FNB CORP/FL/
Form SC 13G/A
January 31, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

Amendment No.: 3*

Name of Issuer: F.N.B. Corporation

Title of Class of Securities: Common Stock

CUSIP Number: 30252010-1

Date of Event Which Requires Filing of this Statement: 12/31/2004

Check the appropriate box to designate the rule pursuant to which this Schedule is filed.

[X] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[ ] Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No.: 30252010-1

1. NAME OF REPORTING PERSON
   S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
   Mac-Per-Wolf Company
   EIN #36-3099763

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
   a. ___
   b. ___

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER
2,303,847

6. SHARED VOTING POWER
-0-

7. SOLE DISPOSITIVE POWER
2,303,847

8. SHARED DISPOSITIVE POWER
-0-

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,303,847

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
Not applicable

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
4.6%

12. TYPE OF REPORTING PERSON
HC

Item 1.

(a). Name of Issuer: F.N.B. Corporation ("FNB")

(b). Address of Issuer's Principal Executive Offices:

One F.N.B. Boulevard
Hermitage, PA 16148

Item 2.

(a).-(c). Name, Principal Business Address, and Citizenship of Persons Filing:

(1) Mac-Per-Wolf Company
310 S. Michigan Ave., Suite 2600
Chicago, IL 60604
Citizenship: Delaware

(d). Title of Class of Securities: Common Stock

(e). CUSIP Number: 30252010-1

Item 3.

This statement is filed pursuant to Rule 13d-1 (b) and the person filing, Mac-Per-Wolf Company, is a parent holding company in accordance with 240.13d-1(b)(1)(ii)(G). See Item 7 for additional information.

Item 4. Ownership

The information in items 1 and 5 through 11 on the cover page(s) on Schedule 13G is hereby incorporated by reference.

Perkins, Wolf, McDonnell and Company, LLC furnishes investment advice to various investment companies registered under Section 8 of the Investment Company Act of 1940 and to individual and institutional clients (collectively referred to herein as "Managed Portfolios").

Item 5. Ownership of Five Percent or Less of a Class

The Managed Portfolios, set forth in Item 4 above, have the right to receive all dividends from, and the proceeds from the sale of, the securities held in their respective accounts.

This statement is being filed to report the fact that the reporting persons have ceased to be the beneficial owners of more than five percent of the class of securities.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company

The reporting person, Mac-Per-Wolf Company, is filing on behalf of its two subsidiaries:

1) PWMCO, LLC is a wholly-owned subsidiary of Mac-Per-Wolf Company and is both a broker dealer registered under Section 15 of the Act and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940

2) Perkins, Wolf, McDonnell and Company, LLC is a subsidiary of Mac-Per-Wolf Company, and is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940

Item 8. Identification and Classification of Members of the Group

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Mac-Per-Wolf Company

By /s/ Gregory E. Wolf	1/31/2005
Gregory E. Wolf, Treasurer	Date

th:7.0%;">

Conversion of Class B to Class A common shares outstanding

23,709

23,709

23,709

23,786

Stock options	
	213
	922
	106
	1,104
Restricted stock and performance shares	
	812
	555
	406

650

Conversion spread on 3¾% Convertible Senior Notes and the 2003 Warrant

873

6,888

436

5,882

Conversion of 6¼% Convertible Senior Notes

(1)

(1)

Number of shares used in per share computations (in thousands)

154,728

23,709

160,156

23,709

153,765

23,709

158,679

23,786

Diluted net income per share

$

0.09

$

0.09

$

0.33

$

0.33

$

0.07

$

0.07

$

1.78

$

1.78

---

(1) No amount reported as the impact on net income per share of Class A common stock would have been antidilutive. There were no antidilutive common stock equivalents outstanding as of June 28, 2007.

Table of Contents

10. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). Among other requirements, SFAS 157 defines fair value and establishes a framework for measuring fair value and also expands disclosure about the use of fair value to measure assets and liabilities. The adoption of SFAS 157 did not have a material impact on the Company s consolidated financial position, cash flows and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits entities to choose to measure certain financial instruments and other eligible items at fair value when the items are not otherwise currently required to be measured at fair value. Under SFAS 159, the decision to measure items at fair value is made at specified election dates on an irrevocable instrument-by-instrument basis. Entities electing the fair value option would be required to recognize changes in fair value in earnings and to expense upfront cost and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. The adoption of SFAS 159 did not have a material impact on the Company s consolidated financial position, cash flows and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (SFAS 141(R)). SFAS 141(R) requires all business combinations completed after the effective date to be accounted for by applying the acquisition method (previously referred to as the purchase method). SFAS 141(R) expands the definition of transactions and events that qualify as business combinations; requires that the acquired assets and liabilities, including contingencies, be recorded at the fair value determined on the acquisition date and changes thereafter reflected in revenue, not goodwill; changes the recognition timing for restructuring costs; and requires acquisition costs to be expensed as incurred. Adoption of SFAS 141(R) is required for combinations after December 15, 2008. Early adoption and retroactive application of SFAS 141(R) to fiscal years preceding the effective date are not permitted. The Company is evaluating the adoption of SFAS 141(R) and its impact on the Company s consolidated financial position, cash flows and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements (SFAS 160). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent s equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent s ownership interest in a subsidiary that do

Table of Contents

not result in deconsolidation are equity transactions if the parent retains it controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is evaluating the adoption of SFAS 160 and its impact on the Company s consolidated financial position, cash flows and results of operations.

In May 2008, the FASB issued FASB Staff Position APB 14-a, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement) (FSP 14-a). FSP 14-a specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity s nonconvertible debt borrowing rate on the instrument s issuance date when interest cost is recognized in subsequent periods. The 6¼% Convertible Senior Notes and the 3¾% Convertible Senior Notes are within the scope of FSP 14-a; therefore, we will be required to record the debt portions of the 6¼% Convertible Senior Notes and the 3¾% Convertible Senior Notes at their fair values as of the dates of issuance and amortize the discount into interest expense over the life of the debt during the periods in which the debt instruments are outstanding. However, there will be no effect on our cash interest payments. A cumulative effect of a change in accounting principle on periods prior to those presented shall be recognized as of the beginning of the first period presented with an offsetting adjustment to retained earnings. FSP 14-a is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years, and will be applied retrospectively to all periods presented. Accordingly, the adoption of FSP 14-a will be reflected in our consolidated financial statements beginning with the first fiscal quarter of 2009. The Company is currently evaluating the adoption of FSP 14-a and its impact on its consolidated financial position, cash flows and results of operations.

