and improved their profitability through the application of our consolidated operating functions and key supplier contracts.

Quality Theatre Portfolio. We believe that we operate one of the most modern theatre circuits among major motion picture exhibitors. As of December 31, 2009, approximately 80% of our screens were located in theatres featuring stadium seating and approximately 85% of our screens were located in theatres with 10 or more screens. Our theatres have an average of 12.4 screens per location, which is well above the North American motion picture exhibition industry 2009 average of 6.6 screens per location. We believe that our modern theatre portfolio coupled with our operating margins should allow us to generate significant cash flows from operations. We believe that our theatre circuit will be further enhanced with the installation of digital projection systems in our theatres.

Investment in National CineMedia. National CineMedia operates the largest digital in-theatre network in North America representing approximately 16,800 U.S. and Canadian theatres screens (of which 15,400 are part of National CineMedia's digital content network) as of October 1, 2009 and reaching over 660 million movie guests annually. National CineMedia utilizes its in-theatre digital content network to distribute pre-feature advertising, cinema and lobby advertising and entertainment programming content. We believe our investment in National CineMedia will generate incremental value for our stockholders. See "National CineMedia Joint Venture" under Part I, Item I of this Form 10-K for further discussion of National CineMedia.

Dividend Policy

We believe that paying dividends on our shares of common stock is important to our stockholders. To that end, during fiscal 2009, we paid to our stockholders four quarterly cash dividends of $0.18 per share, on each outstanding share of our Class A and Class B common stock, or approximately $110.8 million in the aggregate. Further, on February 16, 2010, we declared a cash dividend of $0.18 per share on each outstanding share of Class A and Class B common stock. The dividend is payable on March 16, 2010 to our stockholders of record on March 4, 2010. These dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of our board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. Dividends are considered quarterly and may be paid only when approved by our board of directors.

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INDUSTRY OVERVIEW AND TRENDS

The domestic motion picture exhibition industry is a mature business that has historically maintained steady long-term growth in revenues and attendance. Since 1965, total box office revenues have grown at a compound annual growth rate of approximately 6% with annual attendance of approximately 1.4 billion attendees in 2009. Against this background of steady long-term growth in revenues and attendance, the exhibition industry has experienced periodic short-term increases and decreases in attendance and, consequently, box office revenues. We expect the cyclical nature of the domestic motion picture exhibition industry to continue for the foreseeable future.

More recently, the domestic motion picture exhibition industry has experienced increased competition from other methods of delivering films to consumers, including cable television, in-home video and DVD, satellite and pay-per-view services and downloads via the Internet. Traditionally, when motion picture distributors licensed their films to the domestic exhibition industry, they refrained from licensing their products to other delivery channels for a period of time, commonly called the theatrical release window. Over the past several years, the average period between a film's theatrical release and its in-home video or DVD release has remained relatively stable. Fundamentally, we believe that movie-going is a convenient, affordable and attractively priced form of out-of-home entertainment, which, on an average price per patron basis, continues to compare favorably to other out-of-home entertainment alternatives, such as concerts and sporting events.

The domestic motion picture industry is in the process of converting from film-based media to electronic-based media, including the distribution of feature films in a digital format rather than a 35 mm film format. Virtually all entertainment content today can be exhibited digitally. Digital projection produces a consistent state-of-the-art presentation for patrons as there is no degradation of image over the exhibition period of the motion picture. We believe that operating a digital theatre circuit will enable us to generate incremental revenue from differentiated motion picture formats such as digital 3D and IMAX®, generate additional revenue from exhibition of specialty content offerings and provide greater flexibility in scheduling our programming content, which we expect will enhance our capacity utilization. Given our market presence, the overall diversity of our patron base and our high average screen per theatre count, we believe the benefits associated with digital technologies will be significant for our theatre circuit and will provide us with the opportunity for incremental revenue. We remain optimistic regarding the benefits of digital cinema primarily as it relates to future growth potential associated with 3D film product and other 3D content and are pleased to see growing support of 3D and IMAX® film product by the major motion picture studios. We have also experienced an increase in alternative content available to us. As directors and producers continue to embrace new technology in their productions, we expect new and innovative content generation to continue. To that end, on February 12, 2007, we, along with AMC and Cinemark, formed Digital Cinema Implementation Partners, LLC ("DCIP"), to create a financing model and establish agreements with major motion picture studios for the implementation of digital cinema. See "Digital Cinema Implementation Partners Joint Venture" under Part I, Item I of this Form 10-K for further discussion of this joint venture arrangement.

We believe a modern megaplex featuring stadium seating is preferred by patrons over a sloped-floor multiplex theatre, the predominant theatre-type built prior to 1996. We believe theatres larger than the current 10 to 18 screen megaplex are not able to generate attractive returns in most locations because of the substantial market suitability requirements to generate a level of profitability similar to the current megaplex format. We also believe that another evolution of theatre formats beyond the current megaplex is unlikely to occur in the foreseeable future.

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THEATRE OPERATIONS

We operate the largest theatre circuit in the United States with 6,768 screens in 548 theatres in 39 states and the District of Columbia as of December 31, 2009. We operate theatres in all of the top 30 and 44 of the top 50 U.S. designated market areas, which include locations in suburban growth areas. We target prime locations with excellent access to large, high patron-traffic areas. We operate our theatre circuit using our Regal Cinemas, United Artists and Edwards brands through our wholly owned subsidiaries.

We operate multi-screen theatres. Our multi-screen theatre complexes typically contain 10 to 18 screens, each with auditoriums ranging from 100 to 500 seats. As a result, our theatres appeal to a diverse group of patrons because we offer a wide selection of films and convenient show times. In addition, many of our theatres feature modern amenities such as wall-to-wall screens, digital stereo surround-sound, multi-station concessions stands, computerized ticketing systems, plush stadium seating with cup holders and retractable armrests, enhanced interiors and exteriors and video game areas adjacent to the theatre lobby.

We believe that our theatre circuit will be further enhanced with the installation of digital projection systems. We believe that operating a digital theatre circuit will enable us to generate incremental revenue from differentiated motion picture formats such as digital 3D and IMAX®, generate additional revenue from exhibition of specialty content offerings and provide greater flexibility in scheduling our programming content, which we expect will enhance our capacity utilization.

Our modern, multi-screen theatres are designed to increase profitability by optimizing revenues per square foot and reducing the cost per square foot of operation. We vary auditorium seating capacities within the same theatre, allowing us to exhibit films on a more cost effective basis for a longer period of time by shifting films to smaller auditoriums to meet changing attendance levels. In addition, we realize significant operating efficiencies by having common box office, concessions, projection, lobby and restroom facilities, which enables us to spread some of our costs, such as payroll, advertising and rent, over a higher revenue base. We stagger movie show times to reduce staffing requirements and lobby congestion and to provide more desirable parking and traffic flow patterns. We also actively monitor ticket sales in order to quickly recognize demand surges, which enables us to add seating capacity quickly and efficiently. In addition, we believe that operating a theatre circuit consisting primarily of modern theatres enhances our ability to attract patrons.

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The following table details the number of locations and theatre screens in our theatre circuit ranked by the number of screens in each state and the District of Columbia as of December 31, 2009:

State/District	Locations	Number of Screens
California	97	1,140
New York	51	569
Florida	48	692
Washington	33	349
Virginia	32	416
North Carolina	25	290
Pennsylvania	23	287
Ohio	22	298
Oregon	22	224
Texas	18	257
South Carolina	17	228
Georgia	16	235
Maryland	13	178
Tennessee	13	175
Massachusetts	13	141
New Jersey	12	155
Nevada	11	146
Colorado	11	133
New Mexico	7	66
Mississippi	7	56
Indiana	6	82
Idaho	5	73
Connecticut	5	57
Louisiana	5	50
Alaska	5	43
Illinois	4	67
Hawaii	4	47
Alabama	3	42
New Hampshire	3	33
Maine	3	30
Minnesota	2	36
Missouri	2	36
Delaware	2	33
West Virginia	2	22
Arizona	1	10
Kentucky	1	16
Wisconsin	1	16
District of Columbia	1	14
Michigan	1	14
Arkansas	1	12
Total	548	6,768

We have implemented a best management practices program across all of our theatres, including daily, weekly and monthly management reports generated for each individual theatre, as well as maintaining active communication between the theatres, divisional management and corporate management. We use these management reports and communications to closely monitor admissions and concessions revenues as well as accounting, payroll and workforce information necessary to manage our theatre operations effectively and efficiently.

We seek experienced theatre managers and require new theatre managers to complete a comprehensive training program within the theatres and at the "Regal Entertainment University," which is held at our corporate office. The program is designed to encompass all phases of theatre operations, including our operating philosophy, policies, procedures and standards. In addition, we have an incentive compensation program for theatre-level management that rewards theatre managers for controlling operating expenses while complying with our operating standards.

In addition, we have implemented quality assurance programs in all of our theatres to maintain clean, comfortable and modern facilities. To maintain quality and consistency within our theatre circuit, district and regional managers regularly inspect each theatre. We also operate a "mystery shopper" program, which involves unannounced visits by unidentified customers who report on the quality of service, film presentation and cleanliness at individual theatres.

NATIONAL CINEMEDIA JOINT VENTURE

In March 2005, Regal and AMC announced the combination of the operations of RCM and AMC's subsidiary, National Cinema Network, Inc. ("NCN"), into a joint venture company known as National CineMedia. In July 2005, Cinemark, through a wholly owned subsidiary, joined the National CineMedia joint venture. Since its inception, National CineMedia has primarily concentrated its efforts on in-theatre advertising, business meetings and non-feature film content distribution.

On February 13, 2007, National CineMedia, Inc. ("NCM, Inc."), the sole manager of National CineMedia, completed an IPO of its common stock. NCM, Inc. sold 38.0 million shares of its common stock for $21 per share in the IPO, less underwriting discounts and expenses. NCM, Inc. used a portion of the net cash proceeds from the IPO to acquire newly issued common units from National CineMedia. As a result of the NCM, Inc.'s acquisition of common units in National CineMedia, the Company recognized a change in interest gain of approximately $182.7 million along with a corresponding increase in the Company's equity investment in National CineMedia.

At the closing of the IPO, the underwriters exercised their over-allotment option to purchase an additional 4.0 million shares of common stock of NCM, Inc. at the initial offering price of $21 per share, less underwriting discounts and commissions. In connection with this over-allotment option exercise, Regal, AMC and Cinemark each sold to NCM, Inc. common units of National CineMedia on a pro rata basis at the initial offering price of $21 per share, less underwriting discounts and expenses. Regal sold approximately 1.6 million common units to NCM, Inc. for proceeds of approximately $32.2 million and recognized a gain on the sale of such units of approximately $19.3 million. Upon completion of this sale of common units, Regal held approximately 21.2 million common units of National CineMedia. Such common units are immediately redeemable on a one-to-one basis for shares of NCM, Inc. common stock.

Upon the closing of the IPO, National CineMedia entered into a $725.0 million term loan facility, the net cash proceeds of which were used to redeem preferred units issued to each of Regal, AMC and Cinemark on a pro rata basis pursuant to a recapitalization of National CineMedia prior to completion of the IPO. We received approximately $315.1 million as a result of the preferred unit redemption. The Company recognized such cash distributions from National CineMedia by (1) reducing its equity investment in National CineMedia from approximately $166.4 million to zero and (2) recording distributions in excess of the investment balance in National CineMedia of approximately $148.7 million as a gain. Because the investment (and net advances) in National CineMedia has been reduced to zero, we will not provide for any additional losses as we have not guaranteed obligations of National CineMedia and we are not otherwise committed to provide further financial support for National CineMedia. In addition, during future periods, the Company will not recognize its share of any

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undistributed equity in the earnings of National CineMedia from the Company's initial investment in National CineMedia until National CineMedia's future net earnings equal or exceed the amount of the above excess distribution. Until such time, equity earnings related to the Company's initial investment in National CineMedia will be recognized only to the extent that the Company receives cash distributions from National CineMedia.

In connection with the completion of the IPO, the joint venture partners, including RCI, amended and restated their exhibitor services agreements ("ESA") with National CineMedia. In exchange for a significant portion of its pro rata share of the IPO proceeds, RCI agreed to a modification of National CineMedia's payment obligation under the ESA. The modification extended the term of the ESA to 30 years, provided National CineMedia with a five-year right of first refusal beginning one year prior to the end of the term and changed the basis upon which RCI is paid by National CineMedia from a percentage of revenues associated with advertising contracts entered into by National CineMedia to a monthly theatre access fee. The theatre access fee is composed of a fixed $0.07 payment per patron which will increase by 8% every five years starting at the end of fiscal 2011 and a fixed $800 payment per digital screen each year, which will increase by 5% annually starting at the end of fiscal 2007 (or $882 for fiscal 2009). The access fee revenues received by the Company under its contract are determined annually based on a combination of both fixed and variable factors which include the total number of theatre screens, attendance and actual revenues (as defined in the ESA) generated by National CineMedia. The ESA does not require us to maintain a minimum number of screens and does not provide a fixed amount of access fee revenue to be earned by the Company in any period. The theatre access fee paid in the aggregate to us, AMC and Cinemark will not be less than 12% of NCM's aggregate advertising revenue, or it will be adjusted upward to meet this minimum payment. On-screen advertising time provided to our beverage concessionaire is provided by National CineMedia under the terms of the ESA. In addition, we receive mandatory quarterly distributions of any excess cash from National CineMedia.

The amount we received for agreeing to the ESA modification was approximately $281.0 million, which represents the estimated fair value of the ESA modification payment. We estimated the fair value of the ESA payment based upon a valuation performed by the Company with the assistance of third party specialists. This amount has been recorded as deferred revenue and will be amortized to advertising revenue over the 30-year term of the agreement following the units of revenue method. Under the units of revenue method, amortization for a period is calculated by computing a ratio of the proceeds received from the ESA modification payment to the total expected decrease in revenues due to entry into the new ESA over the 30-year term of the agreement and then applying that ratio to the current period's expected decrease in revenues due to entry into the new ESA.

As described more fully in Note 4 to the consolidated financial statements included in Part II, Item 8, of this Form 10-K, from time to time, common units of National CineMedia held by the joint venture partners will be adjusted up or down through a formula primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each joint venture partner. On April 9, 2008, we received from National CineMedia approximately 0.8 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement dated as of February 13, 2007, by and among National CineMedia, NCM, Inc., Regal CineMedia Holdings, LLC ("RCH"), RCI and other parties thereto (the "Common Unit Adjustment Agreement"). Further, on May 29, 2008, we received from National CineMedia approximately 2.9 million newly issued common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement for our increase in screens in connection with our acquisition of Consolidated Theatres. Finally, on March 17, 2009, we received from National CineMedia approximately 0.5 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. These adjustments increased the number of National CineMedia common units held by us to approximately 25.4 million and as a result, on a fully diluted basis, we own a 25.0% interest in NCM, Inc. as of December 31, 2009.

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DIGITAL CINEMA IMPLEMENTATION PARTNERS JOINT VENTURE

On February 12, 2007, we, along with AMC and Cinemark, formed DCIP, to create a financing model and establish agreements with major motion picture studios for the implementation of digital cinema. Travis Reid, the former president and chief executive officer of Loews Theatres, serves as the chief executive officer of DCIP and DCIP engaged J.P. Morgan Securities Inc. to assist with the review of a business plan for digital cinema and with identifying and evaluating potential financing and capital structure alternatives. Future digital cinema developments will be managed by DCIP, subject to the approval of us, AMC and Cinemark. Each of Regal, AMC and Cinemark has an equal voting interest in DCIP. To date, DCIP has executed long-term deployment agreements with six motion picture studios. In accordance with these agreements, the digital projection systems deployed by DCIP will comply with the technology and security specifications developed by the Digital Cinema Initiatives studio consortium.

The costs of implementing digital projection in our theatres will be substantially funded by DCIP. We expect that with respect to our existing theatres, DCIP will cover substantially all of the costs of installing digital projection systems, and with respect to our new-build theatres, DCIP will cover substantially all of the estimated incremental cost of digital projection systems over conventional film projectors. We expect DCIP to fund the cost of conversion through the collection of virtual print fees ("VPFs") from motion picture studios and equipment lease payments from participating exhibitors. We will bear operating and maintenance costs with respect to digital projection systems in our theatres, which we expect to be relatively comparable to what we currently spend on our conventional film projectors. Our ability to implement digital cinema systems in accordance with our plans will depend on the availability of equipment from third-party vendors, payment of VPFs by motion picture studios and equipment lease payments from participating exhibitors. We believe that the supply of digital cinema equipment will be sufficient for our needs. As of December 31, 2009, we operated 427 screens outfitted with digital 3D projection systems, and the Company's cumulative cash investment in DCIP totaled approximately $8.0 million.

