MANAGEMENT DISCUSSION SECTION

Operator: Greetings ladies and gentlemen and welcome to the Regal Entertainment First Quarter 2009 Earnings and Release Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions].

As a reminder this conference is being recorded. It is now my pleasure to introduce Mr. Don De Laria, Vice President of Investor Relations for Regal Entertainment. Thank you Mr. De Laria. You may now begin.

Don De Laria, Vice President, Investor Relations

Hi and good morning. Before we begin today, I'd like to remind our listeners that this conference call contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21A of the Securities Exchange Act of 1934 as amended. All statements other than statements of historical facts communicated during this conference call may constitute forward-looking statements.

These forward-looking statements involve risks and uncertainties. Important factors that can cause actual results to differ materially from the company's expectations are disclosed in the risk factors contained in the Company's annual report on Form 10-K dated March 2, 2009. All forward-looking statements are expressly qualified in their entirety by such factors.

Now, I'll turn the call over to Michael Campbell.

Michael L. Campbell, Chairman and Chief Executive Officer

Thanks Don and welcome and thank you for dialing into our first quarter conference call. Today I will provide an overview of the industries and Regal's first quarter results and a review of current trends in the exhibition industry including some of our expectations regarding box office trends for the summer 2009 film slate. Following my remarks Amy Miles will provide a summary review of our financial results and as always we will conclude the call with a question-and-answer session.

Now turning to first quarter industry results. First and foremost we're happy to report that despite the difficult economic climate industry box office results have not only remained resilient but actually thrived during the first part of 2009. On a calendar basis industry box office showed growth in 10 of the first 13 weeks of 2009 and benefited from both high grossing films, with five films grossing more than $100 million compared to just two films last year and from depth in the film slate with 17 films grossing more than $50 million, compared to only 15 films in the first quarter of 2008.

Now some industry highlights from the first quarter included the industry's first ever billion-dollar January, which was up 20.6% over the same calendar period last year, led by the success of the Kevin James comedy Paul Blart Mall Cop, which ultimately grossed $144 million.

February also generated a record box office finishing up 10.7% over the same calendar period in the prior year based on the success of Taken, He's Just Not That Into You and Tyler Perry's Madea Goes to Jail. March proved again to be a good time to release movies with Monsters vs. Aliens and Watchmen tallying the third and fourth highest grossing March opening weekends ever. And also during the first quarter 3D and IMAX titles continued to resonate with consumers, with 70% of the opening weekend industry gross on My Bloody Valentine, Coraline, and Jonas Brothers coming from 3D screens.

Monsters vs. Aliens achieved an opening weekend gross of almost $60 million, with over 30 million coming from 3D screens. Consumers also continued to select the IMAX experience as over 10% of the opening weekend grosses for Watchmen and Monsters vs. Aliens was generated on just 2% of the screens. As a result of these factors, on a calendar basis, first quarter industry box office finished up 9.5% over the same calendar period in the prior year.

Now due to the shift in Regal's fiscal calendar in 2009, it's critically important to compare Regal's fiscal quarterly periods with industry data that corresponds to the same fiscal periods in the prior year. For the period that corresponds to Regal's fiscal first quarter industry sources report an increase in aggregate box office revenues of approximately 2.5%. When taken together with reported 1.5 to maybe 1% increase in total industry screen count, industry box office per screen increased approximately 1.5%.

Amy will provide more detail with respect to our results versus industry metrics in just a few minutes. Now turning briefly to Regal's first quarter results. We're pleased to report the following quarterly highlights. Record first quarter total revenues of $665.6 million beat record Q1 revenue of $626.8 million of a year ago. During the quarter our average ticket price grew by 4.1% and our concession per cap grew by 5.5%. Our average ticket price benefited from both IMAX and 3D product during the quarter and we were obviously pleased with the strong growth in our concession per cap.