11. SUBSEQUENT EVENTS

On July 24, 2008, the Company declared a cash dividend of $0.30 per share on each share of the Company s Class A and Class B common stock (including outstanding restricted stock), payable on September 19, 2008, to stockholders of record on September 11, 2008.

Subsequent to the quarter ended June 26, 2008, the Company invested an additional $1.5 million in DCIP.

Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in this Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Form 10-Q, including, without limitation, certain statements under 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 factors as more fully discussed under the heading Risk Factors contained in our annual report on Form 10-K filed on February 26, 2008 with the Commission (File No. 001-31315) for the Company s fiscal year ended December 27, 2007. The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included herein.

25

Table of Contents

The Company

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 6,776 screens in 551 theatres in 39 states and the District of Columbia as of June 26, 2008. 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 has primarily concentrated its efforts on the expansion of in-theatre advertising and the creation of complementary business lines that leverage the existing operating personnel, asset and customer bases of its theatrical exhibition partners, which includes 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 and electronic video games located adjacent to the lobbies of certain of 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 business meetings and concerts and other events. Film rental costs depend on a variety of factors including the prospects of a film and the popularity 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 a joint venture company DCIP, to explore the possibility of implementing digital cinema in our theatres and 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 ownership interest in DCIP. We expect to begin converting our existing theatres from 35 mm film projection to digital projection during late 2008 and intend to complete the conversion of our entire circuit in approximately three to four years. DCIP is continuing to work with film studios and financial institutions to negotiate and finalize the related financing plans that would provide for a studio-financed conversion to digital projection.

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 3 Investment in National CineMedia, LLC, as a result of the transactions completed in connection with the IPO, the Company recognized a gain of approximately $350.7 million during the quarter ended March 29, 2007.

During the quarter ended June 28, 2007, the Company sold its equity interest in Fandango for proceeds of $28.3 million. As a result of this transaction, the Company recognized a gain on the sale of approximately $28.3 million ($17.0 million after tax). 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 the 6¼% Convertible Senior Notes. Concurrent with the issuance of the 6¼% 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 6¼% 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 unaudited condensed consolidated balance sheet as of June 26, 2008. See Note 4 Debt Obligations for further

26

Table of Contents

description of the 6¼% 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 6¼% Convertible Senior Notes to redeem approximately $90.0 million principal amount of the 3¾% Convertible Senior Notes, in a series of privately negotiated transactions. As a result of the early redemption, the Company recorded a $52.8 million loss on debt extinguishment 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 3¾% Convertible Senior Notes described further in Note 4 Debt Obligations. Such proceeds were recorded as an increase to additional paid-in capital. In connection with the final maturity of the 3¾% 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 6¼% Convertible Senior Notes. As a result of these conversions, the Company recorded a $17.7 million loss on debt extinguishment during the quarter ended June 26, 2008. 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 3¾% Convertible Senior Notes. Such proceeds were also recorded as an increase to additional paid-in capital. See Note 4 Debt Obligations for further discussion of this transaction.

On April 30, 2008, the Company consummated a transaction to acquire Consolidated Theatres, consisting of 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, subject to post-closing adjustments. The results of operations of the acquired theatre operations 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 Antitrust Division of the United States Department of Justice, which requires us to hold separate and divest ourselves of four theaters comprising 52 screens in North Carolina. See Note 2 Recent Acquisitions for further discussion of this transaction.

As described more fully in Note 3 Investment in National CineMedia, LLC, on April 9, 2008, we received approximately 0.8 million additional common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. On May 29, 2008, we received an additional 2.9 million common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement for our acquisition of Consolidated Theatres. These adjustments increased the number of National CineMedia common units held by us to approximately 24.9 million and as a result, on a fully diluted basis, we own a 25.1% interest in NCM, Inc. as of June 26, 2008.

During the two quarters ended June 26, 2008, Regal paid two quarterly cash dividends of $0.30 on each outstanding share of the Company s Class A and Class B common stock, or approximately $92.1 million in the aggregate.

For a summary of industry trends as well as other risks and uncertainties relevant to the Company, see Business Industry Overview and Trends and Risk Factors contained in our annual report on Form 10-K for the fiscal year ended December 27, 2007 and Results of Operations below.

Results of Operations

The second fiscal quarter of 2008 was a solid quarter for both the industry and the Company in a period of difficult box office comparisons relative to the same period in 2007. Based on our review of industry sources, national box office revenues for the time period that corresponds to Regal s second fiscal quarter of 2008 were estimated to have decreased by approximately 2-3% in comparison to the second

27

Table of Contents

fiscal quarter of 2007. The industry s box office results were negatively impacted by difficult comparisons generated by high profile films released in the second quarter of 2007, including *Spider-Man 3, Shrek the Third* and *Pirates of the Caribbean: At World s End,* partially offset by ticket price increases and solid performances from the second quarter 2008 film slate.

Our total revenues for the quarter ended June 26, 2008 (Q2 2008 Period) were $675.8 million and consisted of $455.7 million of admissions revenues, $188.9 million of concessions revenues and $31.2 million of other operating revenues, and decreased slightly from total revenues of $683.4 million for the quarter ended June 28, 2007 (Q2 2007 Period).

Our Q2 2008 Period admissions revenues decreased 0.5% from the Q2 2007 Period. An attendance decrease of 3.2%, partially offset by a 2.8% increase in our average ticket price, led to the net decrease in the Q2 2008 Period admissions revenues. We believe that the overall decrease in attendance during the Q2 2008 Period was primarily a result of the decline in attendance among the top tier films exhibited during the period. Attendance for the Q2 2008 Period was bolstered by the addition of 558 new screens added since the end of the Q2 2007 Period, including the 400 screens acquired from Consolidated Theatres on April 30, 2008, partially offset by the closure of 150 underperforming screens subsequent to the end of the Q2 2007 period. 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 Q2 2008 Period were the primary drivers of the increase in our Q2 2008 Period average ticket price.