We expect DCIP to complete the execution of definitive agreements and related financing transactions in connection with the conversion to digital projection during the first quarter of 2010. The anticipated financing is expected to cover the cost of conversion for approximately 70% of our circuit's screens. We ultimately expect to outfit all of our screens with digital projection systems, with approximately 1,500 screens being digital 3D capable. As of the date of this Form 10-K, we have already begun to convert our existing theatres from 35 mm film projection to digital projection and intend to complete the conversion of our entire circuit in approximately three to four years.

FILM DISTRIBUTION

Domestic movie theatres are the primary initial distribution channel for domestic film releases. The theatrical success of a film is often the most important factor in establishing its value in other film distribution channels. Motion pictures are generally made available through several alternative distribution methods after the theatrical release date, including home video and DVD, cable television, broadcast television and satellite, pay-per-view services and downloads via the internet. A strong opening run at the theatre can help establish a film's success and substantiate the film's revenue potential. For example, the value of home video, DVD and pay cable distribution agreements frequently depends on the success of a film's theatrical release. As the primary distribution mechanism for the public's evaluation of films, we believe that domestic theatrical distribution remains the cornerstone of a film's overall financial success.

The development of additional distribution channels has given motion picture producers the ability to generate a greater portion of a film's revenues through channels other than its theatrical release. Historically, this potential for increased revenue after a film's initial theatrical release has enabled major motion picture studios and some independent producers to increase the budgets for film production and advertising.

FILM EXHIBITION

Evaluation of Film. We license films on a film-by-film and theatre-by-theatre basis by negotiating directly with film distributors. Prior to negotiating for a film license, we evaluate the prospects for upcoming films. Criteria we consider for each film may include cast, producer, director, genre, budget, comparative film performances and various other market conditions. Successful licensing depends greatly upon the exhibitor's knowledge of trends and historical film preferences of the residents in markets served by each theatre, as well as the availability of commercially successful motion pictures.

Access to Film Product. Films are licensed from film distributors owned by major production companies and from independent film distributors that distribute films for smaller production companies. Film distributors typically establish geographic licensing zones and allocate each available film to one theatre within that zone.

In licensing zones where we are the sole exhibitor, we obtain film licenses by selecting a film from among those films being offered and negotiating directly with the distributor. In zones where there is competition, a distributor will allocate films among the exhibitors in the zone. When films are licensed under the allocation process, a distributor will select an exhibitor for each film who then negotiates film rental terms directly with the distributor.

Film Rental Fees. Film licenses typically specify rental fees or formulas by which rental fees may be calculated. The primary formulas used are the "sliding scale" formula, a "firm term" formula and a "review or settlement." Under a sliding scale formula, the distributor receives a percentage of the box office receipts using a pre-determined and mutually agreed upon film rental template. This formula establishes film rental predicated on box office performance and is the predominant formula used by us to calculate film rental fees. Under the firm term formula, the exhibitor and distributor agree prior to the exhibition of the film on a specified percentage of the box office receipts to be remitted to the distributor. Lastly, under the review or settlement method, the exhibitor and distributor negotiate a percentage of the box office receipts to be remitted to the distributor upon completion of the theatrical engagement. These negotiations typically involve the use of historical settlements or past precedent.

Duration of Film Licenses. The duration of our film licenses are negotiated with our distributors on a case-by-case basis. The terms of our license agreements depend on performance of each film. Marketable movies that are expected to have high box office admission revenues will generally have longer license terms than movies with more uncertain performance and popularity.

Relationship with Distributors. Many distributors provide quality first-run movies to the motion picture exhibition industry. For the year ended December 31, 2009, ten major film distributors accounted for approximately 95% of our admissions revenues. Five of the ten major film distributors each accounted for more than 10% of fiscal 2009 admission revenues. One film distributor accounted for approximately 20% of fiscal 2009 admissions revenues. We license films from each of the major distributors and believe that our relationships with these distributors are good. From year to year, the revenues attributable to individual distributors will vary widely depending upon the number and popularity of films that each one distributes.

CONCESSIONS

In addition to box office admissions revenues, we generated approximately 26.8% of our total revenues from concessions sales during fiscal 2009. We emphasize prominent and appealing concession stations designed for rapid and efficient service. We continually seek to increase concessions sales by optimizing product mix, introducing special promotions from time to time and offering employee training and incentive programs to up-sell and cross-sell products. We have favorable concession supply contracts and have developed an efficient concession purchasing and distribution supply chain. Our management negotiates directly with manufacturers for many of our concession items to obtain competitive prices and to ensure adequate supplies.

COMPETITION

The motion picture exhibition industry is highly competitive. Motion picture exhibitors generally compete on the basis of the following competitive factors:

- ability to secure films with favorable licensing terms;
- availability of stadium seating, location, reputation of their theatres and seating capacity;
- quality of projection and sound systems at their theatres; and
- ability and willingness to promote the films they are showing.

We have several hundred competitors nationwide, which vary substantially in size, from small independent exhibitors to large national chains such as AMC and Cinemark. As a result, our theatres are subject to varying degrees of competition in the regions in which they operate. Our competitors, including newly established motion picture exhibitors, may build new theatres or screens in areas in which we operate, which may result in increased competition and excess capacity in those areas. If this occurs, it may have an adverse effect on our business and results of operations. As the largest motion picture exhibitor, however, we believe that we will be able to generate economies of scale and operating efficiencies that will give us a competitive advantage over many of our competitors.

We also compete with other motion picture distribution channels, including home video and DVD, cable television, broadcast television and satellite, pay-per-view services and downloads via the internet. Other technologies such as video on demand could also have an adverse effect on our business and results of operations. Traditionally, when motion picture distributors licensed their products to the domestic exhibition industry, they refrained from licensing their motion pictures to these other distribution channels for a period of time, commonly called the theatrical release window. We believe that the theatrical release window has been stable over the past five to six years. However, we believe that a material contraction of the theatrical release window could significantly dilute the consumer appeal of the out-of-home motion picture offering. As a result, we continue to monitor the status of the theatrical release window during our film licensing decisions.

In addition, we compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, concerts, live theatre and restaurants.

MARKETING AND ADVERTISING

Currently, film distributors organize and finance multimedia advertising campaigns for major film releases. To market our theatres, we utilize newspaper, internet and radio advertising to inform our patrons of film selections and show times. Newspaper advertisements are typically displayed in a single grouping for all of our theatres located in a newspaper's circulation area. In some of our markets we employ special marketing programs for specific films and concessions items.

We have a frequent moviegoer loyalty program, named the Regal Crown Club®, in all of our markets. Regal Crown Club® members are eligible for specified awards, such as concession items, based on purchases made at our participating theatres. As of December 31, 2009, we had approximately six million active members in the Regal Crown Club®. In addition, we seek to develop patron loyalty through a number of other marketing programs such as free summer children's film series, cross-promotional ticket redemptions and promotions within local communities. We offer these programs only in selected markets. We plan to use these programs in markets where we believe patron loyalty can be further enhanced, and we will continue to evaluate our markets on a case-by-case basis to determine the suitability of these programs in individual regions.

MANAGEMENT INFORMATION SYSTEMS

We make extensive use of information technology ("IT") for the management of our business, our theatres, and other revenue generating operations. The revenue streams generated by attendance and concession sales are fully supported by information systems to monitor cash flow and to detect fraud and inventory shrinkage. We have implemented software and hardware solutions which provide for enhanced capabilities and efficiency within our theatre operations. These solutions have enabled us to sell gift cards at various major retailers, grocery stores and mass discounters and to redeem those gift cards at our theatre box offices and concession stands. We continue to expand our ability to sell tickets remotely by using our Internet ticketing partner, Fandango.com, and by deploying self-service customer activated terminals ("CATs") in appropriate theatres. The CATs can sell tickets for current and future shows and provide the capability to retrieve tickets purchased through Fandango.com. We continue to investigate and invest in IT to improve services to our patrons and provide information to our management, allowing them to operate the theatres efficiently.

Our scheduling systems support the coordination needed to properly allocate our auditoriums between film showings and meetings and events of National CineMedia, while also ensuring that movie audiences view the intended advertising and that revenue is allocated to the appropriate business function. The scheduling systems also provide information electronically and automatically to the newspapers, which allows them to publish correct show starting times with approved advertising graphics. The sales and attendance information collected by the theatre systems is used directly for film booking and settlement as well as being the primary source of data for our financial systems.

SEASONALITY

Our revenues are usually seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, motion picture studios release the most marketable motion pictures during the summer and the holiday season. The unexpected emergence of a hit film during other periods can alter the traditional trend. The timing of movie releases can have a significant effect on our results of operations, and the results of one fiscal quarter are not necessarily indicative of results for the next fiscal quarter or any other fiscal quarter. The seasonality of motion picture exhibition, however, has become less pronounced as motion picture studios are releasing motion pictures somewhat more evenly throughout the year.

EMPLOYEES

As of February 10, 2010, we employed approximately 25,226 persons. Some of our facilities employ union projectionists. The Company's expansion into new markets may increase the number of employees represented by unions. The Company considers its employee relations to be good.

REGULATION

The distribution of motion pictures is in large part regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. Consent decrees effectively require major film distributors to offer and license films to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, exhibitors cannot assure themselves of a supply of films by entering into long-term arrangements with major distributors, but must negotiate for licenses on a film-by-film basis.

Our theatres must comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA") to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the ADA. Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, an award of damages to private litigants and additional capital expenditures to remedy such non-compliance.

We believe that we are in substantial compliance with all current applicable regulations relating to accommodations for the disabled. We intend to comply with future regulations in this regard and except as set forth in Note 8 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, we do not currently anticipate that compliance will require us to expend substantial funds. Our theatre operations are also subject to federal, state and local laws governing such matters as wages, working conditions, citizenship and health and sanitation requirements. We believe that we are in substantial compliance with all of such laws.

FORWARD-LOOKING STATEMENTS

Some of the information in this Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" may constitute forward-looking statements. In some cases you can identify these forward-looking statements by words like "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these statements as a result of certain risk factors as more fully discussed under "Risk Factors" below.

Item 1A. RISK FACTORS.

Investing in our securities involves a significant degree of risk. In addition to the other information contained in this Form 10-K, you should consider the following factors before investing in our securities.

Our substantial lease and debt obligations could impair our financial condition.

We have substantial lease and debt obligations. For fiscal 2009, our total rent expense and net interest expense were approximately $378.8 million and $151.0 million, respectively. As of December 31, 2009, we had total debt obligations of $1,997.1 million. As of December 31, 2009, we had total contractual cash obligations of approximately $6,330.3 million. For a detailed discussion of our contractual cash obligations and other commercial commitments over the next several years, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Cash Obligations and Commitments" provided in Part II, Item 7 of this Form 10-K.

If we are unable to meet our lease and debt service obligations, we could be forced to restructure or refinance our obligations and seek additional equity financing or sell assets. We may be unable to restructure or refinance our obligations and obtain additional equity financing or sell assets on satisfactory terms or at all. As a result, inability to meet our lease and debt service obligations could cause us to default on those obligations. Many of our lease agreements and the agreements governing the terms of our debt obligations contain restrictive covenants that limit our ability to take specific actions or require us not to allow specific events to occur and prescribe minimum financial maintenance requirements that we must meet. If we violate those restrictive covenants or fail to meet the minimum financial requirements contained in a lease or debt instrument, we would be in default under that instrument, which could, in turn, result in defaults under other leases and debt instruments. Any such defaults could materially impair our financial condition and liquidity.

Our theatres operate in a competitive environment.

The motion picture exhibition industry is fragmented and highly competitive with no significant barriers to entry. Theatres operated by national and regional circuits and by small independent exhibitors compete with our theatres, particularly with respect to film licensing, attracting patrons and developing new theatre sites. Moviegoers are generally not brand conscious and usually choose a theatre based on its location, the films showing there and its amenities.

Generally, stadium seating found in modern megaplex theatres is preferred by patrons over slope-floored multiplex theatres, which were the predominant theatre-type built prior to 1996. Although, as of December 31, 2009, approximately 80% of our screens were located in theatres featuring stadium seating, we still serve many markets with sloped-floored multiplex theatres. These theatres may be more vulnerable to competition than our modern megaplex theatres, and should other theatre operators choose to build and operate modern megaplex theatres in these markets, the performance of our theatres in these markets may be significantly and negatively impacted. In addition, should other theatre operators return to the aggressive building strategies undertaken in the late 1990's, our attendance, revenue and income from operations per screen could decline substantially.

We depend on motion picture production and performance.

Our ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, our ability to license motion pictures and the performance of such motion pictures in our markets. We license first-run motion pictures, the success of which has increasingly depended on the marketing efforts of the major motion picture studios. Poor performance of, or any disruption in the production of these motion pictures (including by reason of a strike or lack of adequate financing), or a reduction in the marketing efforts of the major motion picture studios, could hurt our business and results of operations. In addition, a change in the type and breadth of movies offered by motion picture studios may adversely affect the demographic base of moviegoers.

Development of digital technology may increase our capital expenses.

The industry is in the process of converting film-based media to electronic-based media. There are a variety of constituencies associated with this anticipated change, which may significantly impact industry participants, including content providers, distributors, equipment providers and exhibitors. Should the conversion process rapidly accelerate and the major motion picture studios not cover the cost of the conversion as expected, we may have to use cash flow from operations, cash on hand or raise additional capital to finance the conversion costs associated with this potential change. The additional capital necessary may not, however, be available to us on attractive terms, if at all. Furthermore, it is impossible to accurately predict how the roles and allocation of costs (including operating costs) between various industry participants will change as the industry changes from physical media to electronic media.

An increase in the use of alternative film delivery methods may drive down movie theatre attendance and reduce ticket prices.

We also compete with other movie delivery vehicles, including cable television, downloads via the Internet, in-home video and DVD, satellite and pay-per-view services. Traditionally, when motion picture distributors licensed their products to the domestic exhibition industry, they refrained from licensing their motion pictures to these other delivery vehicles during the theatrical release window. We believe that a material contraction of the current theatrical release window could significantly dilute the

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consumer appeal of the in-theatre motion picture offering, which could have a material adverse effect on our business and results of operations. We also compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, concerts, live theatre and restaurants.

We depend on our relationships with film distributors.

The film distribution business is highly concentrated, with ten major film distributors accounting for approximately 95% of our admissions revenues during fiscal 2009. Our business depends on maintaining good relations with these distributors. In addition, we are dependent on our ability to negotiate commercially favorable licensing terms for first-run films. A deterioration in our relationship with any of the ten major film distributors could affect our ability to negotiate film licenses on favorable terms or our ability to obtain commercially successful films and, therefore, could hurt our business and results of operations.

No assurance of a supply of motion pictures.

The distribution of motion pictures is in large part regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. Consent decrees resulting from those cases effectively require major motion picture distributors to offer and license films to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis.

We may not benefit from our acquisition strategy.

We may have difficulty identifying suitable acquisition candidates. Even if we do identify such candidates, we anticipate significant competition from other motion picture exhibitors and financial buyers when trying to acquire these candidates, and there can be no assurances that we will be able to acquire such candidates at reasonable prices or on favorable terms. Moreover, some of these possible buyers may be stronger financially than we are. As a result of this competition for limited assets, we may not succeed in acquiring suitable candidates or may have to pay more than we would prefer to make an acquisition. If we cannot identify or successfully acquire suitable acquisition candidates, we may not be able to successfully expand our operations and the market price of our securities could be adversely affected.

In any acquisition, we expect to benefit from cost savings through, for example, the reduction of overhead and theatre level costs, and from revenue enhancements resulting from the acquisition. There can be no assurance, however, that we will be able to generate sufficient cash flow from these acquisitions to service any indebtedness incurred to finance such acquisitions or realize any other anticipated benefits. Nor can there be any assurance that our profitability will be improved by any one or more acquisitions. If we cannot generate sufficient cash flow to service debt incurred to finance an acquisition, our results of operations and profitability would be adversely affected. Any acquisition may involve operating risks, such as:

- the difficulty of assimilating the acquired operations and personnel and integrating them into our current business;
- the potential disruption of our ongoing business;
- the diversion of management's attention and other resources;
- the possible inability of management to maintain uniform standards, controls, procedures and policies;

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- the risks of entering markets in which we have little or no experience;
- the potential impairment of relationships with employees;
- the possibility that any liabilities we may incur or assume may prove to be more burdensome than anticipated;
- the possibility that any acquired theatres or theatre circuit operators do not perform as expected; and
- the possibility that the Antitrust Division of the United States Department of Justice (the "DOJ") may require us to dispose of existing or acquired theatres in order to complete acquisition opportunities.