We're also pleased to report adjusted EBITDA of $130 million, which fell just short of a record achieved during the first quarter of 2008, that included several days during the high volume Christmas to New Years week that were absent in the current period of results. And lastly, including the dividend announced today we've returned value to our shareholders with dividend payments totaling approximately $18.82 per share since our IPO in 2002.

More importantly our first quarter senior credit facility amendment provided enhanced strategic and financial flexibility.

Turning briefly to our conversion to Digital Cinema, DCIP recently announced the completion of the Sony Studios' agreement bringing the total number of studios that have signed with DCIP to six, including five of the major studios. As we mentioned previously, we do not expect any remaining studio agreements to be gating issue as far as the timing of this rollout. The DCIP efforts continue to be focused on the financing process.

DCIP is working on a rating agency review and expects the ratings process to be finished in the near-term. DCIP is currently meeting with potential equity investors and upon successful completion of that process, the next step for DCIP will be a shift in focus to the required debt financing. The credit markets have continued to show improvement, but it's still unclear as to when they will ease enough to allow this transaction to be funded. Obviously, this effort is a key focus for the founding members of DCIP and we continue to work diligently with DCIP to finalize the financing for the digital conversion. That being said Regal continues to be ready to quickly move to a rollout of digital as soon as DCIP financing is secured.

Now, turning briefly to our outlook for the balance of the second quarter and the summer film slate, during the first 3.5 weeks of the second fiscal quarter of '09, the industry box office has increased approximately 37% versus the comparable fiscal period in 2008. We expect the ultimate success of the quarter will be driven obviously by the May and June film slate and we remain optimistic about the prospects for strong box office results in the coming months.

The summer blockbuster film slate begins this weekend with X-Men Origins: Wolverine, followed by Star Trek on May 8. Then on May 15th we have Angels and Demons followed by Terminator Salvation on May 21, and Night at the Museum: Battle of the Smithsonian, on May 22.

Also Disney's Up which is in 3D debuts in theatres on May 29 followed by the next Transformers film, Transformers: Revenge of the Fallen, on June 24. In July, we open with Ice Age: Dawn of the Dinosaurs in 3D on July 1. Followed by the highly anticipated Harry Potter and the Half-Blood Prince on July 17 and another 3D film G-Force on July 24.

The timing of the film release calendar this summer appears to provide the opportunity for a number of films to generate solid box office results in Q2, as well as early Q3. And while it's still too early comment on the film slate for the back half of 2009, based on our internal review, we're encouraged by the number of IMAX and 3D films included in the lineup and remain optimistic regarding the potential for box office success.

In summary, we're pleased with the fiscal year to-date box office environment and look forward to continued box office success during 2009.

I'd like to now turn over the presentation to Amy Miles, our CFO, to discuss the company's financial performance.

Amy E. Miles, Executive Vice President and Chief Financial Officer

Thanks Mike and good morning. Today I'd like to provide additional detail on Regal's fiscal first-quarter results, an update with respect to our balance sheet and CapEx, as well as the discussion of the impact of the National CineMedia results for the quarter. Regal Entertainment Group reported record total revenues of 665.6 million, consisting of 459.5 million from box office revenue, 179.4 million from concessions and 26.7 million of other operating revenues.

As Mike stated earlier, it is critically important for analysts and investors to utilize comparable periods when comparing Regal's results to those of the industry. When measured on a calendar basis and that's beginning on January 1 and ending on March 31 for both periods, industry box office increased 9.5%. Because of the timing of our fiscal period the industry box office during our comparable fiscal period increased 2.5% in the aggregate. Our admissions revenues this quarter increased approximately 6.4 and that's primarily as a result of a 4% increase in our ticket price and a 2.2% increase in attendance.

Box office per average screen was essentially flat with the first quarter of 2008 and slightly trailed the estimated industry increase and that's due largely to screen growth variances. While screen gross for the entire industry approximated 1%, total screen count in our key markets increased at a higher rate.