In addition, during the Q2 2008 Period, we experienced a slight decline in concessions revenues and an increase in other operating revenues. The decrease in concessions revenues during the Q2 2008 Period was due to a slight decline in average concessions revenues per patron, coupled with the aforementioned Q2 2008 Period decrease in attendance. Average concessions revenues per patron during the Q2 2008 Period were negatively impacted by a decrease in attendance from fewer concession-friendly films exhibited in a challenging economic environment in comparison to the Q2 2007 Period. The increase in other operating revenues during the Q2 2008 Period was primarily attributable to an increase in other theatre revenues.

Income from operations totaled $64.7 million during the Q2 2008 Period, which represents a decrease of $18.3 million, or 22.0%, from $83.0 million in the Q2 2007 Period. The decrease in income from operations during the Q2 2008 Period was primarily attributable to a reduction in admissions and concessions revenues described above, coupled with increases in certain operating expense items described in further detail below, partially offset by an increase in other operating revenues. The Company reported net income of $13.8 million in the Q2 2008 Period compared to net income of $52.7 million in the Q2 2007 Period. Diluted earnings per share of Class A and Class B common stock was $0.09 in the Q2 2008 Period compared to $0.33 during the Q2 2007 Period. The decreases in net income and diluted earnings per share of Class A and Class B common stock were primarily due to the decline in operating income described above, the impact of a $11.1 million after-tax loss on debt extinguishment recorded in the Q2 2008 Period in connection with the redemption of approximately $33.7 million principal amount of the 3¾% Convertible Senior Notes, the impact of the $17.0 million gain, net of related tax effects, recorded in connection with the sale of the Company s equity interest in Fandango during the Q2 2007 Period, partially offset by the impact of incremental earnings recognized from National CineMedia described in further detail below.

During the Q2 2008 Period and the two quarters ended June 26, 2008 (the Fiscal 2008 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 2008 Period totaled approximately $92.1 million.

- On April 30, 3008, the Company consummated the acquisition of Consolidated Theatres consisting of a total of 28 theatres with 400 screens in Georgia, Maryland, North Carolina,

Table of Contents

South Carolina, Tennessee and Virginia, for a total net cash purchase price of $209.3 million, subject to post-closing adjustments.

- In addition to the acquisition of Consolidated Theatres during the Fiscal 2008 Period, we opened 3 new theatres with 45 screens, added 8 screens through expansion and closed 7 underperforming theatres with 65 screens, ending the Fiscal 2008 Period with 551 theaters and 6,776 screens.

- Finally, we entered into an agreement to expand our IMAX presence by agreeing to install 31 additional IMAX digital projection systems by the end of 2010. We continue to 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 continued support of 3D and IMAX film product by the major studios.

The following table sets forth the percentage of total revenues represented by certain items included in our consolidated statements of income for the Q2 2008 Period, the Q2 2007 Period, the Fiscal 2008 Period and the two quarters ended June 28, 2007 (the Fiscal 2007 Period) (dollars and attendance in millions, except average ticket prices and average concession per patron):

	Q2 2008 Period		Q2 2007 Period		Fiscal 2008 Period		Fiscal 2007 Period	
	$	**% of Revenue**	**$**	**% of Revenue**	**$**	**% of Revenue**	**$**	**% of Revenue**
Revenues:								
Admissions	$ 455.7	67.4%	$ 457.9	67.0%	$ 887.7	68.1%	$ 884.6	67.6%
Concessions	188.9	28.0	197.4	28.9	355.0	27.3	365.7	28.0
Other operating revenues	31.2	4.6	28.1	4.1	59.9	4.6	58.1	4.4
Total revenues	675.8	100.0	683.4	100.0	1,302.6	100.0	1,308.4	100.0
Operating expenses:								
Film rental and advertising costs(1)	247.0	54.2	252.4	55.1	462.9	52.1	470.4	53.2
Cost of concessions(2)	25.5	13.5	27.9	14.1	48.2	13.6	52.9	14.5
Rent expense(3)	90.0	13.3	83.3	12.2	173.3	13.3	164.3	12.6
Other operating expenses(3)	180.5	26.7	176.2	25.8	349.1	26.8	341.1	26.1
General and administrative expenses (including share-based compensation expense of $1.5 and $1.4 for the Q2 2008 Period and the Q2 2007 Period, and $2.9 and $3.5 for the Fiscal 2008 Period and the Fiscal 2007 Period)(3)	15.8	2.3	16.8	2.5	30.8	2.4	32.8	2.5
Depreciation and amortization(3)	49.9	7.4	46.1	6.7	96.2	7.4	92.4	7.1
Net loss (gain) on disposal and impairment of operating assets(3)	2.3	0.3	(2.6)	(0.4)	4.5	0.3	2.8	0.2
Equity in earnings of joint venture including former employee compensation(3)	0.1		0.3		0.3		3.7	0.3
Total operating expenses(3)	611.1	90.4	600.4	87.9	1,165.3	89.5	1,160.4	88.7
Income from operations(3)	64.7	9.6	83.0	12.1	137.3	10.5	148.0	11.3
Interest expense, net(3)	30.0	4.4	25.5	3.7	59.7	4.6	56.5	4.3
Earnings recognized from NCM(3)	5.9	0.9	2.2	0.3	14.3	1.1	2.2	0.2
Loss on debt extinguishment(3)	17.7	2.6			70.5	5.4		
Gain on NCM transaction(3)							350.7	26.8
Gain on sale of Fandango interest (3)			28.3	4.1			28.3	2.2
Provision for income taxes(3)	8.5	1.3	35.1	5.1	9.4	0.7	190.7	14.6
Net income(3)	13.8	2.0	52.7	7.7	10.8	0.8	281.8	21.5
Attendance	59.7	*	61.7	*	116.6	*	120.3	*
Average ticket price(4)	$ 7.63	*	$ 7.42	*	$ 7.61	*	$ 7.32	*

Average concessions per patron(5)	$	3.16	*	$	3.20	*	$	3.04	*	$	3.04	*

* *Not meaningful*

Table of Contents

(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 revenues/attendance.