Our investment in and revenues from National CineMedia may be negatively impacted by the competitive environment in which National CineMedia operates.

As of December 31, 2009, we owned approximately 25.0% of National CineMedia. In addition, we receive theatre access fees and mandatory distributions of excess cash from National CineMedia. National CineMedia's in-theatre advertising operations compete with other cinema advertising companies and other advertising mediums including, most notably, television, newspaper, radio and the Internet. There can be no guarantee that in-theatre advertising will continue to attract major advertisers or that National CineMedia's in-theatre advertising format will be able to generate expected sales of advertising. Although we have representation on the board of directors of National CineMedia, we do not control this business. Should National CineMedia fail to maintain the level of profitability it hopes to achieve, its results of operations may be adversely affected and our investment in and earnings and cash flows from National CineMedia may be adversely impacted.

We depend on our senior management.

Our success depends upon the retention of our senior management, including Michael Campbell, our Executive Chairman and Amy Miles, our Chief Executive Officer. We cannot assure you that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. The loss of any member of senior management could adversely affect our ability to effectively pursue our business strategy.

The interests of our controlling stockholder may conflict with your interests.

Anschutz Company owns all of our outstanding Class B common stock. Our Class A common stock has one vote per share while our Class B common stock has ten votes per share on all matters to be voted on by stockholders. As a result, as of December 31, 2009, Anschutz Company controlled approximately 78% of the voting power of all of our outstanding common stock. For as long as Anschutz Company continues to own shares of common stock representing more than 50% of the voting power of our common stock, it will be able to elect all of the members of our board of directors and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on common stock. Anschutz Company will also have the power to prevent or cause a change in control, and could take other actions that might be desirable to Anschutz Company but not to other stockholders. In addition, Anschutz Company and its affiliates have controlling interests in companies in related and unrelated industries, including interests in the sports, motion picture production and music entertainment industries. In the future, it may combine our company with one or more of its other holdings.

A prolonged economic downturn could materially affect our business by reducing consumer spending on movie attendance.

We depend on consumers voluntarily spending discretionary funds on leisure activities. Motion picture theatre attendance may be affected by prolonged negative trends in the general economy that adversely affect consumer spending, such trends resulting from terrorist attacks on, or wars or threatened wars involving, the United States. During 2008, many economists determined that the U.S. economy had entered into a recession as a result of the deterioration in the credit markets and the related financial crisis, as well as a variety of other factors. A prolonged reduction in consumer confidence or disposable income in general may affect the demand for motion pictures or severely impact the motion picture production industry, which, in turn, could adversely affect our operations.

The global financial crisis may have an impact on our business and financial condition in ways that we currently cannot predict.

In late 2008 and early 2009, global financial markets experienced significant disruptions and the United States and many other economies experienced a prolonged economic downturn, resulting in heightened credit risk, reduced valuation of investments and decreased economic activity. While economic conditions have recently improved, that trend may not continue and the U.S. economy may continue to be weak for the foreseeable future or may further deteriorate. Even if growth continues, it may be at a slow rate for an extended period of time and other economic conditions, such as the commercial real estate environment may continue to be weak. If economic conditions remain weak or deteriorate, or if financial markets experience additional significant disruption, it could materially adversely affect our results of operations, financial position and/or liquidity. For example, deteriorating conditions in the global credit markets could negatively impact our business partners which may impact film production, the development of new theatres or the enhancement of existing theatres, including delaying the deployment of new projection and other technologies to our theatres.

In addition, our ability to access capital markets may be restricted at times when the implementation of our business strategy may require us to do so, which could have an impact on our flexibility to react to changing economic and business conditions. For example, our future ability to borrow on our revolving credit facility (the "Revolving Facility") or the effectiveness of our remaining and future interest rate hedging arrangements could be negatively impacted if one or more counterparties files for bankruptcy protection or otherwise fails to perform their obligations thereunder. All of these factors could adversely affect our credit ratings, the market price of our Class A common stock and our financial condition and results of operations.

Substantial sales of our Class A common stock could cause the market price for our Class A common stock to decline.

We cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Sales of substantial amounts of shares of our Class A common stock in the public market, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline.

As of February 24, 2010, we had outstanding 23,708,639 shares of Class B common stock that may convert into Class A common stock on a one-for-one basis, all of which shares of common stock constitute "restricted securities" under the Securities Act. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradable.

Anschutz Company is able to sell their shares pursuant to the registration rights that we have granted. We cannot predict whether substantial amounts of our Class A common stock will be sold in the open market in anticipation of, or following, any divestiture by Anschutz Company or our directors or executive officers of their shares of our common stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain anti-takeover protections, which may discourage or prevent a takeover of our company, even if an acquisition would be beneficial to our stockholders.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law, could delay or make it more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders.

Our issuance of shares of preferred stock could delay or prevent a change of control of our company.

Our board of directors has the authority to cause us to issue, without any further vote or action by the stockholders, up to 50,000,000 shares of preferred stock, par value $0.001 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Our issuance of preferred stock could dilute the voting power of the common stockholders.

The issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

Our issuance of preferred stock could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

We are a holding company dependent on our subsidiaries for our ability to service our debt and pay our dividends.

Regal is a holding company with no operations of our own. Consequently, our ability to service our and our subsidiaries' debt and pay dividends on our common stock is dependent upon the earnings from the businesses conducted by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. Any distribution of earnings to us from our

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subsidiaries, or advances or other distributions of funds by these subsidiaries to us, all of which are subject to statutory or contractual restrictions, are contingent upon the subsidiaries' earnings and are subject to various business considerations. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of our 6 1/4% Convertible Senior Notes due March 15, 2011 (the "6 1/4% Convertible Senior Notes") and our common stock to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Hedging transactions and other transactions.

We have entered into convertible note hedge and warrant transactions with respect to our common stock, the exposure for which was held by Credit Suisse International ("Credit Suisse") at the time the 6 1/4% Convertible Senior Notes were issued. The convertible note hedge and warrant transactions are expected to reduce the potential dilution from conversion of the 6 1/4% Convertible Senior Notes. In connection with these hedging arrangements, Credit Suisse has taken positions in our Class A common stock in secondary market transactions and/or entered into various derivative transactions after the pricing of the 6 1/4% Convertible Senior Notes. Such hedging arrangements could affect the price of our Class A common stock. Credit Suisse may modify its hedge positions from time to time prior to the March 15, 2011 maturity of the 6 1/4% Convertible Senior Notes by purchasing and selling shares of our Class A common stock, other securities of Regal or other instruments we may wish to use in connection with such hedging. We cannot assure you that such activity will not affect the market price of our Class A common stock. For further description of the convertible note hedge and warrant transactions, see Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Item 1B. UNRESOLVED STAFF COMMENTS.

As of December 31, 2009, there are no unresolved comments from the Securities and Exchange Commission regarding any of our periodic or current reports filed under the Exchange Act.

Item 2. PROPERTIES.

As of December 31, 2009, we operated 483 theatre locations pursuant to lease agreements and owned the land and buildings in fee for 65 theatre locations. For a list of the states in which we operated theatres and the number of theatres and screens operated in each such state as of December 31, 2009, please see the chart under Part I, Item 1 of this Form 10-K under the caption "Business Theatre Operations", which is incorporated herein by reference.

The majority of our leased theatres are subject to lease agreements with original terms of 15 to 20 years or more and, in most cases, renewal options for up to an additional 10 years. These leases provide for minimum annual rentals and the renewal options generally provide for rent increases. Some leases require, under specified conditions, further rental payments based on a percentage of revenues above specified amounts. A significant majority of the leases are net leases, which require us to pay the cost of insurance, taxes and a portion of the lessor's operating costs. Our corporate office is located in Knoxville, Tennessee. We believe that these facilities are adequate for our operations.

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Item 3. LEGAL PROCEEDINGS.

Pursuant to General Instruction G(2) to Form 10-K and Rule 12b-23 under the Securities Exchange Act of 1934, as amended, the information required to be furnished by us under this Part I, Item 3 (Legal Proceedings) is incorporated by reference to the information contained in Note 8 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

EXECUTIVE OFFICERS OF THE REGISTRANT

Shown below are the names, ages as of December 31, 2009, and current positions of our executive officers. There are no family relationships between any of the persons listed below, or between any of such persons and any of the directors of the Company or any persons nominated or chosen by the Company to become a director or executive officer of the Company.

Name	Age	Position
Michael L. Campbell	56	Executive Chairman of the Board of Directors
Amy E. Miles	43	Chief Executive Officer
Gregory W. Dunn	50	President and Chief Operating Officer
Peter B. Brandow	49	Executive Vice President, General Counsel and Secretary
David H. Ownby	40	Executive Vice President, Chief Financial Officer and Treasurer

Michael L. Campbell is our Executive Chairman of the Board and has served in this capacity since June 2009. Mr. Campbell has served as a director since March 2002 and is a member of our Executive Committee. From March 2002 to May 2005, Mr. Campbell served as our Co-Chairman of the Board and Co-Chief Executive Officer. Mr. Campbell became our Chief Executive Officer and Chairman of the Board in May 2005 and served in that capacity through June 2009. Mr. Campbell founded Regal Cinemas, Inc. in November 1989, and served as Chief Executive Officer of Regal Cinemas, Inc. through June 2009. Prior thereto, Mr. Campbell was the Chief Executive Officer of Premiere Cinemas Corporation, which he co-founded in 1982, and served in such capacity until Premiere was sold in October 1989. Mr. Campbell is a director of NCM, Inc.

Amy E. Miles is our Chief Executive Officer and has served in this capacity since June 2009. Prior thereto, Ms. Miles served as our Executive Vice President, Chief Financial Officer and Treasurer from March 2002 to June 2009. Additionally, Ms. Miles has served as the Chief Executive Officer of Regal Cinemas, Inc. since June 2009. Ms. Miles formerly served as the Executive Vice President, Chief Financial Officer and Treasurer of Regal Cinemas, Inc. from January 2000 to June 2009. Prior thereto, Ms. Miles served as Senior Vice President of Finance from April 1999, when she joined Regal Cinemas, Inc. Prior to joining the Company, Ms. Miles was a Senior Manager with Deloitte & Touche LLP from 1998 to 1999. From 1989 to 1998, she was with PricewaterhouseCoopers.

Gregory W. Dunn is our President and Chief Operating Officer. Mr. Dunn has served as an Executive Vice President and Chief Operating Officer of Regal since March 2002 and became President of Regal in May 2005. Mr. Dunn served as Executive Vice President and Chief Operating Officer of Regal Cinemas, Inc. from 1995 to March 2002. Prior thereto, Mr. Dunn served as Vice President of Marketing and Concessions of Regal Cinemas, Inc. from 1991 to 1995.

Peter B. Brandow is our Executive Vice President, General Counsel and Secretary and has served as such 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 Thatcher & Bartlett LLP.

David H. Ownby is our Executive Vice President, Chief Financial Officer and Treasurer and has served in this capacity since June 2009. Mr. Ownby served as our Senior Vice President of Finance from March 2002 to June 2009. Mr. Ownby also served as our Chief Accounting Officer from May 2006 to June 2009. Prior thereto, Mr. Ownby served as the Company's Vice President Finance and Director of Financial Projects from October 1999 to March 2002. Prior to joining the Company, Mr. Ownby served with Ernst & Young LLP from September 1992 to October 1999.

Item 4. RESERVED.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common equity consists of Class A and Class B common stock. Our Class A common stock has traded on the New York Stock Exchange since May 9, 2002 under the symbol "RGC." There is no established public trading market for our Class B common stock.

The following table sets forth the historical high and low sales prices per share of our Class A common stock as reported by the New York Stock Exchange for the fiscal periods indicated.

	Fiscal 2009	
	High	Low
First Quarter (January 2, 2009 April 2, 2009)	$ 14.56	$ 8.83
Second Quarter (April 3, 2009 July 2, 2009)	14.83	10.58
Third Quarter (July 3, 2009 October 1, 2009)	14.33	11.41
Fourth Quarter (October 2, 2009 December 31, 2009)	14.47	11.11

	Fiscal 2008	
	High	Low
First Quarter (December 28, 2007 March 27, 2008)	$ 20.95	$ 16.40
Second Quarter (March 28, 2008 June 26, 2008)	20.27	14.50
Third Quarter (June 27, 2008 September 25, 2008)	17.84	14.57
Fourth Quarter (September 26, 2008 January 1, 2009)	15.84	6.72

On February 24, 2010, there were approximately 278 stockholders of record of our Class A common stock and one stockholder of record of our Class B common stock.

Additionally, as of February 24, 2010, approximately 562,373 shares of our Class A common stock are issuable upon exercise of stock options that vest and are exercisable at various dates through June 23, 2014, with exercise prices ranging from $2.4407 to $16.1768. All such options were exercisable as of February 24, 2010. Finally, as of February 24, 2010 our officers, directors and key employees hold, or in the case of performance shares are eligible to receive, approximately 2,430,420 restricted shares of our Class A common stock, for which the restrictions lapse or the performance criteria and vesting may be satisfied, at various dates through January 13, 2014. All shares underlying outstanding options and all shares of restricted stock are registered and will be freely tradable when the option is exercised, in the case of restricted stock when the restrictions lapse, or, in the case of performance shares when the performance criteria and vesting are satisfied, unless such shares are acquired by an affiliate of Regal, in which case the affiliate may only sell the shares subject to the volume limitations imposed by Rule 144 of the Securities Act.

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Dividend Policy

During fiscal 2009, we paid to our stockholders four quarterly cash dividends of $0.18 per share, on each outstanding share of our Class A and Class B common stock, or approximately $110.8 million in the aggregate. During fiscal 2008, we paid to our stockholders four quarterly cash dividends of $0.30 per share, on each outstanding share of our Class A and Class B common stock, or approximately $184.2 million in the aggregate. On February 16, 2010, we declared a cash dividend of $0.18 per share on each outstanding share of Class A and Class B common stock. The dividend is payable on March 16, 2010 to our stockholders of record on March 4, 2010. These dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of our board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. For a description of the loan agreement restrictions on the payment of dividends, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" included in Part II, Item 7 of this Form 10-K and Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

During fiscal 2004, the Company's board of directors authorized a share repurchase program, which provided for the authorization to repurchase up to $50.0 million of the Company's outstanding Class A common stock within a twelve month period. The share repurchase program expired in November 2009. Under the program, repurchases could be made from time to time as market conditions warranted, through open market purchases, negotiated transactions, or in such a manner deemed appropriate by the Company. Treasury shares were retired upon repurchase. During fiscal 2005, the Company repurchased 520,386 shares of its outstanding Class A common stock at an aggregate cost of approximately $10.0 million. The Company made no repurchases of its outstanding Class A common stock during fiscal 2007, fiscal 2008 or fiscal 2009.

Item 6. SELECTED FINANCIAL DATA.

We present below selected historical consolidated financial data for Regal based on historical data, for periods subsequent to the respective acquisition dates, (i) the fiscal year ended December 29, 2005, considering the results of operations of United Artists, Regal Cinemas, Edwards, Hoyts, the results of operations of seven theatres acquired during the fiscal quarter ended July 1, 2004 and the 28 theatres acquired from Signature Theatres on September 30, 2004 (the "fiscal 2004 acquisitions") from December 31, 2004, the results of operations of seven theatres acquired from R/C Theatres on April 28, 2005 and 21 theatres acquired from Eastern Federal Corporation on July 21, 2005 (the "fiscal 2005 acquisitions") for periods subsequent to the respective acquisition dates, (ii) the fiscal year ended December 28, 2006, considering the results of United Artists, Regal Cinemas, Edwards, Hoyts, the fiscal 2004 acquisitions and the fiscal 2005 acquisitions from December 30, 2005 and the results of operations of four theatres acquired from AMC on September 15, 2006 for the period subsequent to the acquisition date, (iii) the fiscal year ended December 27, 2007, considering the results of United Artists, Regal Cinemas, Edwards, Hoyts, the fiscal 2004 acquisitions, the fiscal 2005 acquisitions and the results of operations of four theatres acquired from AMC on September 15, 2006 from December 29, 2006, (iv) the fiscal year ended January 1, 2009, considering the results of United Artists, Regal Cinemas, Edwards, Hoyts, the fiscal 2004 acquisitions, the fiscal 2005 acquisitions, the four theatres

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acquired from AMC from December 28, 2007 and the results of operations of the 28 theatres acquired from Consolidated Theatres on April 30, 2008 for the period subsequent to the acquisition date and (v) the fiscal year ended December 31, 2009, considering the results of United Artists, Regal Cinemas, Edwards, Hoyts, the fiscal 2004 acquisitions, the fiscal 2005 acquisitions, the four theatres acquired from AMC and the 28 theatres acquired from Consolidated Theatres from January 2, 2009. The fiscal year ended January 1, 2009 consisted of 53 weeks of operations. The selected historical consolidated financial data as of and for the fiscal years ended December 31, 2009, January 1, 2009, December 27, 2007, December 28, 2006 and December 29, 2005 were derived from the audited consolidated financial statements of Regal and the notes thereto. The selected historical financial data do not necessarily indicate the operating results or financial position that would have resulted from our operations on a combined basis during the periods presented, nor is the historical data necessarily indicative of any future operating results or financial position of Regal. In addition to the below selected financial data, you should also refer to the more complete financial information included elsewhere in this Form 10-K.