Additionally, based on our analysis of industry data which was provided by Rentrack we noted that a significant portion of the quarterly box office growth was generated by a dozen or so regional circuits that have continued to add screens primarily in tertiary markets and also at a rate greater than 1%.

It is also important to note that when you're thinking about market share it's also impacted by other factors which are primarily film products and geographical differences. During the quarter our box office results were benefited by incremental IMAX and 3D revenues. Revenue from IMAX films increased by approximately 100% in the aggregate and 6% on a per screen basis from the same fiscal period in the prior year. And revenues from 3D films increased by over 185% in the aggregate and 31% on a per screen basis.

We were also pleased with our concession revenues this quarter. They increased 8% as a result of a 5.7 increase in concession per caps and coupled with a previously mentioned increase in attendance. The majority of the increase was due to price increases and we did also benefit from a concession friendly mix of film product during the quarter. And it's also important to note that when we analyzed the impact of our pricing increase, it did not negatively impact our unit sales during the quarter.

Other operating revenues during the first fiscal quarter of '09 decreased 7.7% over the comparable period of '08 due primarily to the timing of revenue associated with unredeemed gift certificates and discount tickets. Despite the first quarter shortfall which relates solely to timing of gift card and discount ticket sales we expect total fiscal 2009 revenue from these products to meet or exceed the fiscal 2008 total.

Now looking briefly at our expense line items for the fiscal period, film and advertising expense, as a percent of box office for the current quarter, represented 50% of admissions revenue and was flat with the prior period.

We are pleased to report that concession margins increased 30 basis points over the comparable period of 2008. The 5.7% increase in our concession sales per patron more than offset the impact of minor increases in concession costs and resulted in a concession margin of 86.7%. Total rent expense increased 9.6 million or 11.5% due to the acquisition of Consolidated Theatres, new theatres and the normal inflationary increases.

On a per screen basis rent expense increased approximately 4.9% and that is in line with historical trends. Other operating expenses increased approximately 17.3 million or 10.3% for the quarter and again that's primarily the result of the acquisition of Consolidated, coupled with increases in variable payroll cost associated with our increased attendance. On a per screen basis, other operating expenses grew by approximately 3.9%. G&A expense increased modestly to 15.5 and that's inclusive of approximately 1.6 million of share-based compensation expense in the quarter.

The first quarter produced solid adjusted EBITDA as Mike mentioned earlier of 130 million and that versus the 131.1 million for the same quarter last year and resulted in an adjusted EBITDA margin of 19.5 %. Both our record first quarter total revenue of 665.6 million and our 130 million of adjusted EBITDA exceeded analyst expectations for the quarter.

Regal also reported adjusted diluted earnings per share of $0.14 for the quarter, which was just shy of the Wall Street consensus estimate. Now turning briefly to our balance sheet and asset base, we ended the quarter with 170 million in cash and a total debt balance of just under 2 billion. As of the end of our quarter our leverage ratio as defined by the credit agreement totaled just under three times.

During the quarter we also finalized our interest rate swap strategy and effectively extended one billion of interest rate swap agreement at lower fixed rates. As noted in our press release we also did adopt a new accounting standard during the quarter and it's important to note that the combined impact of the adoption of the standard ending normal recurring amortization of our capitalized debt costs results in 3.3 million of non-cash interest charges included in our reported interest expense.

Now turning to the CapEx for the quarter. CapEx totaled 27.9 million and was offset by 0.4 million in asset sales. During the first fiscal quarter of 2009 we did not open any theatres or expand locations but closed three theatres with 28 screens, bringing our total to 549 theatres, 6773 screens. Based on our development schedule for '09, we continue to expect full year CapEx to be in the range of 85 to 100 million, inclusive of 5 million of asset sales.

For the reminder of '09 we expect to open three to five theatres with 50 to 75 screens and close seven to 12 theatres with 45 to 70 screens which would result in an ending theatre count of approximately 545 and an ending screen count for fiscal 2009 of approximately 6,775 screens.