(5) Calculated as concessions revenues/attendance.

Q2 2008 Period Compared to Q2 2007 Period and Fiscal 2008 Period Compared to Fiscal 2007 Period

Admissions

Total admissions revenues decreased $2.2 million during the Q2 2008 Period, or 0.5%, to $455.7 million, from $457.9 million for the Q2 2007 Period. During the Fiscal 2008 Period, total admissions revenues increased $3.1 million, or 0.4%, to $887.7 million, from $884.6 million for the Fiscal 2007 Period. An attendance decrease of 3.2%, partially offset by a 2.8% increase in our average ticket price led to the net decrease in the Q2 2008 Period admissions revenues. Our Fiscal 2008 Period admissions revenues were favorably impacted by a 4.0% increase in average ticket prices, partially offset by a 3.1% decline in attendance. We believe that the overall decrease in attendance during the Q2 2008 Period and the Fiscal 2008 Period was primarily a result of the decline in attendance among the top tier films exhibited during these periods. Attendance for the Q2 2008 Period and Fiscal 2008 Period was bolstered by the addition of 558 new screens added since the end of the Q2 2007 Period, including the 400 screens acquired from Consolidated Theatres on April 30, 2008, partially offset by the closure of 150 underperforming screens subsequent to the end of the Q2 2007 Period. 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 Q2 2008 Period and the Fiscal 2008 Period were the primary drivers of the increase in our Q2 2008 Period and Fiscal 2008 Period average ticket prices. Based on our review of certain industry sources, the decrease in our admissions revenues on a per screen basis was slightly greater than the industry s results for the Q2 2008 Period and Fiscal 2008 Period as compared to the Q2 2007 Period and the Fiscal 2007 Period. This decline was primarily attributable to higher estimated box office per screen growth experienced by the Company relative to the industry during the Q2 2007 Period and the Fiscal 2007 Period associated with the performance of top tier films and premium priced films exhibited in the prior year periods.

Concessions

During the Q2 2008 Period, total concessions revenues decreased $8.5 million, or 4.3%, to $188.9 million, from $197.4 million for the Q2 2007 Period. During the Fiscal 2008 Period, total concessions revenues decreased $10.7 million, or 2.9%, to $355.0 million, from $365.7 million for the Fiscal 2007 Period. The decrease in total concessions revenues during the Q2 2008 Period and the Fiscal 2008 Period was due to a lack of growth in average concessions revenues per patron, coupled with the aforementioned Q2 2008 Period and Fiscal 2008 Period decrease in attendance. Average concessions revenues per patron during the Q2 2008 Period was negatively impacted by a decrease in attendance from fewer concession-friendly films exhibited in a challenging economic environment in comparison to the Q2 2007 Period. Average concessions revenues per patron during the Fiscal 2008 Period was consistent with that of the Fiscal 2007 Period.

Other Operating Revenues

Total other operating revenues increased $3.1 million, or 11.0%, to $31.2 million for the Q2 2008 Period, from $28.1 million for the Q2 2007 Period. During the Fiscal 2008 Period, total other operating revenues increased $1.8 million, or 3.1%, to $59.9 million, from $58.1 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 certificates and discount tickets. The increase in other operating revenues in the Q2 2008 Period was primarily attributable to an increase in other theatre revenues. The increase in other operating revenues during the Fiscal 2008 Period was primarily attributable to an increase in other theatre revenues, partially offset by a modification of the payment arrangement with National CineMedia (effective upon consummation of the IPO of NCM, Inc. on February 13, 2007) described in further detail under Note 3 Investment in National CineMedia, LLC.

Table of Contents

Film Rental and Advertising Costs

During the Q2 2008 Period, film rental and advertising costs as a percentage of admissions revenues decreased to 54.2% as compared to 55.1% in the Q2 2007 Period. Film rental and advertising costs as a percentage of admissions revenues decreased to 52.1% during the Fiscal 2008 Period as compared to 53.2% in the Fiscal 2007 Period. The decrease in film rental and advertising costs as a percentage of box office revenues during the Q2 2008 Period and 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 Q2 2008 Period and the Fiscal 2008 Period and a decline in advertising expense during such periods.

Cost of Concessions

During the Q2 2008 Period, cost of concessions declined $2.4 million, or 8.6%, from the Q2 2007 Period. Cost of concessions declined $4.7 million, or 8.9%, during the Fiscal 2008 Period as compared to Fiscal 2007 Period. Cost of concessions as a percentage of concessions revenues decreased 60 basis points to 13.5% during the Q2 2008 Period as compared to 14.1% in the Q2 2007 Period. During the Fiscal 2008 Period, cost of concessions as a percentage of concessions revenues decreased 90 basis points to 13.6% from 14.5% in the Fiscal 2007 Period. The decrease in cost of concessions and in cost of concessions as a percentage of concessions revenues during the Q2 2008 Period and the Fiscal 2008 Period was primarily related to a change in a vendor marketing program, which resulted in a reduction of cost of concessions during such periods, partially offset by slightly higher food costs.

Rent Expense

Rent expense increased $6.7 million, or 8.0%, to $90.0 million in the Q2 2008 Period, from $83.3 million in the Q2 2007 Period. During the Fiscal 2008 Period, rent expense increased $9.0 million, or 5.5%, to $173.3 million, from $164.3 million in the Fiscal 2007 Period. The increase in rent expense in the Q2 2008 Period and the Fiscal 2008 Period was primarily attributable to incremental rent from the inclusion of 558 new screens added since the end of the Q2 2007 Period, including the 400 screens acquired from Consolidated Theatres, partially offset by the closure of 150 underperforming screens subsequent to the end of the Q2 2007 period.