	Fiscal year ended December 31, 2009	Fiscal year ended January 1, 2009(1)	Fiscal year ended December 27, 2007	Fiscal year ended December 28, 2006	Fiscal year ended December 29, 2005
	(in millions, except per share data)				
Statement of Operations Data:					
Total revenues	$ 2,893.9	$ 2,771.9	$ 2,661.2	$ 2,598.1	$ 2,516.7
Income from operations	279.4	284.4	322.2	308.5	269.6
Net income attributable to controlling interest	95.5	112.2	360.4	104.3	91.8
Earnings per diluted share	0.62	0.72	2.26	0.67	0.59
Dividends per common share	$ 0.72	$ 1.20	$ 3.20(2)	$ 1.20	$ 1.20

	As of or for the fiscal year ended December 31, 2009	As of or for the fiscal year ended January 1, 2009(1)	As of or for the fiscal year ended December 27, 2007	As of or for the fiscal year ended December 28, 2006	As of or for the fiscal year ended December 29, 2005
	(in millions, except operating data)				
Other financial data:					
Net cash provided by operating activities	$ 410.8	$ 270.9	$ 453.4	$ 304.4	$ 386.4
Net cash (used in) provided by investing activities	(110.5)	(338.5)	299.8	(151.7)	(243.0)
Net cash used in financing activities(2)	(142.4)	(197.4)	(480.2)	(186.8)	(191.0)
Balance sheet data at period end:					
Cash and cash equivalents	$ 328.1	$ 170.2	$ 435.2	$ 162.2	$ 196.3
Total assets	2,637.7	2,595.8	2,634.2	2,468.8	2,532.8
Total debt obligations	1,997.1	2,004.9	1,963.7	1,987.9	1,984.5
Equity (deficit)	(246.9)	(235.9)	(117.7)	(16.6)	31.7
Operating data:					
Theatre locations	548	552	527	539	555
Screens	6,768	6,801	6,388	6,403	6,463
Average screens per location	12.4	12.3	12.1	11.9	11.6
Attendance (in millions)	244.5	245.2	242.9	247.4	244.3
Average ticket price	$ 8.15	$ 7.68	$ 7.43	$ 6.98	$ 6.80
Average concessions per patron	$ 3.17	$ 3.09	$ 3.03	$ 2.82	$ 2.70

(1) Fiscal year ended January 1, 2009 was comprised of 53 weeks.

(2) Includes the April 13, 2007 payment of the $2.00 extraordinary cash dividend paid on each share of Class A and Class B common stock.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of Regal Entertainment Group for the fiscal years ended December 31, 2009, January 1, 2009 and December 27, 2007. The following discussion and analysis should be read in conjunction with the consolidated financial statements of Regal and the notes thereto included elsewhere in this Form 10-K.

Overview and Basis of Presentation

We conduct our operations through our wholly owned subsidiaries. We operate the largest and most geographically diverse theatre circuit in the United States, consisting of 6,768 screens in 548 theatres in 39 states and the District of Columbia as of December 31, 2009. We believe the size, reach and quality of our theatre circuit provide an exceptional platform to realize economies of scale from our theatre operations. We also maintain an investment in National CineMedia, which concentrates on in-theatre advertising and creating complementary business lines that leverage the operating personnel, asset and customer bases of its theatrical exhibition partners, which include us, AMC and Cinemark. The Company manages its business under one reportable segment: theatre exhibition operations.

We generate revenues primarily from admissions and concession sales. Additional revenues are generated by our vendor marketing programs, our gift card and discount ticket programs and various other activities in our theatres. In addition, National CineMedia provides us with a theatre access fee associated with revenues generated from its sale of on-screen advertising, rental of theatres for meetings and concerts and other events. Film rental costs depend on a variety of factors including the prospects of a film, the popularity and box office revenues of a film, and such film rental costs generally increase as the admissions revenues generated by a film increase. Because we purchase certain concession items, such as fountain drinks and popcorn, in bulk and not pre-packaged for individual servings, we are able to improve our margins by negotiating volume discounts. Other operating expenses consist primarily of theatre labor and occupancy costs.

On February 12, 2007, we, along with AMC and Cinemark, formed DCIP, to create a financing model and establish agreements with major motion picture studios for the implementation of digital cinema. Future digital cinema developments will be managed by DCIP, subject to the approval of us, AMC and Cinemark. Each of Regal, AMC and Cinemark has an equal voting interest in DCIP. The Company's cumulative cash investment in DCIP totaled approximately $8.0 million as of December 31, 2009.

On February 13, 2007, NCM, Inc., a newly formed entity that serves as the sole manager of National CineMedia, completed an IPO of its common stock. In connection with the series of transactions completed in connection with the IPO, Regal received gross cash proceeds totaling approximately $628.3 million and retained a 22.6% interest in NCM, Inc. After the payment of current taxes, net cash proceeds from these transactions totaled approximately $447.4 million. As discussed further in Note 4 to the consolidated financial statements included in Part II, Item 8 of Form 10-K, as a result of the transactions completed in connection with the IPO, the Company recognized a gain of approximately $350.7 million during the year ended December 27, 2007. As discussed further in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, as a result of the annual adjustment provisions of the Common Unit Adjustment Agreement with National CineMedia, on April 9, 2008, we received from National CineMedia approximately 0.8 million newly issued common units of National CineMedia. Further, on May 29, 2008, we received from National CineMedia approximately 2.9 million newly issued common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement in connection with our acquisition of Consolidated Theatres. Finally, on March 17, 2009, we received from National

CineMedia approximately 0.5 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. These adjustments increased the number of National CineMedia common units held by us to approximately 25.4 million and as a result, on a fully diluted basis, we own a 25.0% interest in NCM, Inc. as of December 31, 2009.

On March 10, 2008, Regal issued $200.0 million aggregate principal amount of $6^1/_4$% Convertible Senior Notes. Concurrent with the issuance of the $6^1/_4$% Convertible Senior Notes, we entered into simultaneous convertible note hedge and warrant transactions with respect to our Class A common stock in order to reduce the potential dilution from conversion of the $6^1/_4$% Convertible Senior Notes into shares of our Class A common stock. The net cost of the convertible note hedge and warrant transactions was approximately $6.6 million and is included as a component of equity in the accompanying consolidated balance sheets. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, for further description of the $6^1/_4$% Convertible Senior Notes and the related convertible note hedge and warrant transactions. The Company used cash on hand and a portion of the net proceeds from the issuance of the $6^1/_4$% Convertible Senior Notes to redeem approximately $90.0 million principal amount of Regal's $3^3/_4$% Convertible Senior Notes due May 15, 2008 (the "$3^3/_4$% Convertible Senior Notes"), in a series of privately negotiated transactions. As a result of the early redemption, the Company recorded a $3.0 million loss on debt extinguishment (as retrospectively adjusted for the adoption of certain provisions of FASB Accounting Standards Codification ("ASC") Subtopic 470-20, *Debt Debt with Conversion and other Options* related to the accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlements) described more fully in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K) during the quarter ended March 27, 2008. In connection with the early redemption, the Company received net proceeds of approximately $13.7 million from Credit Suisse attributable to the convertible note hedge and warrant transactions associated with the $3^3/_4$% Convertible Senior Notes described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Such proceeds were recorded as an increase to additional paid-in capital. In connection with the final maturity of the $3^3/_4$% Convertible Senior Notes on May 15, 2008, holders of the remaining $33.7 million in principal amount exercised their conversion rights. The Company elected to settle these conversions entirely in cash for approximately $51.4 million using the remaining proceeds from the issuance of the $6^1/_4$% Convertible Senior Notes. In connection with these conversions, the Company received net proceeds of approximately $5.2 million from Credit Suisse attributable to the convertible note hedge and warrant transactions associated with the $3^3/_4$% Convertible Senior Notes. Such proceeds were also recorded as an increase to additional paid-in capital. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

On April 30, 2008, the Company acquired Consolidated Theatres, which held a total of 28 theatres with 400 screens in Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia. The total net cash purchase price for the acquisition was approximately $209.3 million. The results of operations of the acquired theatres have been included in the Company's consolidated financial statements for periods subsequent to the acquisition date. In conjunction with the closing, we entered into a final judgment with the DOJ, which required us to hold separate and divest ourselves of four theatres comprising 52 screens in North Carolina. During the third quarter ended September 25, 2008, the Company entered into an agreement to sell three of the four theatres and recorded impairment charges of approximately $7.9 million related to these theatres. On October 23, 2008, the Company completed its divestiture of the three theatres. On April 30, 2009, the Company completed its divestiture of the last of the four theatres. See Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

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On July 15, 2009, Regal Cinemas issued $400.0 million in aggregate principal amount of the 8 5/8% Senior Notes (the "8 5/8% Senior Notes") at a price equal to 97.561% of their face value in a transaction exempt from registration under the Securities Act. Interest on the 8 5/8% Senior Notes is payable semi-annually in arrears on July 15 and January 15 of each year, beginning on January 15, 2010. The 8 5/8% Senior Notes will mature on July 15, 2019. The net proceeds from the offering, after deducting the initial purchase discount (approximately $9.8 million) and offering expenses paid by the Company, were approximately $381.3 million. The Company used all of the net proceeds of the offering to repay a portion of the fifth amended and restated credit agreement (the "Amended Senior Credit Facility") with Credit Suisse, Cayman Islands Branch (as successor to Credit Suisse First Boston), as Administrative Agent and the other lenders party thereto. As a result of this repayment, the Company recorded a loss on debt extinguishment of approximately $7.4 million, representing the pro-rata write off of unamortized debt issue costs under the Amended Senior Credit Facility. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

For a summary of other industry trends as well as other risks and uncertainties relevant to the Company, see "Business Industry Overview and Trends" and "Risk Factors."

Results of Operations

Based on our review of industry sources, national box office revenues for the time period that corresponds to Regal's fiscal year of 2009 were estimated to have increased by approximately 6% in comparison to the fiscal year of 2008. The industry's box office results were positively impacted by ticket price increases, growth in premium-priced IMAX® and 3D films and the breadth of key films released in the fiscal year of 2009, which included strong attendance from releases such as *Transformers: Revenge of the Fallen*, *Harry Potter and the Half-Blood Prince*, *Avatar*, *The Twilight Saga: New Moon* and *Up*.

Our total revenues for the fifty-two week year ended December 31, 2009 ("Fiscal 2009 Period") were $2,893.9 million and consisted of $1,991.6 million of admissions revenues, $775.6 million of concessions revenues and $126.7 million of other operating revenues, and increased approximately 4.4% from total revenues of $2,771.9 million for the fifty-three week fiscal year ended January 1, 2009 ("Fiscal 2008 Period").

Total admissions revenues increased $108.5 million during the Fiscal 2009 Period, or 5.8%, to $1,991.6 million, from $1,883.1 million in the Fiscal 2008 Period primarily due to a 6.1% increase in average ticket prices, partially offset by a 0.3% decrease in attendance. We believe the overall decrease in attendance during the Fiscal 2009 Period was primarily a result of the timing of the Fiscal 2008 Period calendar, which consisted of fifty-three weeks compared to fifty-two weeks during the Fiscal 2009 Period. The overall decrease in Fiscal 2009 Period attendance was mitigated by the full benefit (twelve months in the Fiscal 2009 Period as compared to eight months in the Fiscal 2008 Period) of the inclusion of 400 screens acquired from Consolidated Theatres during the Fiscal 2008 Period. Price increases identified during our ongoing periodic pricing reviews (which include analysis of various factors such as general inflationary trends and local market conditions) along with an increase in the percentage of our admissions revenues generated by premium priced IMAX® and 3D films exhibited during the Fiscal 2009 Period were the primary drivers of the increase in our Fiscal 2009 Period average ticket prices. Based on our review of certain industry sources, the increase in our admissions revenues on a per screen basis was approximately 200 basis points less than the industry's results for the Fiscal 2009 Period as compared to Fiscal 2008 Period. We believe our less than industry increase in admissions revenues on a per screen basis was largely attributable to geographical differences in film product performance and to a lesser extent, the impact of incremental competitor screens.

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During the Fiscal 2009 Period, we continued to make progress with respect to the following strategic initiatives:

We demonstrated our commitment to providing incremental value to our stockholders. Total cash dividends distributed to our stockholders during the Fiscal 2009 Period totaled approximately $110.8 million.

We opened 7 theatres with 78 screens and closed 11 underperforming theatres with 111 screens, ending the Fiscal 2009 Period with 548 theatres and 6,768 screens.

Finally, we continued to expand our use of new technologies to enhance the movie-going experience and broaden our content offerings. Specifically, the installation of digital projection systems, when combined with 3D technology or IMAX® theatre systems, allow us to offer our patrons premium 3D and large format movie experiences that we believe generate incremental revenue for the Company. As of December 31, 2009, we operated 42 IMAX® screens and operated 427 additional screens outfitted with digital 3D projection systems. In addition, we ultimately expect to outfit all of our screens with digital projection systems, with approximately 1,500 screens being digital 3D capable. We remain optimistic regarding the benefits of digital cinema primarily as it relates to future growth potential associated with 3D film product and other 3D content and are pleased to see growing support of 3D and IMAX® film product by the major motion picture studios.

We are optimistic regarding the breadth of the 2010 film slate, including the timing of the release schedule and the number of films scheduled for release in premium-priced formats. Evidenced by the motion picture studios' continued efforts to promote and market upcoming film releases, 2010 appears to be another year of high-profile releases such as *Alice in Wonderland*, *How to Train Your Dragon*, *Iron Man 2*, *Shrek Forever After*, *Sex and the City 2*, *Toy Story 3*, *The Twilight Saga: Eclipse*, *Inception*, *Megamind*, *Harry Potter and the Deathly Hallows: Part 1*, *The Chronicles of Narnia: The Voyage of the Dawn Treader*, *Tron Legacy*, *The Green Hornet* and *Gulliver's Travels*.

We intend to grow our theatre circuit through selective expansion and through accretive acquisitions. With respect to capital expenditures, subject to the timing of certain construction projects, we expect capital expenditures to be in the range of $75.0 million to $90.0 million for fiscal 2010, consisting of new theatre development, expansion of existing theatre facilities, upgrades and replacements.

Overall for the fiscal 2010 year, we expect to benefit from modest increases in ticket prices and average concessions per patron and a continued increase in 3D screens and the number of films scheduled for release in premium-priced formats. In addition, we expect fiscal 2010 admissions and concessions revenues to be supported by our continued focus on efficient theatre operations. We will continue to maintain a business strategy focused on the evaluation of accretive acquisition opportunities, selective upgrades and providing incremental returns to our stockholders. For an understanding of the significant factors that influenced our performance during the past three fiscal years, the preceding and following discussion should be read in conjunction with the consolidated financial statements and the notes thereto presented in Part II, Item 8 of this Form 10-K.