Now with respect to National CineMedia for the quarter subsequent to the end of the fiscal quarter, National CineMedia completed the annual common unit adjustment designed to adjust the founding member ownership percentages for changes in their respective number of screens and attendance. As a result of the common unit adjustment Regal received approximately 522,000 additional common units for a total of approximately 25.4 million with an, our ownership now standing at 25%.

And as Mike previously stated we're pleased with our first quarter results. We're optimistic regarding the lineup of films scheduled for release during the remainder of 2009 fiscal year. That concludes our remarks today and we'd now like to open up the line for any questions you guys have.

QUESTION AND ANSWER SECTION

Operator: Ladies and gentlemen we will now be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Ben Mogil from Thomas Weisel Partners. Please proceed with your question. Your mic is now live.

<Q – Benjamin Mogil>: Good morning.

<A – Amy Miles>: Good morning.

<A – Michael Campbell>: Good morning.

<Q – Benjamin Mogil>: So, I wanted to actually talk to you about one of your competitors and I – in general we see the numbers coming out of AMC which were relatively weak. They were down I think about 6% on the box office for the same fiscal quarter you guys were at. Can you talk generally as you see the market shaking out? Are you gaining share from them? Are they losing share to a whole bunch of exhibitors? I just want to get a sense of how you see the market changing a little bit given that you guys performed a little bit weaker by my estimates in the overall box office but clearly a lot better than they did.

<A – Amy Miles>: The only thing I could make a comment there with respect to AMC is really when you're looking at – I'm assuming you're talking about the 8-K with some of the top line numbers that we filed. You just have to be a little bit careful there. I think the way that I understood that was their reported numbers included 14 weeks for the prior period and 13 weeks for this period and we're slightly different from a calendar perspective. And Ben as you're aware typically you can have a slight difference in the calendar and it's not going to make that much difference but when you're talking about a difference in the calendar for this kind of first quarter where you may have a difference of holiday periods. It can make an impact. So, I don't have anything other – specifically to AMC there.

We did state that we are continuing to see some building by some of the regional circuits at a higher rate than an overall industry increase. So we are seeing increased activity from some of the regional circuits which you would think with the real estate market that will temper over time. But I think that's a change that – or that's a factor that we're seeing with respect to the overall industry.

<Q – Benjamin Mogil>: Were these – are these real estate builds you're seeing from some of the regional more regional circuits. Are these sort of like '06 or more likely actually '07 real estate developments that are now finally getting off the ground? Or are guys still breaking – are guys still planning new stuff even though financing markets are still tough?

<A – Amy Miles>: Yeah I think it a lot of times when you see openings in '09, and '08, over the past 18 months with defined theatres that opened over the past 18 months, yeah those would have been deals that were put together in that '06 early '07 time period. So, you would expect that as the real estate development flows there is a little bit of time lag with respect to opening a theatre associated with that.

<Q – Benjamin Mogil>: Sure. Okay and I think the last question before I let obviously other people on the queue, in terms of the concessions number that you saw obviously very, very strong growth. As you head into the summer and obviously the film slate is relatively similar in terms of the percentage of films that are kid friendly et cetera. Are you seeing any kind of commentary even at the theatre management level about people commenting on pricing any push back on pricing? Just want to get a sense of what we should be looking for say over the summer which is meaningful in terms of concessions.

<A – Amy Miles>: No, we've not heard those comments back from the field and another way that we try to monitor here is just as we take those price increases we'll track the unit sales to make sure that any increase in price didn't negatively impact the units that we're moving. So when we analyze that for the first quarter, we didn't see any fall off in the number, the amount of popcorn that we sold or the amount of Coca Cola that we sold. But the only thing I would say for the, as you look forward to the year we will start comping against some of these price increases we took some in the third- some in the second quarter, more in the third quarter. So we would still expect this to be a great concession year. But we will start comping against some of the price increases, a few in the second quarter and a greater percentage in the third quarter.