Other Operating Expenses

Other operating expenses increased $4.3 million, or 2.4%, to $180.5 million in the Q2 2008 Period, from $176.2 million in the Q2 2007 Period. During the Fiscal 2008 Period, other operating expenses increased $8.0 million, or 2.3%, to $349.1 million, from $341.1 million in the Fiscal 2007 Period. The increase in other operating expenses during the Q2 2008 Period and the Fiscal 2008 Period was primarily attributable to increases in non-rent occupancy costs due to the inclusion of 558 new screens added since the end of the Q2 2007 Period, including the 400 screens acquired from Consolidated Theatres, partially offset by the closure of 150 underperforming screens subsequent to the end of the Q2 2007 period.

General and Administrative Expenses

During the Q2 2008 Period, general and administrative expenses decreased $1.0 million, or 6.0%, to $15.8 million, from $16.8 million in the Q2 2007 Period. General and administrative expenses decreased $2.0 million, or 6.1%, to $30.8 million during the Fiscal 2008 Period as compared to $32.8 million in the Fiscal 2007 Period. As a percentage of total revenues, general and administrative expenses decreased to 2.3% in the Q2 2008 Period from 2.5% in the Q2 2007 Period and to 2.4% in the Fiscal 2008 Period from 2.5% in the Fiscal 2007 Period. The decrease in general and administrative expenses during the Q2 2008 Period and the Fiscal 2008 Period was primarily attributable to a reduction of legal and professional fees and share-based compensation expense during such periods.

Table of Contents

Depreciation and Amortization

For the Q2 2008 Period, depreciation and amortization increased $3.8 million, or 8.2%, to $49.9 million, from $46.1 million in the Q2 2007 Period. Depreciation and amortization increased $3.8 million, or 4.1%, to $96.2 million during the Fiscal 2008 Period, from $92.4 million in the Fiscal 2007 Period. The increase in depreciation and amortization expense during the Q2 2008 Period and the Fiscal 2008 Period was primarily related to incremental depreciation and amortization from the inclusion of 558 new screens added since the end of the Q2 2007 Period, including the 400 screens acquired from Consolidated Theatres, partially offset by the closure of 150 underperforming screens subsequent to the end of the Q2 2007 Period.

Income from Operations

Income from operations totaled $64.7 million during the Q2 2008 Period, which represents a decrease of $18.3 million, or 22.0%, from $83.0 million in the Q2 2007 Period. During the Fiscal 2008 Period, income from operations decreased $10.7 million, or 7.2%, to $137.3 million, from $148.0 million for the Fiscal 2007 Period. The decrease in income from operations during the Q2 2008 Period and the Fiscal 2008 Period was primarily attributable to a reduction in 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 decreases in film rental and advertising costs and cost of concessions.

Interest Expense, net

Net interest expense increased $4.5 million, or 17.6%, to $30.0 million in the Q2 2008 Period, from $25.5 million in the Q2 2007 Period. During the Fiscal 2008 Period, net interest expense increased $3.2 million, or 5.7%, to $59.7 million, from $56.5 million in the Fiscal 2007 Period. The increase in net interest expense during the Q2 2008 Period and Fiscal 2008 Period was principally due to less interest income ($1.7 million and $7.4 million, respectively, for the Q2 2008 Period and the Q2 2007 Period and $4.7 million and $9.9 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 6¼% Convertible Senior Notes, partially offset by a lower effective interest rate on our Term Facility during the Q2 2008 Period and Fiscal 2008 Period.

Income Taxes

The provision for income taxes of $8.5 million and $35.1 million for the Q2 2008 Period and the Q2 2007 Period, respectively, reflect effective tax rates of approximately 38.1% and 40.0%, respectively. The provision for income taxes of $9.4 million and $190.7 million for the Fiscal 2008 Period and the Fiscal 2007 Period, respectively, reflect effective tax rates of approximately 46.5% and 40.4%, respectively. The decrease in the effective tax rate for the Q2 2008 Period is primarily attributable to the settlement of an uncertain tax position with state taxing authorities during the Q2 2008 Period. The increase in the effective tax rate for the Fiscal 2008 Period is primarily attributable to the state tax effects of the $70.5 million loss ($44.1 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 3¾% Convertible Senior Notes and, to a lesser extent, other state tax matters. The effective tax rates for the Q2 2008 Period, the Q2 2007 Period, the Fiscal 2008 Period and the Fiscal 2007 Period also reflect the impact of certain non-deductible expenses.

Earnings Recognized from NCM

During the Q2 2008 Period and the Q2 2007 Period, the Company received $5.4 million and $2.2 million, respectively, in cash distributions from National CineMedia. The Company received $13.8 million and $2.2 million, respectively, in cash distributions from National CineMedia during the Fiscal 2008 Period and Fiscal 2007 Period. In addition, during the Q2 2008 Period, the Company recorded an additional $0.5

32

Table of Contents

million of equity earnings with respect to additional investments in National CineMedia during such period. As a result, during the Q2 2008 Period, the Q2 2007 Period, the Fiscal 2008 Period and the Fiscal 2007 Period, the Company recognized $5.9 million, $2.2 million, $14.3 million and $2.2 million, respectively, of earnings from National CineMedia. Such amounts are presented as Earnings recognized from NCM in the unaudited condensed consolidated financial statements.

During the first quarter of 2007, the Company recorded a loss of $2.0 million, representing its pre-IPO share of the net loss of National CineMedia. Such amounts are presented as a component of Equity in earnings of joint venture including former employee compensation in the unaudited condensed consolidated financial statements.