The following table sets forth the percentage of total revenues represented by certain items included in our consolidated statements of income for the Fiscal 2009 Period, the Fiscal 2008 Period

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and the year ended December 27, 2007 ("Fiscal 2007 Period") (dollars and attendance in millions, except average ticket prices and average concession per patron):

	Fiscal 2009 Period		Fiscal 2008 Period		Fiscal 2007 Period	
	$	% of Revenue	$	% of Revenue	$	% of Revenue
Revenues:						
Admissions	$ 1,991.6	68.8%	$ 1,883.1	67.9%	$ 1,804.5	67.8%
Concessions	775.6	26.8	758.0	27.3	735.0	27.6
Other operating revenue	126.7	4.4	130.8	4.8	121.7	4.6
Total revenues	2,893.9	100.00	2,771.9	100.0	2,661.2	100.0
Operating expenses:						
Film rental and advertising costs(1)	1,046.5	52.5	990.4	52.6	957.5	53.1
Cost of concessions(2)	110.6	14.3	106.6	14.1	103.8	14.1
Rent expense(3)	378.8	13.1	363.3	13.1	335.9	12.6
Other operating expenses(3)	778.5	26.9	739.9	26.7	692.3	26.0
General and administrative expenses (including share-based compensation of $5.9 million, $5.7 million and $5.8 million for the Fiscal 2009 Period, the Fiscal 2008 Period and the Fiscal 2007 Period, respectively)(3)	64.2	2.2	62.1	2.2	63.1	2.4
Depreciation and amortization(3)	201.9	7.0	202.3	7.3	183.4	6.9
Net (gain) loss on disposal and impairment of operating assets(3)	34.0	1.2	22.4	0.8	(0.9)	
Equity in earnings of joint venture including former employee compensation(3)			0.5		3.9	0.1
Total operating expenses(3)	2,614.5	90.3	2,487.5	89.7	2,339.0	87.9
Income from operations(3)	279.4	9.7	284.4	10.3	322.2	12.1
Interest expense, net(3)	151.0	5.2	128.4	4.6	117.2	4.4
Loss on debt extinguishment(3)	7.4	0.3	3.0	0.1		
Earnings recognized from NCM(3)	(38.6)	1.3	(32.9)	1.2	(18.6)	0.7
Gain on NCM transaction(3)					(350.7)	13.2
Gain on sale of Fandango interest(3)			(3.4)	0.1	(28.6)	1.1
Provision for income taxes(3)	61.9	2.1	74.4	2.7	241.2	9.1
Net income attributable to controlling interest(3)	$ 95.5	3.3	$ 112.2	4.0	$ 360.4	13.5
Attendance	244.5	*	245.2	*	242.9	*
Average ticket price(4)	$ 8.15	*	$ 7.68	*	$ 7.43	*
Average concession per patron(5)	$ 3.17	*	$ 3.09	*	$ 3.03	*

*
Not meaningful

(1)
Percentage of revenues calculated as a percentage of admissions revenues.

(2)
Percentage of revenues calculated as a percentage of concessions revenues.

(3)
Percentage of revenues calculated as a percentage of total revenues.

(4)
Calculated as admissions revenue/attendance.

(5) Calculated as concessions revenue/attendance.

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Fiscal 2009 Period Compared to Fiscal 2008 Period

Admissions

Total admissions revenues increased $108.5 million during the Fiscal 2009 Period, or 5.8%, to $1,991.6 million, from $1,883.1 million in the Fiscal 2008 Period primarily due to a 6.1% increase in average ticket prices, partially offset by a 0.3% decrease in attendance. We believe the overall decrease in attendance during the Fiscal 2009 Period was primarily a result of the timing of the Fiscal 2008 Period calendar, which consisted of fifty-three weeks compared to fifty-two weeks during the Fiscal 2009 Period. The overall decrease in Fiscal 2009 Period attendance was mitigated by the full benefit (twelve months in the Fiscal 2009 Period as compared to eight months in the Fiscal 2008 Period) of the inclusion of 400 screens acquired from Consolidated Theatres during the Fiscal 2008 Period. Price increases identified during our ongoing periodic pricing reviews (which include analysis of various factors such as general inflationary trends and local market conditions) along with an increase in the percentage of our admissions revenues generated by premium priced IMAX® and 3D films exhibited during the Fiscal 2009 Period were the primary drivers of the increase in our Fiscal 2009 Period average ticket prices. Based on our review of certain industry sources, the increase in our admissions revenues on a per screen basis was approximately 200 basis points less than the industry's results for the Fiscal 2009 Period as compared to Fiscal 2008 Period. We believe our less than industry increase in admissions revenues on a per screen basis was largely attributable to geographical differences in film product performance and to a lesser extent, the impact of incremental competitor screens.

Concessions

During the Fiscal 2009 Period, total concessions revenues increased $17.6 million, or 2.3%, to $775.6 million, from $758.0 million for the Fiscal 2008 Period. Average concessions revenues per patron during the Fiscal 2009 Period increased 2.6%, to $3.17, from $3.09 for the Fiscal 2008 Period. The increase in total concessions revenues during the Fiscal 2009 Period was attributable to an increase in average concessions revenues per patron, partially offset by a slight decrease in attendance during the period. The increase in average concessions revenues per patron for the Fiscal 2009 Period were primarily a result of price increases and also benefitted from the concession friendly mix of film product exhibited during such periods.

Other Operating Revenue

Other operating revenue decreased $4.1 million, or 3.1%, to $126.7 million for the Fiscal 2009 Period, from $130.8 million for the Fiscal 2008 Period. Included in other operating revenue are the theatre access fees paid by National CineMedia (net of payments for onscreen advertising time provided to our beverage concessionaire), marketing revenues from our vendor marketing programs and other theatre revenues, including revenue related to our gift card and discount ticket programs. The decrease in other operating revenue during the Fiscal 2009 Period was primarily driven by decreases in revenues related to our gift card and discount ticket programs and other theatre revenues, partially offset by a slight increase in marketing revenues from our vendor marketing programs.

Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues declined slightly to 52.5% during the Fiscal 2009 Period from 52.6% in the Fiscal 2008 Period. The decrease in film rental and advertising costs as a percentage of box office revenues during the Fiscal 2009 Period was primarily the result of a reduction in newspaper advertising costs during such period.

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Cost of Concessions

During the Fiscal 2009 Period, cost of concessions increased $4.0 million, or 3.8% as compared to the Fiscal 2008 Period. Cost of concessions as a percentage of concessions revenues for the Fiscal 2009 Period was approximately 14.3% compared to 14.1% for the Fiscal 2008 Period. The increase in cost of concessions as a percentage of concessions revenues during the Fiscal 2009 Period was primarily related to a greater percentage of our concession sales being generated from higher cost items and a decrease in the amount of vendor marketing revenue recorded as a reduction of cost of concessions.

Rent Expense

Rent expense increased by $15.5 million, or 4.3% to $378.8 million in the Fiscal 2009 Period, from $363.3 million in the Fiscal 2008 Period. The increase in rent expense during the Fiscal 2009 Period was primarily due to the full impact of Consolidated Theatres during the Fiscal 2009 Period and to a lesser extent, incremental rent from 78 new screens added during the Fiscal 2009 Period and modest increases in contingent rent, partially offset by a reduction in rent associated with the closure of 111 screens during the Fiscal 2009 Period.

Other Operating Expenses

Other operating expenses increased $38.6 million, or 5.2%, to $778.5 million in the Fiscal 2009 Period, from $739.9 million in the Fiscal 2008 Period. The increase in other operating expenses during the Fiscal 2009 Period as compared to the Fiscal 2008 Period was attributable to the full impact of Consolidated Theatres during the Fiscal 2009 Period, increased costs associated with higher IMAX® and 3D film revenues, increased gift card transaction fees and general inflationary increases.

General and Administrative Expenses

For the Fiscal 2009 Period, general and administrative expenses increased $2.1 million, or 3.4%, to $64.2 million as compared to $62.1 million in the Fiscal 2008 Period. As a percentage of total revenues, general and administrative expenses remained consistent, at 2.2%, during the Fiscal 2009 Period and the Fiscal 2008 Period. The slight increase in general and administrative expenses during the Fiscal 2009 Period was primarily attributable to increases in corporate payroll costs and legal and professional fees during such period.

Depreciation and Amortization

Depreciation and amortization expense decreased $0.4 million, or 0.2%, to $201.9 million for the Fiscal 2009 Period, from $202.3 million in the Fiscal 2008 Period. The decrease in depreciation and amortization expense during the Fiscal 2009 Period as compared to the Fiscal 2008 Period was primarily due to lower capital expenditures during the Fiscal 2009 Period and a slightly greater number of fully depreciated fixed assets during the Fiscal 2009 Period as compared to the Fiscal 2008 Period.

Income from Operations

During the Fiscal 2009 Period, income from operations decreased $5.0 million, or 1.8%, to $279.4 million, from $284.4 million in the Fiscal 2008 Period. The overall decrease in income from operations during the Fiscal 2009 Period as compared to the Fiscal 2008 Period was driven by increases in various operating expense line items including, cost of concessions, rent expense, other operating expenses, general and administrative expenses and net loss on disposal and impairment of operating assets ($34.0 million and $22.4 million, respectively, for the Fiscal 2009 Period and Fiscal 2008 Period).

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Interest Expense, net

Net interest expense totaled $151.0 million for the Fiscal 2009 Period, which represents an increase of $22.6 million, or 17.6%, from that of the Fiscal 2008 Period. The increase in net interest expense during the Fiscal 2009 Period was principally due to a higher effective interest rate on our term facility under the Amended Senior Credit Facility (the "Term Facility") as a result of a change in our interest rate swap portfolio during the Fiscal 2009 Period, incremental interest expense related to the Fiscal 2009 Period issuance of the $8^{5}/_{8}$% Senior Notes, the impact of a full year of interest expense on the $200.0 million $6^{1}/_{4}$% Convertible Senior Notes and less interest income ($1.8 million and $6.3 million, respectively, for the Fiscal 2009 Period and the Fiscal 2008 Period) during such period.

Earnings Recognized from NCM

The Company recorded $39.6 million and $33.1 million, respectively, in cash distributions from National CineMedia during the Fiscal 2009 Period and Fiscal 2008 Period. Approximately $6.2 million and $2.8 million, respectively, of these cash distributions received during the Fiscal 2009 Period and the Fiscal 2008 Period were recognized as a reduction in our investment in National CineMedia. In addition, during the Fiscal 2009 Period and the Fiscal 2008 Period, the Company recorded an additional $5.2 million and $2.6 million, respectively, of equity earnings with respect to newly issued common units received from National CineMedia during such periods. As a result, during the Fiscal 2009 Period and the Fiscal 2008 Period, the Company recognized $38.6 million and $32.9 million, respectively, of earnings from National CineMedia. Such amounts are presented as "Earnings recognized from NCM" in the consolidated financial statements. The increase in earnings recognized from NCM during the Fiscal 2009 Period was primarily attributable to incremental earnings of National CineMedia and a corresponding increase in their contractually committed cash distributions to the Company.

Income Taxes

The provision for income taxes of $61.9 million and $74.4 million for the Fiscal 2009 Period and the Fiscal 2008 Period, respectively, reflect effective tax rates of approximately 39.4% and 39.9%, respectively. The decrease in the effective tax rate for the Fiscal 2009 Period was primarily attributable to the lapse of statute of limitations on uncertain tax positions with state taxing authorities during the Fiscal 2009 Period. The effective tax rates for the Fiscal 2009 Period and the Fiscal 2008 Period also reflect the impact of certain non-deductible expenses.

Net Income Attributable to Controlling Interest

During the Fiscal 2009 Period, net income attributable to controlling interest totaled $95.5 million, which represents a decrease of $16.7 million, from net income attributable to controlling interest of $112.2 million in the Fiscal 2008 Period. The decrease in net income attributable to controlling interest for the Fiscal 2009 Period was primarily attributable to a decrease in operating income coupled with incremental interest expense and loss on debt extinguishment, partially offset by incremental earnings recognized from National CineMedia described above.

Fiscal 2008 Period Compared to Fiscal 2007 Period

Admissions

During the Fiscal 2008 Period, total admissions revenues increased $78.6 million, or 4.4%, to $1,883.1 million, from $1,804.5 million for the Fiscal 2007 Period. The Fiscal 2008 Period results were favorably impacted by the timing of the Fiscal 2008 Period calendar, which consisted of fifty-three weeks compared to the fifty-two weeks during the Fiscal 2007 Period. The additional week of operations was the week between Christmas and New Years, a traditionally high attendance and revenue week for the Company and the industry. The additional week of operations was significant in that it accounted for approximately 9.7 million attendees, or 4.0%, of the Fiscal 2008 Period total attendance and contributed to approximately $73.6 million, or 3.9%, of the Fiscal 2008 Period total admissions revenues. The Fiscal 2008 Period results were also bolstered by the addition of the 400 screens acquired with Consolidated Theatres on April 30, 2008 and 13 net screens added since the end of the Fiscal 2007 Period. The 400 screens acquired from Consolidated Theatres accounted for 9.5 million attendees, or 3.9%, of the Fiscal 2008 Period total attendance and contributed to approximately $69.3 million, or 3.7%, of the Fiscal 2008 Period total admissions revenues. These factors were largely offset by the impact of the decline in industry attendance during the Fiscal 2008 Period and as a result, total attendance for the Fiscal 2008 Period increased by approximately 0.9%. The Fiscal 2008 Period admissions revenues were also favorably impacted by a 3.4% increase in average ticket prices. Price increases identified during our ongoing periodic pricing reviews (which include analysis of various factors including general inflationary trends and local market conditions) along with the mix of film product exhibited during the Fiscal 2008 Period were the primary drivers of the increase in our Fiscal 2008 Period average ticket price.

On a comparable screen basis (i.e., excluding the effects of the impact of week 53 and the inclusion of Consolidated Theatres during the Fiscal 2008 Period), attendance for the Fiscal 2008 period was approximately 226.0 million, a 7.0% decrease from the Fiscal 2007 Period and admissions revenues for the Fiscal 2008 period was approximately $1,740.2 million, a decrease of 3.6% from the Fiscal 2007 Period. These declines were primarily a result of the decline in attendance among the top tier films exhibited during the Fiscal 2008 Period, partially offset by a 3.6% increase in comparable screen average ticket prices. Based on our review of certain industry sources, the decrease in our admissions revenues on a comparable screen basis was slightly greater than the industry's results for the Fiscal 2008 Period as compared to the Fiscal 2007 Period. We believe the greater than industry decline in admissions revenues on a comparable screen basis was primarily attributable to the Company's out-performance on top-tier films exhibited during the Fiscal 2007 Period, our less than industry average increase in ticket prices during the Fiscal 2008 Period and our less than industry average screen growth during the Fiscal 2008 Period.

Concessions

During the Fiscal 2008 Period, total concessions revenues increased $23.0 million, or 3.1%, to $758.0 million, from $735.0 million for the Fiscal 2007 Period. On a comparable screen basis, total concessions revenues for the Fiscal 2008 Period declined by approximately $38.1 million, or 5.2% from the Fiscal 2007 Period. The decline in total concessions revenues on a comparable screen basis was primarily a result of the decrease in attendance discussed above during the Fiscal 2008 Period in comparison to the Fiscal 2007 Period. Average concessions revenues per patron during the Fiscal 2008 Period was positively impacted by price increases effected during the Fiscal 2008 Period.

Other Operating Revenues

Total other operating revenues increased $9.1 million, or 7.5%, to $130.8 million for the Fiscal 2008 Period, from $121.7 million for the Fiscal 2007 Period. Included in other operating revenues are the theatre access fees paid by National CineMedia (net of payments for on-screen advertising time provided to our beverage concessionaire), marketing revenues from our vendor marketing programs and other theatre revenues, including revenue related to unredeemed gift cards and discount tickets. Such increase was primarily attributable to increases in revenues related to unredeemed gift cards and discount tickets, National CineMedia revenues and other theatre revenues.

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Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues decreased to 52.6% during the Fiscal 2008 Period as compared to 53.1% in the Fiscal 2007 Period. The decrease in film rental and advertising costs as a percentage of box office revenues during the Fiscal 2008 Period was primarily the result of a lower percentage of box office revenues generated by the top tier films exhibited during the Fiscal 2008 Period and a decline in advertising expense during the period.

Cost of Concessions

Cost of concessions increased $2.8 million, or 2.7%, during the Fiscal 2008 Period as compared to the Fiscal 2007 Period. Cost of concessions as a percentage of revenues for the Fiscal 2008 Period were consistent with that of the Fiscal 2007 Period. On a comparable screen basis, cost of concessions declined $5.8 million, or 5.6%, during the Fiscal 2008 Period as compared to the Fiscal 2007 Period. On a comparable screen basis, the decrease in cost of concessions during the Fiscal 2008 Period was primarily related to a change in a vendor marketing program, price increases in our concession products effected during the Fiscal 2008 Period, partially offset by slightly higher food costs. On a comparable screen basis, cost of concessions as a percentage of revenues for the Fiscal 2008 Period were consistent with that of the Fiscal 2007 Period.