<Q – Benjamin Mogil>: Okay. And then lastly in the hypothetical the DCIP got funded today. How quickly do you think you could get the screens that – a different question the DCIP got funded today based on what you guys are seeing in terms of the amount of capital that's going to be released? What percentage of your screens do you think you would get, you would convert to 3D based on what realistic capital that they're going to be able to raise and how quickly could we anticipate that being done?

<A – Michael Campbell>: We can – as we've said before we can convert up to around 200 screens per month. And our intention would be to front load some of that deployment to 3D screens. But it would probably take, if funding occurred today it would probably take 45 to 60 days for us to be able to gear up. To begin a deployment you have to have equipment in the queue and on site and so on. So from the time that funding is announced I would allow 45 to 60 days for a start of deployment.

<Q – Benjamin Mogil>: And is the funding that you guys are or that they're looking at. Is it sufficient to convert all of your screens to digital and a third and I would say between a quarter to a third of them to 3D? Or is the funding that you guys are looking at not sufficient to do the entire circuit for all of the members?

<A – Michael Campbell>: I think the initial funding we're looking at will do about 10,000 screens in the aggregate, which would obviously be divided pro rata among the three circuits. And the intent would be to begin that portion of the roll out which is going to take quite some time to complete 10,000 screens. And during that interim period we'll make a decision on how to move forward with the balance of the screens.

<Q – Benjamin Mogil>: Okay, that's great. Thanks again guys and I'll let someone else get on the queue.

<A – Michael Campbell>: Thanks.

<A – Amy Miles>: Thank you.

Operator: Our next question comes from the line of James Marsh with Piper Jaffray. Please proceed with your question. Your mic is now live.

<Q – James Marsh>: Thanks very much. Just a follow-up on that last comment regarding the DCIP financing. I thought originally it was 14,000 or 15,000 screens they're talking about so now we're going to, I think you have a slightly or materially smaller size deal, one. And then Michael you also mentioning equity investors and DCIP speaking to them, are those common equity investors or is there just the men's preferred financing equity investors that we've talked about before. And then Amy I had a question on ticket pricing, I was wondering if you had something available that stripped out the IMAX and 3D pricing from just, we'll call it the 2D pricing?

<A – Amy Miles>: Let me start with your DCIP and then I'll move to the pricing. Originally always your intent is to get the whole 14 – 15,000 screens financed. But I guess and I can't even remember James when that was but let's say it's been over a year ago when you could get start to see some of the deterioration in the credit markets. The deal was down sized to – lets gets the first 10,000 screens covered and we'll go after the subsequent financing during the process. So, obviously that 10,000 screens would cover about, let's call it 70 to 75% of the founding member screens. With respect to the equity, yeah, that from a semantic perspective what we are talking about there is the mezzanine financing. And, with respect to the impact of, I don't have that number but I would target it right about probably 0.5% to 1% of our increase this quarter was due to IMAX and 3D.

<Q – James Marsh>: Okay, that's helpful and then just one last follow-up. On that – that new accounting standard related to interest expense. Should we be run rating the annual 12 or $13 million more in interest expense then?

<A – Amy Miles>: Well, I mean part of that capitalization of debt cost that we had existed prior to the amendment. That the impact of the amendment on a quarterly basis is probably more one million to 1.5 million. Part of that amortization included in that non-cash $3.3 million already existed prior to the amendment we were just trying to clarify what amount of the interest expense was non-cash.

<Q – James Marsh>: Okay

<A – Amy Miles>: Think of if you think about this quarter and you think about interest expense because of the swap should trail down from this quarter to probably the end of the fiscal year to about 34 million by the fourth quarter and if it kind of steps down slightly each quarter. And that's primarily due to the change in, when new interest rate swaps roll on, when old interest rate swaps expire. But if you could think about in that range and just to clear that's assuming LIBOR stays consistent.