Net Income

During the Q2 2008 Period, net income totaled $13.8 million, which represents a decrease of $38.9 million, from net income of $52.7 million in the Q2 2007 Period. Net income decreased $271.0 million to $10.8 million during the Fiscal 2008 Period, from $281.8 million for the Fiscal 2007 Period. The decrease in net income for the Q2 2008 Period as compared to the Q2 2007 Period is primarily attributable to the decline in operating income described above, the impact of a $17.7 million loss ($11.1 million after related tax effects) on debt extinguishment recorded in the Q2 2008 Period in connection with the redemption of approximately $33.7 million principal amount of the 3¾% Convertible Senior Notes, the impact of the $28.3 million gain ($17.0 million after related tax effects) recorded in connection with the sale of the Company s equity interest in Fandango during the Q2 2007 Period, partially offset by the impact of incremental earnings recognized from National CineMedia described above. The decrease in net income 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 $70.5 million loss ($44.1 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 3¾% Convertible Senior Notes, the $28.3 million gain ($17.0 million after related tax effects) recorded in connection with the sale of the Company s equity interest in Fandango during the Fiscal 2007 Period and a decrease in operating income, 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 2008 Period and the Fiscal 2007 Period (in millions):

	Fiscal 2008 Period	Fiscal 2007 Period
Net cash provided by operating activities	$ 156.5	$ 643.3
Net cash used in investing activities	(278.0)	(20.2)
Net cash used in financing activities	(89.9)	(378.4)
Net (decrease) increase in cash and cash equivalents	$ (211.4)	$ 244.7

Fiscal 2008 Period Compared to Fiscal 2007 Period

Net cash flows provided by operating activities decreased by approximately $486.8 million to approximately $156.5 million for the Fiscal 2008 Period from approximately $643.3 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. (Note 3 Investment in National CineMedia, LLC for further discussion). These transactions resulted in approximately $535.9 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 positively impacted cash flows from operating activities and resulted in a $486.8 million decrease in net cash provided by operating activities for the Fiscal 2008 Period.

Table of Contents

Net cash flows used in investing activities totaled approximately $278.0 million for the Fiscal 2008 Period compared to cash flows used in investing activities of approximately $20.2 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 $12.8 million coupled with fewer proceeds from the disposition of assets of approximately $7.5 million during the Fiscal 2008 Period as compared to the Fiscal 2007 Period and the impact of the $28.3 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 $89.9 million for the Fiscal 2008 Period compared to cash flows used in financing activities of approximately $378.4 million for the Fiscal 2007 Period. The net increase in cash flows from financing activities during the Fiscal 2008 Period was primarily attributable to a $301.1 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 6¼% Convertible Senior Notes during the Fiscal 2008 Period, partially offset by net cash used to redeem approximately $123.7 million principal amount of the 3¾% 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, general corporate purposes related to corporate operations, debt service, share repurchases 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, 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 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 6¼% Convertible Senior Notes.

Our revenues are generally collected in cash through admissions and concessions revenues. 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 days from purchase. Our current liabilities generally include items that will become due within twelve months. In addition, from time to time, we use cash from operations and borrowings to fund dividends in excess of net income and cash flows from operating activities less cash flows from investing and 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. Should the conversion process to digital cinema rapidly accelerate and the major studios not cover the cost of the conversion as expected, we may have to incur additional capital expenditures associated with this potential change. 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. We currently expect capital expenditures for theatre development, replacement, expansion, upgrading and replacements to be in the range of approximately $120.0 million to $140.0 million in fiscal year 2008,

Table of Contents

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 2008 Period, we invested approximately $70.6 million in capital expenditures.

As described more fully in Note 3 Investment in National CineMedia, LLC, on February 13, 2007, NCM, Inc., a newly formed entity that serves as the sole manager of National CineMedia, completed an initial public offering, or 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 2 Recent Acquisitions.

During the quarter ended June 28, 2007, the Company sold its equity interest in Fandango for proceeds of $28.3 million. As a result of this transaction, the Company recognized a gain on the sale of approximately $28.3 million ($17.0 million after tax). 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.

For a discussion of other significant financing transactions which have occurred through December 27, 2007, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources contained in Part II, Item 7 of our annual report on Form 10-K for the fiscal year ended December 27, 2007.

On March 10, 2008, Regal issued $200.0 million aggregate principal amount of the 6¼% Convertible Senior Notes. Concurrent with the issuance of the 6¼% 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 6¼% 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 unaudited condensed consolidated balance sheet as of June 26, 2008. See Note 4 Debt Obligations for further description of the 6¼% 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 6¼% Convertible Senior Notes to redeem approximately $90.0 million principal amount of the 3¾% Convertible Senior Notes in a series of privately negotiated transactions. As a result of the early redemption, the Company recorded a $52.8 million loss on debt extinguishment 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 3¾% Convertible Senior Notes described further in Note 4 Debt Obligations. Such proceeds were recorded as an increase to additional paid-in capital. In connection with the final maturity of the 3¾% 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 6¼% Convertible Senior Notes. As a result of these conversions, the Company recorded a $17.7 million loss on debt extinguishment during the quarter ended June 26, 2008. 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 3¾% Convertible Senior Notes. Such proceeds were also recorded as an increase to additional paid-in capital. See Note 4 Debt Obligations for further discussion of this transaction.

Table of Contents

On April 30, 2008, the Company consummated a transaction to acquire Consolidated Theatres, consisting of 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, subject to post-closing adjustments. The results of operations of the acquired theatre operations 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 Antitrust Division of the United States Department of Justice, which requires us to hold separate and divest ourselves of four theaters comprising 52 screens in North Carolina. See Note 2 Recent Acquisitions for further discussion of this transaction.

As described more fully in Note 3 Investment in National CineMedia, LLC, on April 9, 2008, we received approximately 0.8 million additional common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. On May 29, 2008, we received an additional 2.9 million common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement for our acquisition of Consolidated Theatres. These adjustments increased the number of National CineMedia common units held by us to approximately 24.9 million and as a result, on a fully diluted basis, we own a 25.1% interest in NCM, Inc. as of June 26, 2008.

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 the Revolving Facility in an aggregate principal amount of up to $100.0 million. 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 of June 26, 2008, we had approximately $1,674.5 million aggregate principal amount outstanding under the Term Facility, $200.0 million aggregate principal amount outstanding under the 6¼% Convertible Senior Notes, and $51.5 million aggregate principal amount outstanding under the Regal Cinemas 93/8 % Senior Subordinated Notes. As of June 26, 2008, we had approximately $2.5 million outstanding in letters of credit, leaving approximately $97.5 million available for drawing under the Revolving Facility.