Rent Expense

During the Fiscal 2008 Period, rent expense increased $27.4 million, or 8.2%, to $363.3 million, from $335.9 million in the Fiscal 2007 Period. Such increase was primarily due to the inclusion of Consolidated Theatres during the Fiscal 2008 Period. On a comparable screen basis, rent expense increased $6.5 million, or 1.9% during the Fiscal 2008 Period as compared to the Fiscal 2007 Period. On a comparable screen basis, the increase in rent expense in the Fiscal 2008 Period was primarily attributable to general inflationary increases and to a lesser extent, incremental rent from the inclusion of 13 net screens added since the end of the Fiscal 2007 Period.

Other Operating Expenses

Other operating expenses increased $47.6 million, or 6.9%, to $739.9 million in the Fiscal 2008 Period, from $692.3 million in the Fiscal 2007 Period. Such increase was primarily due to the impact of the fifty-three weeks of operations and the inclusion of Consolidated Theatres during the Fiscal 2008 Period. On a comparable screen basis, during the Fiscal 2008 Period, other operating expenses increased $10.3 million, or 1.5%, from the Fiscal 2007 Period. The increase in other operating expenses on a comparable screen basis during the Fiscal 2008 Period was primarily attributable to increases in non-rent occupancy and other fixed costs.

General and Administrative Expenses

General and administrative expenses decreased $1.0 million, or 1.6%, to $62.1 million during the Fiscal 2008 Period as compared to $63.1 million in the Fiscal 2007 Period. As a percentage of total revenues, general and administrative expenses decreased to 2.2% during the Fiscal 2008 Period as compared to 2.4% in the Fiscal 2007 Period. The slight decrease in general and administrative expenses during the Fiscal 2008 Period was primarily attributable to a reduction of legal and professional fees and share-based compensation expense during the period.

Depreciation and Amortization

For the Fiscal 2008 Period, depreciation and amortization expense increased $18.9 million, or 10.3%, to $202.3 million, from $183.4 million in the Fiscal 2007 Period. Such increase was primarily due to the impact of the fifty-three weeks of operations and the inclusion of Consolidated Theatres during the Fiscal 2008 Period. On a comparable screen basis, depreciation and amortization expense increased $4.3 million, or 2.3%, during the Fiscal 2008 Period as compared to the Fiscal 2007 Period. On a comparable screen basis, the increase in depreciation and amortization expense during the Fiscal 2008 Period was primarily related to the replacement of existing older screens with newer screens.

Income from Operations

Income from operations totaled $284.4 million during the Fiscal 2008 Period, which represents a decrease of $37.8 million, or 11.7%, from $322.2 million in the Fiscal 2007 Period. On a comparable screen basis, during the Fiscal 2008 Period, income from operations decreased $88.2 million, or 27.4%, from the Fiscal 2007 Period. On a comparable screen basis, the decrease in income from operations during the Fiscal 2008 Period was primarily attributable to a reduction in admissions and concessions revenues, coupled with increases in certain operating expense items such as rent expense, other operating expenses, depreciation and amortization and net loss on disposal and impairment of operating assets, partially offset by increases in other operating revenues and reductions in film rental and advertising costs and cost of concessions.

Interest Expense, net

During the Fiscal 2008 Period, net interest expense increased $11.2 million, or 9.6%, to $128.4 million, from $117.2 million in the Fiscal 2007 Period. The increase in net interest expense during the Fiscal 2008 Period was principally due to less interest income ($6.3 million and $19.5 million, respectively, for the Fiscal 2008 Period and Fiscal 2007 Period) from a lower average cash balance outstanding as a result of the $209.3 million acquisition of Consolidated Theatres and incremental interest expense from the issuance of the $200.0 million $6^1/_4$% Convertible Senior Notes, partially offset by a lower effective interest rate on our Term Facility under the Amended Senior Credit Facility during the Fiscal 2008 Period.

Earnings Recognized from NCM

The Company recorded $33.1 million and $18.6 million, respectively, in cash distributions from National CineMedia during the Fiscal 2008 Period and Fiscal 2007 Period. Approximately $2.8 million of these cash distributions received during the Fiscal 2008 Period were recognized as a reduction in our investment in National CineMedia. The remaining amounts were recognized in equity earnings during each of these periods and have been included as component of "Earnings recognized from NCM" in the consolidated financial statements. In addition, during the Fiscal 2008 Period, the Company recorded an additional $2.6 million of equity earnings with respect to additional investments in National CineMedia during such period. As a result, during the Fiscal 2008 Period and the Fiscal 2007 Period, the Company recognized $32.9 million and $18.6 million, respectively, of earnings from National CineMedia.

During the first fiscal quarter of 2007, the Company recorded a loss of $2.0 million, representing its pre-IPO share of the net loss of National CineMedia.

Income Taxes

The provision for income taxes of $74.4 million and $241.2 million for the Fiscal 2008 Period and the Fiscal 2007 Period, respectively, reflect effective tax rates of approximately 39.9% and 40.1%, respectively. The effective tax rates for the Fiscal 2008 Period and the Fiscal 2007 Period reflect the impact of certain non-deductible expenses.

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Net Income Attributable to Controlling Interest

During the Fiscal 2008 Period, net income attributable to controlling interest totaled $112.2 million, which represents a decrease of $248.2 million, from net income attributable to controlling interest of $360.4 million in the Fiscal 2007 Period. The decrease in net income attributable to controlling interest for the Fiscal 2008 Period as compared to the Fiscal 2007 Period was primarily attributable to a $350.7 million gain ($209.0 million after related tax effects) resulting from transactions completed in connection with the Fiscal 2007 Period IPO of NCM, Inc., the impact of a $3.0 million loss ($1.8 million after related tax effects) on debt extinguishment recorded in the Fiscal 2008 Period in connection with the redemption of approximately $123.7 million principal amount of the $3^3/_4$% Convertible Senior Notes, the $28.6 million gain ($17.2 million after related tax effects) recorded in connection with the sale of the Company's equity interest in Fandango during the Fiscal 2007 Period, a decrease in operating income and incremental interest expense, partially offset by the impact of incremental earnings recognized from National CineMedia described above.

Cash Flows

The following table summarizes certain cash flow data for the Fiscal 2009 Period, the Fiscal 2008 Period and the Fiscal 2007 Period:

	Fiscal 2009 Period	**Fiscal 2008 Period**	**Fiscal 2007 Period**
		(in millions)	
Net cash provided by operating activities	$ 410.8	$ 270.9	$ 453.4
Net cash (used in) provided by investing activities	(110.5)	(338.5)	299.8
Net cash used in financing activities	(142.4)	(197.4)	(480.2)
Net increase (decrease) in cash and cash equivalents	$ 157.9	$ (265.0)	$ 273.0

Fiscal 2009 Period Compared to Fiscal 2008 Period

Net cash flows provided by operating activities increased by approximately $139.9 million to approximately $410.8 million for the Fiscal 2009 Period from approximately $270.9 million for the Fiscal 2008 Period. The increase in net cash flows generated from operating activities for the Fiscal 2009 Period was primarily attributable to an increase in working capital, primarily the timing of certain Fiscal 2009 Period vendor payments.

Net cash flows used in investing activities totaled approximately $110.5 million for the Fiscal 2009 Period compared to cash flows used in investing activities of approximately $338.5 million for the Fiscal 2008 Period. Contributing to the decrease in cash flows used in investing activities during the Fiscal 2009 Period was the impact of the $209.3 million acquisition of Consolidated Theatres during the Fiscal 2008 Period coupled with capital expenditures that were approximately $22.9 million lower during the Fiscal 2009 Period, partially offset by less proceeds from the disposition of assets of approximately $2.8 million during the Fiscal 2009 Period.

Net cash flows used in financing activities were approximately $142.4 million for the Fiscal 2009 Period compared to cash flows used in financing activities of approximately $197.4 million for the Fiscal 2008 Period. The net decrease in cash flows used in financing activities during the Fiscal 2009 Period was primarily attributable to a $73.4 million reduction of dividends paid to shareholders during the Fiscal 2009 Period as compared to the Fiscal 2008 Period, partially offset by the impact of the net cash proceeds associated with the convertible note hedge arrangement with Credit Suisse (the "2008 Convertible Note Hedge") and a warrant to Credit Suisse to purchase shares of our Class A common stock (the "2008 Warrant") transactions during the Fiscal 2008 Period and incremental debt acquisition costs incurred during the Fiscal 2009 Period related to issuance of $8^{5}/_{8}\%$ Senior Notes and the First Amendment (the "Amendment") to the Amended Senior Credit Facility, as described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Fiscal 2008 Period Compared to Fiscal 2007 Period

Net cash flows provided by operating activities decreased by approximately $182.5 million to approximately $270.9 million for the Fiscal 2008 Period from approximately $453.4 million for the Fiscal 2007 Period. The decrease in net cash flows generated from operating activities for the Fiscal 2008 Period was primarily attributable to the transactions completed in the Fiscal 2007 Period in connection with the IPO of NCM, Inc. (see Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion). These transactions resulted in approximately $100.1 million of net cash provided by operating activities in the Fiscal 2007 Period. In addition to the changes in cash flows related to the IPO of NCM, Inc., the timing of other Fiscal 2008 Period vendor payments negatively impacted cash flows from operating activities.

Net cash flows used in investing activities totaled approximately $338.5 million for the Fiscal 2008 Period compared to cash flows provided by investing activities of approximately $299.8 million for the Fiscal 2007 Period. Contributing to the increase in cash flows used in investing activities was the $209.3 million acquisition of Consolidated Theatres during the Fiscal 2008 Period, incremental capital expenditures of approximately $17.3 million coupled with fewer proceeds from the disposition of assets of approximately $37.0 million during the Fiscal 2008 Period as compared to the Fiscal 2007 Period, the impact of $315.1 million of proceeds received in connection with the redemption of preferred units of NCM during the Fiscal 2007 Period, the impact of $32.2 million of proceeds from the sale of NCM common units to NCM, Inc. during the Fiscal 2007 Period and the impact of the $28.6 million of proceeds received in connection with the sale of the Company's equity interest in Fandango during the Fiscal 2007 Period.

Net cash flows used in financing activities were approximately $197.4 million for the Fiscal 2008 Period compared to cash flows used in financing activities of approximately $480.2 million for the Fiscal 2007 Period. The net decrease in cash flows used in financing activities during the Fiscal 2008 Period was primarily attributable to a $300.9 million reduction of dividends paid to shareholders during the Fiscal 2008 Period as compared to the Fiscal 2007 Period, the proceeds received in connection with the issuance of $200.0 million $6^{1}/_{4}\%$ Convertible Senior Notes during the Fiscal 2008 Period, partially offset by net cash used to redeem approximately $123.7 million principal amount of the $3^{3}/_{4}\%$ Convertible Senior Notes, net cash used in connection with the 2008 Convertible Note Hedge and 2008 Warrant transactions during the Fiscal 2008 Period, fewer proceeds from stock option exercises and fewer excess tax benefits from share-based payment arrangements during the Fiscal 2008 Period as compared to the Fiscal 2007 Period.

Liquidity and Capital Resources

On a consolidated basis, we expect our primary uses of cash to be for operating expenses, capital expenditures, investments, general corporate purposes related to corporate operations, debt service and the Company's quarterly dividend payments. The principal sources of liquidity are cash generated from operations, cash on hand and borrowings under the Amended Senior Credit Facility described below. Under the terms of the Amended Senior Credit Facility and the $8^{5}/_{8}\%$ Senior Notes issued during the year ended December 31, 2009, Regal Cinemas is restricted as to how much it can advance or distribute to Regal, its indirect parent. Since Regal is a holding company with no significant assets other than the stock of its subsidiaries, this restriction could impact Regal's ability to effect future debt or dividend payments, pay corporate expenses or redeem or convert for cash its $6^{1}/_{4}\%$ Convertible Senior Notes.

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Our revenues are generated principally through admissions and concessions sales with proceeds received in cash or via credit cards at the point of sale. Our operating expenses are primarily related to film and advertising costs, rent and occupancy, and payroll. Film costs are ordinarily paid to distributors within 30 days following receipt of admissions revenues and the cost of the Company's concessions are generally paid to vendors approximately 30 to 35 days from purchase. Our current liabilities generally include items that will become due within 12 months. In addition, from time to time, we use cash from operations and borrowings to fund dividends in excess of net income (loss) attributable to controlling interest and cash flows from operating activities less cash flows from investing and other financing activities. As a result, at any given time, our balance sheet may reflect a working capital deficit.

We fund the cost of capital expenditures through internally generated cash flows, cash on hand, proceeds from disposition of assets and financing activities. Our capital requirements have historically arisen principally in connection with acquisitions of theatres, new theatre construction, adding new screens to existing theatres, upgrading the Company's theatre facilities (including digital 3D and IMAX® screens) and replacing equipment.

The costs of implementing digital projection in our theatres will be substantially funded by DCIP. We expect that with respect to our existing theatres, DCIP will cover substantially all of the costs of installing digital projection systems, and with respect to our new-build theatres, DCIP will cover substantially all of the estimated incremental cost of digital projection systems over conventional film projectors. We expect DCIP to fund the cost of conversion through the collection of virtual print fees from motion picture studios and equipment lease payments from participating exhibitors. We will bear operating and maintenance costs with respect to digital projection systems in our theatres, which we expect to be relatively comparable to what we currently spend on our conventional film projectors. We have made incremental investments in digital projectors and 3D projection technology to selectively add 3D capable digital projection systems to our circuit to capture incremental 3D admissions revenues. To that end, as of December 31, 2009, we operated 42 IMAX® screens and operated 427 additional screens outfitted with digital 3D projection systems.

We expect DCIP to complete the execution of definitive agreements and related financing transactions in connection with the conversion to digital projection during the first quarter of 2010. The anticipated financing is expected to cover the cost of conversion for approximately 70% of our circuit's screens. We ultimately expect to outfit all of our screens with digital projection systems, with approximately 1,500 screens being digital 3D capable. In the event that future additional financing is unavailable to complete the conversion of the remaining screens in our circuit as expected, we may have to incur additional capital expenditures in order to complete the full conversion of our circuit. As of the date of this Form 10-K, we have already begun to convert our existing theatres from 35 mm film projection to digital projection and intend to complete the conversion of our entire circuit in approximately three to four years.

We believe the installation of digital projection systems, when combined with 3D technology or IMAX® theatre systems, will allow us to offer our patrons premium 3D and large format movie experiences, which we believe will generate incremental revenue for the Company. We remain optimistic about the benefits of digital cinema primarily as it relates to future growth potential associated with 3D film product and other 3D content and are pleased to see growing support of 3D and IMAX® film product by the major motion picture studios.

We intend to continue to grow our theatre circuit through selective expansion and acquisition opportunities. The Company has a formal and intensive review procedure for the authorization of capital projects, with the most important financial measure of acceptability for a discretionary non-maintenance capital project being whether its projected discounted cash flow return on investment meets or exceeds the Company's internal rate of return targets. The credit crisis of late 2008 and early 2009 negatively impacted real estate development and has caused a temporary slowdown in our building program. As a result, we currently expect capital expenditures for theatre development, replacement, expansion, upgrading and replacements to be below our historical levels and in the range of approximately $75.0 million to $90.0 million in fiscal year 2010, exclusive of acquisitions. Such capital expenditures are expected to be partially funded through asset dispositions conducted during the normal course of our business. During the Fiscal 2009 Period, we invested approximately $108.8 million in capital expenditures.

As described more fully in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on February 13, 2007, NCM, Inc., a newly formed entity that serves as the sole manager of National CineMedia, completed an IPO of its common stock. In connection with the IPO of NCM, Inc., RCH, AMC and Cinemark amended and restated the operating agreement of National CineMedia and other ancillary agreements. In connection with the series of transactions completed in connection with the IPO, Regal received gross cash proceeds totaling approximately $628.3 million and retained a 22.6% interest in NCM, Inc. After the payment of current taxes, net cash proceeds from these transactions totaled approximately $447.4 million. The Company used a portion of the net cash proceeds to fund an extraordinary cash dividend of $2.00 per share on each outstanding share of its Class A and Class B common stock, or approximately $302.0 million in the aggregate. Stockholders of record at the close of business on March 28, 2007 were paid this dividend on April 13, 2007. The Company used the remaining net cash proceeds along with additional cash on hand for the acquisition of Consolidated Theatres as more fully described below and in Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

During the year ended December 27, 2007, the Company sold its equity interest in Fandango for proceeds of $28.6 million. As a result of this transaction, the Company recognized a gain on the sale of approximately $28.6 million ($17.2 million after tax). In addition, during the year ended January 1, 2009, the Company received an additional $3.4 million of sale proceeds related to Fandango. Accordingly, the Company recognized an additional gain of $3.4 million ($2.0 million after tax) during the year ended January 1, 2009. In connection with the sale, the Company agreed to amend its existing contract with Fandango in exchange for an amendment fee totaling $5.5 million. This amount has been recorded as deferred revenue and will be amortized to revenue on a straight-line basis over the six-year term of the amendment.

On March 10, 2008, Regal issued $200.0 million aggregate principal amount of $6^1/_4$% Convertible Senior Notes. Concurrent with the issuance of the $6^1/_4$% Convertible Senior Notes, we entered into simultaneous convertible note hedge and warrant transactions with respect to our Class A common stock in order to reduce the potential dilution from conversion of the $6^1/_4$% Convertible Senior Notes into shares of our Class A common stock. The net cost of the convertible note hedge and warrant transactions was approximately $6.6 million and is included as a component of equity in the accompanying consolidated balance sheets. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, for further description of the $6^1/_4$% Convertible Senior Notes and the related convertible note hedge and warrant transactions. The Company used cash on hand and a portion of the net proceeds from the issuance of the $6^1/_4$% Convertible Senior Notes to redeem approximately $90.0 million principal amount of Regal's $3^3/_4$% Convertible Senior Notes due May 15, 2008, in a series of privately negotiated transactions. As a result of the early redemption, the Company recorded a $3.0 million loss on debt extinguishment (as retrospectively adjusted for the adoption of certain provisions of ASC Subtopic 470-20 described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K) during the quarter ended March 27, 2008. In connection with the early redemption, the Company received net proceeds of approximately $13.7 million from Credit Suisse attributable to the convertible note hedge and warrant transactions associated with the $3^3/_4$% Convertible Senior Notes described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Such proceeds were recorded as an increase to additional paid-in capital. In connection with the final maturity of the $3^3/_4$% Convertible Senior Notes on May 15, 2008, holders of the remaining $33.7 million in principal amount exercised their conversion rights. The Company elected to settle these conversions entirely in cash for approximately $51.4 million using the remaining proceeds from the issuance of the 6$^1/_4$% Convertible Senior Notes. In connection with these conversions, the Company received net proceeds of approximately $5.2 million from Credit Suisse attributable to the convertible note hedge and warrant transactions associated with the 3$^3/_4$% Convertible Senior Notes. Such proceeds were also recorded as an increase to additional paid-in capital. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

On April 30, 2008, the Company acquired Consolidated Theatres, which held a total of 28 theatres with 400 screens in Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia. The total net cash purchase price for the acquisition was approximately $209.3 million. The results of operations of the acquired theatres have been included in the Company's consolidated financial statements for periods subsequent to the acquisition date. In conjunction with the closing of the acquisition, we entered into a final judgment with the DOJ, which required us to hold separate and divest ourselves of four theatres comprising 52 screens in North Carolina. During the quarter ended September 25, 2008, the Company entered into an agreement to sell three of the four theatres and recorded impairment charges of approximately $7.9 million related to these theatres. On October 23, 2008, the Company completed its divestiture of the three theatres. On April 30, 2009, the Company completed its divestiture of the last of the four theatres. See Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

As described more fully in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on April 9, 2008, we received from National CineMedia approximately 0.8 million newly issued common units of National CineMedia. On May 29, 2008, we received from National CineMedia approximately 2.9 million newly issued common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement for our increase in screens in connection with our acquisition of Consolidated Theatres. Finally, on March 17, 2009, we received from National CineMedia approximately 0.5 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. These adjustments increased the number of National CineMedia common units held by us to approximately 25.4 million and as a result, on a fully diluted basis, we own a 25.0% interest in NCM, Inc. as of December 31, 2009.

Regal Cinemas maintains its Amended Senior Credit Facility, which consists of the Term Facility in an aggregate original principal amount of $1,700.0 million and a revolving facility (the "Revolving Facility") in an aggregate principal amount of up to $100.0 million. Due to the bankruptcy filings by Lehman Brothers Holdings, Inc. ("Lehman") and certain of its affiliates and the sudden deterioration in the credit standing of the Lehman affiliate party to our Revolving Facility, the aggregate principal amount available for drawing under the Revolving Facility was reduced by $5.0 million to $95.0 million during fiscal 2008. The Revolving Facility has a separate sublimit of $10.0 million for short-term loans and a sublimit of $30.0 million for letters of credit. The Term Facility will mature on October 27, 2013 and the Revolving Facility will mature on October 27, 2011.

As described more fully in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on January 20, 2009, Regal Cinemas entered into the Amendment to the Amended Senior Credit Facility. Under the Amendment, (i) the Applicable Margin, as defined in the Amendment, for revolving loans under the Revolving Facility and for term loans under the Term Facility (each of which are determined by reference to the then-applicable Consolidated Leverage Ratio) was increased by 2.0%, (ii) Regal Cinemas' ability to elect interest periods for LIBOR borrowings was limited to interest periods of 2, 3, 6 or (if available to all lenders) 12 months, with 1 month interest periods no longer being available, and (iii) Regal Cinemas may exclude a minimum of $100.0 million, but not more than $200.0 million, of Subordinated Debt, as defined in the Amendment, that is used to repay amounts outstanding under the Term Loan from certain financial covenant calculations.

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On July 15, 2009, Regal Cinemas Corporation issued $400.0 million in aggregate principal amount of $8^{5}/_{8}$% Senior Notes at a price equal to 97.561% of their face value in a transaction exempt from registration under the Securities Act. The $8^{5}/_{8}$% Senior Notes bear interest at a rate of $8^{5}/_{8}$% per year, payable semiannually in arrears in cash on July 15 and January 15 of each year, commencing on January 15, 2010. The $8^{5}/_{8}$% Senior Notes will mature on July 15, 2019. The net proceeds from the offering, after deducting the initial purchase discount and offering expenses paid by the Company, were approximately $381.3 million. The Company used all of the net proceeds to repay a portion of the Amended Senior Credit Facility. As a result of this repayment, the Company recorded a loss on debt extinguishment of approximately $7.4 million, representing the pro-rata write off of unamortized debt issue costs under the Amended Credit Facility. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

As of December 31, 2009, we had approximately $1,265.4 million aggregate principal amount outstanding under the Term Facility, $390.7 million aggregate principal amount outstanding (net of debt discount) under the $8^{5}/_{8}$% Senior Notes, $194.6 million aggregate principal amount outstanding (net of debt discount) under the $6^{1}/_{4}$% Convertible Senior Notes, and $51.5 million aggregate principal amount outstanding under the Regal Cinemas $9^{3}/_{8}$% Senior Subordinated Notes (the "Senior Subordinated Notes"). As of December 31, 2009, we had approximately $2.7 million outstanding in letters of credit, leaving approximately $92.3 million available for drawing under the Revolving Facility.

Regal paid four quarterly cash dividends of $0.18 per share on each outstanding share of the Company's Class A and Class B common stock, or approximately $110.8 million in the aggregate, during the Fiscal 2009 Period. Further, on February 16, 2010, the Company declared a cash dividend of $0.18 per share on each share of the Company's Class A and Class B common stock (including outstanding restricted stock), payable on March 16, 2010, to stockholders of record on March 4, 2010. These dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of the board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors.

EBITDA

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") were approximately $510.3 million, $517.3 million and $902.2 million for the Fiscal 2009 Period, the Fiscal 2008 Period and the Fiscal 2007 Period, respectively. The net decrease in EBITDA in the Fiscal 2009 Period from the Fiscal 2008 Period was primarily attributable to a decrease in operating income during the Fiscal 2009 Period. The Company uses EBITDA as a supplemental liquidity measure because we find it useful to understand and evaluate our capacity, excluding the impact of interest, taxes, and non-cash depreciation and amortization charges, for servicing our debt, paying dividends and otherwise meeting our cash needs, prior to our consideration of the impacts of other potential sources and uses of cash, such as working capital items. We believe that EBITDA is useful to investors for these purposes as well. EBITDA should not be considered an alternative to, or more meaningful than, net cash provided by operating activities, as determined in accordance with U.S. generally accepted accounting principles ("GAAP"), since it omits the impact of interest, taxes and changes in working capital that use or provide cash (such as receivables, payables and inventories) as well as the sources or uses of cash associated with changes in other balance sheet items (such as long term loss accruals and deferred items). Because EBITDA excludes depreciation and amortization, EBITDA does not reflect any cash requirements for the replacement of the assets being depreciated and amortized, which assets will often have to be replaced in the future. Further, EBITDA, because it also does not reflect the impact of debt service, income taxes, cash dividends, capital expenditures and other cash commitments from time to

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time as described in more detail elsewhere in this Form 10-K, does not represent how much discretionary cash we have available for other purposes. Nonetheless, EBITDA is a key measure expected by and useful to our fixed income investors, rating agencies and the banking community all of whom believe, and we concur, that these measures are critical to the capital markets' analysis of our ability to service debt, fund capital expenditures, pay dividends and otherwise meet cash needs, respectively. We also evaluate EBITDA because it is clear that movements in these non-GAAP measures impact our ability to attract financing and pay dividends. EBITDA, as calculated, may not be comparable to similarly titled measures reported by other companies. A reconciliation of EBITDA to net cash provided by operating activities is calculated as follows (in millions):

	Fiscal 2009 Period	Fiscal 2008 Period	Fiscal 2007 Period
EBITDA	$ 510.3	$ 517.3	$ 902.2
Interest expense, net	(151.0)	(128.4)	(117.2)
Provision for income taxes	(61.9)	(74.4)	(241.2)
Deferred income taxes	(1.1)	(20.2)	(6.1)
Gain on sale of Fandango interest		(3.4)	(28.6)
Changes in operating assets and liabilities	44.1	(73.7)	265.4
Loss on debt extinguishment	7.4	3.0	
Gain on NCM transaction			(350.7)
Other items, net	63.0	50.7	29.6
Net cash provided by operating activities	$ 410.8	$ 270.9	$ 453.4

Contractual Cash Obligations and Commitments

The Company has assumed long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancelable operating leases. Other than operating leases which are detailed below, the Company does not utilize variable interest entities or any other

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form of off-balance sheet financing. As of December 31, 2009, the Company's estimated contractual cash obligations and commercial commitments over the next several periods are as follows (in millions):

	Payments Due By Period				
	Total	Current	13 - 36 months	37 - 60 months	After 60 months
Contractual Cash Obligations:					
Debt obligations(1)	$ 1,917.3	$ 9.9	$ 277.8	$ 1,229.4	$ 400.2
Future interest on debt obligations(2)	593.5	120.6	200.4	100.1	172.4
Capital lease obligations, including interest(3)	24.0	3.5	7.0	6.9	6.6
Lease financing arrangements, including interest(3)	127.1	13.8	27.6	27.7	58.0
Purchase commitments(4)	48.9	19.6	29.3		
Operating leases(5)	3,612.6	359.6	694.6	656.7	1,901.7
FIN 48 liabilities(6)	2.4	2.4			
Other long term liabilities	4.5	3.3	0.7	0.5	
Total	$ 6,330.3	$ 532.7	$ 1,237.4	$ 2,021.3	$ 2,538.9

	Amount of Commitment Expiration per Period				
	Total Amounts Available	Current	13 - 36 months	37 - 60 months	After 60 months
Other Commercial Commitments(7)	$ 95.0	$	$ 95.0	$	$

(1) These amounts are included on our consolidated balance sheet as of December 31, 2009. Our Amended Senior Credit Facility provides for mandatory prepayments under certain scenarios. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information about our long-term debt obligations and related matters.

(2) Future interest payments on the Company's unhedged debt obligations (consisting of approximately $265.4 million of variable interest rate borrowings under the Term Facility, $400.0 million outstanding under the $8^{5}/_{8}$% Senior Notes, $200.0 million outstanding under the $6^{1}/_{4}$% Convertible Senior Notes, approximately $51.5 million due under the Senior Subordinated Notes and approximately $0.3 million of other debt obligations) are based on the stated fixed rate or in the case of the $265.4 million of variable interest rate borrowings under the Term Facility, the current interest rate as of December 31, 2009 (3.75%). Future interest payments on the Company's hedged indebtedness as of December 31, 2009 (the remaining $1,000.0 million of borrowings under the Term Facility) are based on (1) the applicable margin (as defined in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K) as of December 31, 2009 (3.50%) and (2) the expected fixed interest payments under the Company's interest rate swap agreements, which are described in further detail under Note 5 to the consolidated financial statements included in Part II, Item 8 of

this Form 10-K.

(3)

The present value of these obligations, excluding interest, is included on our consolidated balance sheet as of December 31, 2009. Future interest payments are calculated based on interest rates implicit in the underlying leases, which have a weighted average interest rate of 11.21%, maturing in various installments through 2021. Refer to Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information about our capital lease obligations and lease financing arrangements.

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(4)
Includes estimated capital expenditures to which we were committed as of December 31, 2009, including improvements associated with existing theatres, the construction of new theatres and the estimated cost of ADA related betterments.

(5)
We enter into operating leases in the ordinary course of business. Such lease agreements provide us with the option to renew the leases at defined or then fair value rental rates for various periods. Our future operating lease obligations would change if we exercised these renewal options or if we enter into additional operating lease agreements. Our operating lease obligations are further described in Note 6 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

(6)
These amounts are included on our consolidated balance sheet as of December 31, 2009 and represent liabilities associated with unrecognized tax benefits. The table does not include approximately $24.0 million of recorded liabilities associated with unrecognized tax benefits for which we do not believe that the amount and timing of the payments are reasonably estimable.

(7)
In addition, as of December 31, 2009, Regal Cinemas had approximately $92.3 million available for drawing under the $95.0 million Revolving Facility. Regal Cinemas also maintains a sublimit within the Revolving Facility of $10.0 million for short-term loans and $30.0 million for letters of credit.

We believe that the amount of cash and cash equivalents on hand, cash flow expected from operations and availability under our Revolving Facility will be adequate for the Company to execute its business strategy and meet anticipated requirements for lease obligations, capital expenditures, working capital and debt service for the next 12 months.

Ratings

The Company is rated by nationally recognized rating agencies. The significance of individual ratings varies from agency to agency. However, companies assigned ratings at the top end of the range have, in the opinion of certain rating agencies, the strongest capacity for repayment of debt or payment of claims, while companies at the bottom end of the range have the weakest capability. Ratings are always subject to change and there can be no assurance that the Company's current ratings will continue for any given period of time. A downgrade of the Company's debt ratings, depending on the extent, could increase the cost to borrow funds. Below are our latest ratings per category, which were current as of the date of this Form 10-K.

Category	Moody's	Standard and Poor's
Regal Cinemas $8^{5}/_{8}$% Senior Notes		B-
Regal Cinemas Amended Senior Credit Facility	Ba3	B+

Debt Obligations

On October 27, 2006, Regal Cinemas entered into its Amended Senior Credit Facility which consisted of the Term Facility in an aggregate principal amount of $1,700.0 million and a Revolving Facility in an aggregate principal amount of up to $100.0 million. Due to the late 2008 bankruptcy filings by Lehman and certain of its affiliates and the sudden deterioration in the credit standing of the Lehman affiliate party to our Revolving Facility, the aggregate principal amount available for drawing under the Revolving Facility was reduced by $5.0 million to $95.0 million during fiscal 2008. For a detailed summary of the material terms of our Amended Senior Credit Facility, please refer to the information provided under Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Please refer to Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for a discussion of the fiscal 2009 amendment to our Amended Senior Credit Facility and other financing transactions effected during the year ended December 31, 2009, including

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the issuance of the $400.0 million $8\frac{5}{8}$% Senior Notes. For information regarding our other material debt instruments, including our $6\frac{1}{4}$% Convertible Senior Notes, Regal Cinemas' Senior Subordinated Notes and the $8\frac{5}{8}$% Senior Notes, please see the information under Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Interest Rate Swaps

As described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, Regal Cinemas had three interest rate swap agreements effective as of January 1, 2009, which hedged an aggregate of approximately $700.0 million of variable rate debt obligations. During the quarter ended April 2, 2009, Regal Cinemas entered into four additional hedging relationships via four distinct interest rate swap agreements with maturity terms of two to three years each from the respective effective dates of the swaps, which require Regal Cinemas to pay interest at fixed rates ranging from 2.15% to 2.53% and receive interest at a variable rate. These interest rate swaps were designated to hedge approximately $1,000.0 million of variable rate debt obligations and became effective during the year ended December 31, 2009. During the year ended December 31, 2009, the three interest rate swaps effective as of January 1, 2009 matured. As a result, the Company's four interest rate swap agreements effective as of December 31, 2009 hedge an aggregate of approximately $1,000.0 million of variable rate debt obligations at an effective rate of approximately 5.82%.