As described in Note 5 to the consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 27, 2007, on July 13, 2004, Regal Cinemas entered into four hedging relationships via four distinct interest rate swap agreements with final maturity terms ranging from three to five years each. On September 8, 2005, Regal Cinemas entered into an additional hedging relationship via a distinct interest rate swap agreement with a maturity term of four years. These interest rate swaps were designated to hedge approximately $1,100.0 million of variable rate debt obligations. On June 30, 2007, one of our interest rate swaps designated to hedge approximately $200.0 million of variable rate debt obligations matured. On August 9, 2007, Regal Cinemas entered into two additional hedging relationships via two distinct interest rate swap agreements with maturity terms of two years each. These interest rate swaps were designated to hedge approximately $200.0 million of variable rate debt obligations. On June 30, 2008, two of our interest rate swaps designated to hedge $300.0 million of variable rate debt obligations matured. For a further description of the swap agreements, see Note 5 to the consolidated financial statements included in Part II, Item 8 of our annual report on Form 10-K for the fiscal year ended December 27, 2007.

Regal paid two quarterly cash dividends of $0.30 per share on each outstanding share of the Company s Class A and Class B common stock, or approximately $92.1 million in the aggregate, during the Fiscal 2008 Period. Further, on July 24, 2008, the Company declared a cash dividend of $0.30 per share on each share of the Company s Class A and Class B common stock (including outstanding restricted stock), payable on September 19, 2008, to stockholders of record on September 11, 2008. 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

Table of Contents

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) was approximately $102.2 million, or 15.1% of total revenues, for the Q2 2008 Period and $159.4 million, or 23.3% of total revenues, for the Q2 2007 Period. EBITDA was approximately $176.1 million, or 13.5% of total revenues, for the Fiscal 2008 Period and $621.4 million, or 47.5% of total revenues, for the Fiscal 2007 Period. The net decrease in EBITDA in the Q2 2008 Period from the Q2 2007 Period was primarily attributable to a $17.7 million loss on debt extinguishment recorded in the Q2 2008 Period in connection with the redemption of approximately $33.7 million principal amount of the 3¾% Convertible Senior Notes, the impact of the $28.3 million gain recorded in connection with the sale of the Company s equity interest in Fandango during the Q2 2007 Period and a decline in operating income during the Q2 2008 Period, partially offset by incremental earnings recognized from National CineMedia. The net decrease in EBITDA from the Fiscal 2007 Period was primarily attributable to the $350.7 million gain recorded in the Fiscal 2007 Period resulting from transactions completed in connection with the IPO of NCM, Inc. (see Note 3 Investment in National CineMedia, LLC, for further discussion), the impact of a $70.5 million loss on debt extinguishment recorded in the Fiscal 2008 Period in connection with the redemption of approximately $123.7 million principal amount of the 3¾% Convertible Senior Notes, the $28.3 million gain in connection with the sale of the Company s equity interest in Fandango during the Fiscal 2007 Period and a decline in operating income during the Fiscal 2008 Period, partially offset by the incremental earnings recognized from National CineMedia. 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 time as described in more detail elsewhere in this quarterly report on Form 10-Q, 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 (used in) operating activities is calculated as follows (in millions):

	Q2 2008 Period	Q2 2007 Period	Fiscal 2008 Period	Fiscal 2007 Period
EBITDA	$ 102.2	$ 159.4	$ 176.1	$ 621.4
Interest expense, net	(30.0)	(25.5)	(59.7)	(56.5)
Provision for income taxes	(8.5)	(35.1)	(9.4)	(190.7)
Deferred income taxes	(27.6)	(2.0)	(26.2)	(46.8)
Changes in operating assets and liabilities	25.3	(136.6)	(7.0)	332.9
Loss on debt extinguishment	17.7		70.5	
Gain on sale of Fandango interest		(28.3)		(28.3)
Other items, net	6.2	1.4	12.2	11.3
Net cash provided by (used in) operating activities	$ 85.3	$ (66.7)	$ 156.5	$ 643.3

Table of Contents

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 form of off-balance sheet financing. As of June 26, 2008, 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)	$ 1,926.4	$ 17.1	$ 234.2	$ 81.4	$ 1,593.7
Future interest on debt obligations(2)	427.2	101.2	175.0	123.4	27.6
Capital lease obligations, including interest(3)	28.4	3.4	6.9	6.8	11.3
Lease financing arrangements, including interest(3)	147.4	13.5	27.5	27.7	78.7
Bankruptcy claims and liabilities(4)	0.7	0.7			
Operating leases(5)	4,113.8	344.8	691.3	666.1	2,411.6
FIN 48 liabilities (6)	0.5		0.5		
Other long term liabilities	11.2	4.7	5.6	0.6	0.3
Total	$ 6,655.6	$ 485.4	$ 1,141.0	$ 906.0	$ 4,123.2

			Amount of Commitment Expiration per Period		
	Total Amounts Available	Current	13-36 months	37-60 months	After 60 months
Other Commercial Commitments(7)	$ 100.0	$	$	$ 100.0	$

---

(1) These amounts are included on our unaudited condensed consolidated balance sheet as of June 26, 2008. 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 our annual report on Form 10-K for the fiscal year ended December 27, 2007 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 $574.5 million of variable interest rate borrowings under the Term Facility, $200.0 million outstanding under the 6 ¼% Convertible Senior Notes, approximately $51.5 million due under the Senior Subordinated Notes and approximately $0.4 million of other debt obligations) are based on the stated fixed rates or in the case of the $574.5 million of variable interest rate borrowings under the Term Facility, the current interest rate as of June 26, 2008 (4.2%). Future interest payments on the Company s hedged indebtedness as of June 26, 2008 (the remaining $1,100.0 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 our annual report on Form 10-K for the fiscal year ended December 27, 2007) as of June 26, 2008 (1.50%) 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 our annual report on Form 10-K for the fiscal year ended December 27, 2007.

(3) The present value of these obligations, excluding interest, is included on our unaudited condensed consolidated balance sheet as of June 26, 2008. Future interest payments are calculated based on interest rates implicit in the underlying leases, which have a weighted average interest rate of 11.18%, maturing in various installments through 2021. Refer to Note 5 to the consolidated financial statements included in Part II, Item 8 of our annual report on Form 10-K for the fiscal year ended December 27, 2007 for additional information about our capital lease obligations and lease financing arrangements.