On September 15, 2008, because of the sudden deterioration in the credit standing of the Lehman counterparty to an interest rate swap agreement designated to hedge approximately $100.0 million of variable rate debt obligations, the Company concluded that the hedging relationship was no longer expected to be highly effective in achieving offsetting cash flows. As a result, on September 15, 2008, the hedging relationship ceased to qualify for hedge accounting. For the period from September 15, 2008 through September 25, 2008, the Company recognized $0.5 million (the change in fair value of the former hedging derivative) as a reduction of interest expense in the consolidated financial statements. On October 3, 2008, the Lehman counterparty filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. As a result, an event of default occurred under the provisions of the interest rate swap agreement between the Company and the Lehman counterparty, which effectively terminated the interest rate swap on October 3, 2008, as indicated above. Accordingly, $1.6 million of accumulated other comprehensive loss as of October 3, 2008 will be reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings (i.e., when interest payments are made on the variable rate debt obligations) as an adjustment to interest expense over the remaining life of the two-year original hedge as long as the variable rate debt obligations remain outstanding. During the quarter ended October 1, 2009, the Company released the final portion of the deferred loss in accumulated other comprehensive loss by recording interest expense (net of related tax effects) of approximately $0.4 million and a corresponding $0.4 million reduction of other comprehensive loss. In addition, during the year ended December 31, 2009, the Company paid a final termination value of approximately $2.5 million (including accrued interest) associated with the interest rate swap.

Under the terms of the Company's effective interest rate swap agreements as of December 31, 2009, Regal Cinemas pays interest at various fixed rates ranging from 2.15% to 2.53% and receives interest at a variable rate based on the 3-month LIBOR. The 3-month LIBOR rate on each reset date determines the variable portion of the interest rate-swaps for the following three-month period. The interest rate swaps settle any accrued interest for cash on the last day of each calendar quarter, until expiration. At such dates, the differences to be paid or received on the interest rate swaps will be included in interest expense. No premium or discount was incurred upon the Company entering into the interest rate swaps, because the pay and receive rates on the interest rate swaps represented prevailing rates for each counterparty at the time the interest rate swaps were entered into. The interest rate swaps qualify for cash flow hedge accounting treatment and as such, the Company has effectively hedged its exposure to variability in the future cash flows attributable to the 3-month

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LIBOR on approximately $1,000.0 million of variable rate obligations. The change in the fair values of the interest rate swaps is recorded on the Company's consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income (loss) and the ineffective portion reported in earnings (interest expense). As interest expense is accrued on the debt obligation, amounts in accumulated other comprehensive income (loss) related to the designated hedging instruments (the three interest rate swaps) will be reclassified into earnings to obtain a net cost on the debt obligation equal to the effective yield of the fixed rate of each swap.

As of December 31, 2009, the aggregate fair value of the Company's four interest rate swaps was determined to be approximately $(16.8) million, which was recorded as a component of "Other Non-Current Liabilities" with a corresponding amount of $(10.3) million, net of tax, recorded to "Accumulated Other Comprehensive Loss, Net." As of January 1, 2009, the aggregate fair value of effective interest rate swaps was determined to be approximately $(14.2) million, which was recorded as a component of "Accrued Expenses" with a corresponding amount of $(8.7) million, net of tax, recorded to "Accumulated Other Comprehensive Loss, Net." These interest rate swaps exhibited no ineffectiveness during the years ended December 31, 2009, January 1, 2009 and December 27, 2007 and accordingly, the net losses on the swaps of $1.6 million, $8.7 million and $15.2 million, respectively, were reported as a component of other comprehensive loss for the years ended December 31, 2009, January 1, 2009 and December 27, 2007. The fair value of the Company's interest rate swaps is based on level 2 inputs as described in ASC Topic 820, *Fair Value Measurements and Disclosures*, which include observable inputs such as dealer quoted prices for similar assets or liabilities, and represents the estimated amount Regal Cinemas would receive or pay to terminate the agreements taking into consideration various factors, including current interest rates, credit risk and counterparty credit risk. The counterparties to the Company's interest rate swaps are major financial institutions. The Company evaluates the bond ratings of the financial institutions and believes that credit risk is at an acceptably low level.

Sale-Leaseback Transactions

For information regarding our various sale and leaseback transactions, refer to Note 6 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with U.S generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities as of the date of the balance sheet as well as the reported amounts of revenues and expenses during the reporting period. We routinely make estimates and judgments about the carrying value of our assets and liabilities that are not readily apparent from other sources. We evaluate and modify on an ongoing basis such estimates and assumptions, which include those related to film costs, property and equipment, goodwill, income taxes and purchase accounting as well as others discussed in Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities. Actual results, under conditions and circumstances different from those assumed, may differ materially from estimates. The impact and any associated risks related to estimates, assumptions, and accounting policies are discussed within "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as in the notes to the consolidated financial statements, if applicable, where such estimates, assumptions, and accounting policies affect our reported and expected results. Management has discussed the development and selection of its critical accounting estimates with the audit committee of our board of directors and the audit committee has reviewed our related disclosures herein.

We believe the following accounting policies are critical to our business operations and the understanding of our results of operations and affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

We have applied the principles of purchase accounting when recording theatre acquisitions. Under purchase accounting principles, we are required to estimate the fair value of all assets and liabilities, including: (i) the acquired tangible and intangible assets, including property and equipment, (ii) the liabilities assumed at the date of acquisition, and (iii) the related deferred tax assets and liabilities. Because the estimates we make in purchase accounting can materially impact our future results of operations, for significant acquisitions, we have obtained assistance from third party valuation specialists in order to make these valuation estimates, which are made based on information available to us at the acquisition date. The estimation of the fair value of the assets and liabilities involves a number of judgments and estimates that could differ materially from the actual amounts. Historically, the estimates made have not experienced significant changes and, as a result, we have not disclosed such changes.

ASC Subtopic 350-20, *Intangibles Goodwill and Other Goodwill* specifies that goodwill and indefinite-lived intangible assets will be subject to an annual impairment assessment. Based on our annual impairment assessment conducted during fiscal 2009, fiscal 2008 and fiscal 2007, we were not required to record a charge for goodwill impairment. In assessing the recoverability of the goodwill, we must make various assumptions regarding estimated future cash flows and other factors in determining the fair values of the respective assets. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for these assets in future periods.

We estimate our film cost expense and related film cost payable based on management's best estimate of the expected box office revenue of each film over the length of its run in our theatres and the ultimate settlement of such film costs with the distributors. Generally, less than one-third of our quarterly film expense is estimated at period-end. The length of time until these costs are known with certainty depends on the ultimate duration of the film play, but is typically "settled" within two to three months of a particular film's opening release. Upon settlement with our film distributors, film cost expense and the related film cost payable are adjusted to the final film settlement. The ultimate revenues of a film can be estimated reasonably accurately within a few weeks after the film is released based on the film's initial box office performance, which is determined by a film's initial box office receipts. As a result, there are typically insignificant variances between our estimates of film cost expense and the final film cost payable, because we make such estimates based on each film's box office receipts through the end of the reporting period. For the fiscal years ended December 31, 2009, January 1, 2009 and December 27, 2007, there were no significant changes in our film cost estimation and settlement procedures.

We depreciate and amortize the components of our property and equipment relating to both owned and leased theatres on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets. Each owned theatre consists of a building structure, structural improvements, seating and concession and film display equipment. While we have assigned an estimated useful life of less than 30 years to certain acquired facilities, we estimate that our newly constructed buildings generally have an average economic useful life of 30 years. Certain of our buildings have been in existence for more than forty years. With respect to equipment (e.g., concession stand, point-of-sale equipment, etc.), a substantial portion is depreciated over seven years or less, which has been our historical replacement period. Seats and 35mm projection equipment generally have a longer useful economic life, and their

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depreciable lives (12-15 years) are based on our experience and replacement practices. The estimates of the assets' useful lives require our judgment and our knowledge of the assets being depreciated and amortized. Further, we review the economic useful lives of such assets annually and make adjustments thereto as necessary. To the extent we determine that certain of our assets have become obsolescent, we accelerate depreciation over the remaining useful lives of the assets. Actual economic lives may differ materially from these estimates.

The majority of our properties have been appraised. Such appraisals supported the estimated lives being used for depreciation and amortization purposes. Furthermore, our analysis of our historical capital replacement program is consistent with our depreciation policies. Finally, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Such analysis generally evaluates assets for impairment on an individual theatre basis. When the estimated future undiscounted cash flows of the operations to which the assets relate do not exceed the carrying value of the assets, such assets are written down to fair value. Our experience indicates that theatre properties become impaired primarily due to market or competitive factors rather than physical (wear and tear) or functional (inadequacy or obsolescence) factors. In this regard, we do not believe the frequency or volume of facilities impaired due to these market factors are significant enough to impact the useful lives used for depreciation periods.

For the fiscal years ended December 31, 2009, January 1, 2009 and December 27, 2007, no significant changes have been made to the depreciation and amortization rates applied to operating assets, the underlying assumptions related to estimates of depreciation and amortization, or the methodology applied. For the fiscal year ended December 31, 2009, consolidated depreciation and amortization expense was $201.9 million, representing 7.0% of consolidated total revenues. If the estimated lives of all assets being depreciated were increased by one year, the consolidated depreciation and amortization expense would have decreased by approximately $13.0 million or 6.5%. If the estimated lives of all assets being depreciated were decreased by one year, the consolidated depreciation and amortization expense would have increased by approximately $15.0 million or 7.4%.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We record a valuation allowance if it is deemed more likely than not that our deferred income tax assets will not be realized. We reassess the need for such valuation allowance on an ongoing basis. An increase in the valuation allowance generally results in an increase in the provision for income taxes recorded in such period. A decrease in the valuation allowance generally results in a decrease to the provision for income taxes recorded in such period.

Additionally, income tax rules and regulations are subject to interpretation, require judgment by us and may be challenged by the tax authorities. As described further in Note 7 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, effective December 29, 2006, the Company adopted the provisions of ASC Subtopic 740-10, *Income Taxes Overview*. Although we believe that our tax return positions are fully supportable, in accordance with ASC Subtopic 740-10, we recognize a tax benefit only for tax positions that we determine will more likely than not be sustained based on the technical merits of the tax position. With respect to such tax positions for which recognition of a benefit is appropriate, the

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benefit is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions are evaluated on an ongoing basis as part of our process for determining our provision for income taxes. Among other items deemed relevant by us, the evaluations are based on new legislation, other new technical guidance, judicial proceedings, and our specific circumstances, including the progress of tax audits. Any change in the determination of the amount of tax benefit recognized relative to an uncertain tax position impacts the provision for income taxes in the period that such determination is made.

For fiscal 2009, our provision for income taxes was $61.9 million. Changes in management's estimates and assumptions regarding the probability that certain tax return positions will be sustained, the enacted tax rate applied to deferred tax assets and liabilities, the ability to realize the value of deferred tax assets, or the timing of the reversal of tax basis differences could impact the provision for income taxes and change the effective tax rate. A one percentage point change in the effective tax rate from 39.4% to 40.4% would have increased the current year income tax provision by approximately $1.6 million.

Quarterly Results

The Company's consolidated financial statements for fiscal 2008 include the results of operations of the 28 theatres acquired from Consolidated Theatres on April 30, 2008 for the period subsequent to the date of acquisition. The acquisition of Consolidated Theatres is described in Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. The comparability of our results between quarters is impacted by the inclusion from such date of the results of operations of the Consolidated Theatres acquisition and to a lesser extent, seasonality.

The following tables set forth selected unaudited quarterly results for the eight quarters ended December 31, 2009. The quarterly financial data as of each period presented below have been derived from Regal's unaudited condensed consolidated financial statements for those periods. Results for these periods are not necessarily indicative of results for the full year. The quarterly financial data should be read in conjunction with the consolidated financial statements of Regal and notes thereto included in Part II, Item 8 of this Form 10-K.

	Dec. 31, 2009	Oct. 1, 2009	July 2, 2009	April 2, 2009	Jan. 1, 2009(1)	Sept. 25, 2008	June 26, 2008	March 27, 2008
	In millions (except per share data)							
Total revenues	$ 765.6	$ 673.5	$ 789.2	$ 665.6	$ 711.7	$ 757.6	$ 675.8	$ 626.8
Income from operations	82.2	38.4	96.3	62.5	71.4	75.7	64.7	72.6
Net income (loss) attributable to controlling interest	35.5	(1.8)	40.5	21.3	29.4	31.0	24.3	27.5
Diluted earnings (loss) per share	0.23	(0.01)	0.26	0.14	0.19	0.20	0.16	0.17
Dividends per common share	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.30	$ 0.30	$ 0.30	$ 0.30

(1) The fiscal quarter ended January 1, 2009 was comprised of 14 weeks.

Inflation

The Company does not believe that inflation has had a material impact on its financial position or results of operations.

Seasonality

The Company's revenues are usually seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, motion picture studios release the most marketable motion pictures during the summer and the holiday seasons. The unexpected emergence of a "hit" film during other periods can alter the traditional pattern. The timing of movie releases can have a significant effect on the Company's results of operations, and the results of one fiscal quarter are not necessarily indicative of the results for the next or any other fiscal quarter. The seasonality of motion picture exhibition, however, has become less pronounced as motion picture studios are releasing motion pictures somewhat more evenly throughout the year.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our operations, please refer to the information provided under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, which information is incorporated herein by reference.

Off-Balance Sheet Arrangements

Other than the operating leases detailed above in this Form 10-K, under the heading "Contractual Cash Obligations and Commitments," the Company has no other off-balance sheet arrangements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company's market risk is confined to interest rate exposure of its and its wholly owned subsidiaries' debt obligations that bear interest based on floating rates. The Amended Senior Credit Facility provides variable rate interest that could be adversely affected by an increase in interest rates. Borrowings under the Term Facility bear interest, at Regal Cinemas' option, at either an adjusted Eurodollar rate (as defined in the Amended Senior Credit Facility) or the base rate plus, in each case, an applicable margin.

Under the terms of the Company's effective interest rate swap agreements (which hedge an aggregate of approximately $1,000.0 million of variable rate debt obligations as of December 31, 2009) described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, Regal Cinemas pays interest at various fixed rates ranging from 2.15% to 2.53% and receives interest at a variable rate based on the 3-month LIBOR.

As of December 31, 2009 and January 1, 2009, borrowings of $1,265.4 million and $1,661.8 million, respectively, were outstanding under the Term Facility and the prior term facility, respectively, at an effective interest rate of 5.38% (as of December 31, 2009) and 4.42% (as of January 1, 2009), after the impact of the interest rate swaps is taken into account. A hypothetical change of 10% in the Company's effective interest rate under the Term Facility as of December 31, 2009, would increase or decrease interest expense by $6.8 million for the year ended December 31, 2009.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
Regal Entertainment Group:

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

Management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of such controls as of December 31, 2009. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes that the Company's internal control over financial reporting is effective as of December 31, 2009.

KPMG LLP, independent registered public accounting firm of the Company's consolidated financial statements, has issued an audit report on management's assertion with respect to the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, as stated in their report which is included herein.

/s/ AMY E. MILES	/s/ DAVID H. OWNBY
Amy E. Miles	David H. Ownby
Chief Executive Officer (Principal Executive Officer)	*Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Regal Entertainment Group:

We have audited the accompanying consolidated balance sheets of Regal Entertainment Group as of December 31, 2009 and January 1, 2009, and the related consolidated statements of income, deficit and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2009. We also have audited Regal Entertainment Group's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Regal Entertainment Group's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regal Entertainment Group as of December 31, 2009 and January 1, 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Regal Entertainment Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established

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in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in the notes to the consolidated financial statements, the Company changed the manner in which it accounts for noncontrolling interests as of January 2, 2009 (note 2), convertible debt instruments as of January 2, 2009 (notes 2 and 5) and uncertain tax positions as of December 29, 2006 (note 7).

/s/ KPMG LLP

Nashville, Tennessee
March 1, 2010

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REGAL ENTERTAINMENT GROUP

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	December 31, 2009	January 1, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 328.1	$ 170.2
Trade and other receivables	69.0	73.2
Inventories	12.3	8.3
Prepaid expenses and other current assets	8.6	6.1
Assets held for sale	0.6	0.9
Deferred income tax asset	10.3	14.8
TOTAL CURRENT ASSETS	428.9	273.5
PROPERTY AND EQUIPMENT:		
Land	118.6	118.6
Buildings and leasehold improvements	1,921.4	1,911.5
Equipment	1,016.3	974.5
Construction in progress	8.8	14.1