(4) These amounts are included on our unaudited condensed consolidated balance sheet as of June 26, 2008. Refer to Note 8 to the consolidated financial statements included in Part II, Item 8 of our annual report on Form 10-K for the fiscal year ended December 27, 2007 for additional information about our bankruptcy related matters.

Table of Contents

(5) We enter into operating leases in the normal 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 our annual report on Form 10-K for the fiscal year ended December 27, 2007.

(6) These amounts are included on our unaudited condensed consolidated balance sheet as of June 26, 2008 and represent liabilities associated with unrecognized tax benefits. The table does not include approximately $23.2 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) As of June 26, 2008, Regal Cinemas had approximately $97.5 million available for drawing under the $100.0 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.

Critical Accounting Estimates

For a discussion of accounting policies that we consider 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 unaudited condensed consolidated financial statements, please refer to Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Estimates contained in our annual report on Form 10-K for the fiscal year ended December 27, 2007 and incorporated by reference herein. As of June 26, 2008, there were no significant changes in our critical accounting policies or estimation procedures.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our operations, please refer to the information provided under Note 10 Recent Accounting Pronouncements to the accompanying unaudited condensed consolidated financial statements, which information is incorporated by reference herein.

Seasonality

The Company s revenues are usually seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, 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 quarter are not necessarily indicative of the results for the next or any other quarter. The seasonality of motion picture exhibition, however, has become less pronounced as studios are releasing motion pictures somewhat more evenly throughout the year.

Item 3. 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 original senior credit facility provided for and the Amended Senior Credit Facility provides variable rate interest that could be adversely affected by an increase in interest rates. Borrowings under the prior term facility bore and 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.

Table of Contents

During 2004 and 2005, Regal Cinemas entered into five distinct hedging relationships via five separate interest rate swap agreements with final maturity terms ranging from three to five years for the purpose of hedging an aggregate of approximately $1,100.0 million of its variable rate debt obligations. Under the terms of the interest rate swap agreements, Regal Cinemas pays interest at various fixed rates ranging from 3.49% 4.337% and receives interest at a variable rate based on the 3-month LIBOR. On June 30, 2007, one of our interest rate swaps designated to hedge approximately $200.0 million of variable rate debt obligations matured. On August 9, 2007, Regal Cinemas entered into two additional hedging relationships via two distinct interest rate swap agreements with maturity terms of two years each and require Regal Cinemas to pay interest at a fixed rate of 4.944% and receive interest at a variable rate. These interest rate swaps were designated to hedge approximately $200.0 million of variable rate debt obligations. On June 30, 2008, two of our interest rate swaps designated to hedge $300.0 million of variable rate debt obligations matured. For a further description of the swap agreements, see Note 5 to the consolidated financial statements included in Part II, Item 8 of our annual report on Form 10-K for the fiscal year ended December 27, 2007.

As of June 26, 2008 and December 27, 2007, borrowings of $1,674.5 million and $1,683.0 million, respectively, were outstanding under the Term Facility and the prior term facility, respectively, at an effective interest rate of 5.22% (as of June 26, 2008) and 6.09% (as of December 27, 2007), 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 June 26, 2008, would increase or decrease interest expense by $2.2 million for the quarter ended June 26, 2008.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Commission under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified by the Commission s rules and forms, and that information is accumulated and communicated to our management, including our principal executive, principal financial and principal accounting officers (whom we refer to in this periodic report as our Certifying Officers), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officers, the effectiveness of our disclosure controls and procedures as of June 26, 2008, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of June 26, 2008, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information required to be furnished by us under this Part II, Item 1 (Legal Proceedings) is incorporated by reference to Note 7 Commitments and Contingencies of our notes to the accompanying unaudited condensed consolidated financial statements included in Part I, Item 1 (Financial Statements) of this quarterly report on Form 10-Q.

Item 1A. RISK FACTORS

There have been no material changes from risk factors as previously disclosed in our annual report

Table of Contents

on Form 10-K filed on February 26, 2008 with the Commission (File No. 001-31315) for the fiscal year ended December 27, 2007.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our 2008 annual meeting of stockholders was held on May 7, 2008 in Knoxville, Tennessee. The matters submitted for a vote at the meeting and the related election results were as follows:

1. Election of three Class III directors to serve for three-year terms on our board of directors:

	For	Withheld
Stephen A. Kaplan	318,831,533	38,897,827
Jack Tyrrell	357,660,389	68,972
Nestor R. Weigand, Jr.	357,642,991	86,370

Those Directors whose terms of office continued after the meeting were as follows: Thomas D. Bell, Jr., Charles E. Brymer, Michael L. Campbell, David E. Keyte, Lee M. Thomas and Alex Yemenidjian.

2. To approve the material terms for payment of the Company s executive incentive compensation:

For	Against	Abstain	Broker Non-Vote
355,618,693	736,546	1,374,121	

3. Ratification of the Audit Committees selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2009:

For	Against	Abstain	Broker Non-Vote
357,739,078	27,214	17,497	

Item 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
10.1	Summary of Regal Entertainment Group s Annual Executive Incentive Program (filed as exhibit 10.1 to Registrant s Current Report on Form 8-K (Commission File No. 001-31315) on May 13, 2008 and incorporated herein by reference)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of Regal
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of Regal
32	Section 1350 Certifications

Table of Contents

SIGNATURES

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

	REGAL ENTERTAINMENT GROUP	
Date: August 5, 2008	By:	/s/ MICHAEL L. CAMPBELL Michael L. Campbell *Chief Executive Officer (Principal Executive Officer)*
Date: August 5, 2008	By:	/s/ AMY E. MILES Amy E. Miles *Executive Vice President and Chief Financial Officer (Principal Financial Officer)*
Date: August 5, 2008	By:	/s/ DAVID H. OWNBY David H. Ownby *Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)*

EXHIBIT INDEX

Exhibit Number	Description
10.1	Summary of Regal Entertainment Group s Annual Executive Incentive Program (filed as exhibit 10.1 to Registrant s Current Report on Form 8-K (Commission File No. 001-31315) on May 13, 2008 and incorporated herein by reference)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of Regal
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of Regal
32	Section 1350 Certifications