<Q – James Marsh>: Okay, that's helpful. All right guys, thanks very much. I appreciate it.

Operator: Our next question comes from the line of Tony Wible with Janney Montgomery. Please proceed with your question. Your mic is now live.

<Q – Tony Wible>: Good morning guys. I was -- did I hear correctly that the 3D premium was about one percentage to a 0.5 percentage point of the ticket price increase?

<A – Amy Miles>: That was all premiums, everything that we did on IMAX and everything that we did on 3D.

<Q – Tony Wible>: What are you guys thinking about what 3D could incrementally contribute, given the pipeline of 3D films for this quarter and the fourth quarter?

<A – Michael Campbell>: Well, clearly it's increasing. And when we only include IMAX, we're operating more than double the number of IMAXes we were – last year that – incurs generally about a $5 premium, five to $6 now. Yeah, we do have more 3D films; I mentioned a few of those earlier, in the presentation than we had last year coming up. So clearly it's going to become a more significant number and those premiums are increasing as well. The premium that we charged on the last 3D film, Monsters and Aliens was in that 3.50 to $4 range in most of our markets, which is were up from 2 – 2.50 last year. So, it's certainly an increasing – number, but we haven't disclosed any – any potential impact, but we're trying to – let people work through that on their own.

<Q – Tony Wible>: And do you anticipate that 3D premium of 3.50 to $4 moving higher per film or incrementally moving faster than your typical rate increase? We have Avatar coming later this year and there has been some discussion from Dreamworks that – they feel like over time consumers might be willing to pay more?

<A – Michael Campbell>: Yeah, we agreed with that analysis and we've been saying for the last couple of years. We think that – in the near-term that premium could get 4 to $5 and we're clearly on the lower end of that range already. But Avatar will be first big budget live action film that will be released in 3D and we do agree that those premiums will continue to rise a bit. And I think it's worth noting as well, despite some of what we've read in the press. This past increase that we saw on Monsters and Aliens up to 3.50 to $4 we did not incur any pushback in our markets on that. I think different companies chose to go with different premiums but I don't think that was held below the four or $5 because of consumer pushback.

<Q – Tony Wible>: And the glasses, is there are any incremental opportunity from the price of the glasses going lower?

<A – Michael Campbell>: Well, we've always engaged in a model since the beginning where the studios pay for the cost of the glasses. So we're continuing to view that as a studio contribution to the equation. So, I mean there would be a benefit for somebody but it would be neutral for us.

<Q – Tony Wible>: Okay. Great and the last question I have here is just what are your thoughts on the pipeline of films for the second quarter as it pertains to concession sales. Do you feel it's pretty supportive of concession sales given the mix?

<A – Amy Miles>: Yeah, I think when you look at it. It's always the, you talk about a string of just big blockbuster pictures, those are always at the top of concession films that we like to see. So, I think today we would say, we feel comfortable with the film slate as it and how that would impact concessions.

<Q – Tony Wible>: Great. Thank you.

Operator: Thank you. Our next question comes from the line of George Hawkey from Barclays Capital. Please proceed with your question. Your mic is now live.

<Q – George Hawkey>: Hi, thanks for taking the question. It's a follow-up on 3D. I think there's a lot of focus on that today. But I just wanted to understand what the incremental margin might be so if you pull in $3, or 3.50 up charge, even split the ticket with the studio 50/50 you pay about $0.50 to RealD and then the reminder of that is share margin? Or are there costs I guess pegged to that?

<A – Amy Miles>: Share margin.

<A – Michael Campbell>: Yeah, its margin, I mean we haven't disclosed exactly what our deal is with RealD but you're probably not too far off, when you say $0.50. And some companies have different deals I'm sure with the different providers. But yeah, its incremental margin we split that balance the same way with the studios as we do any other type of split that we typically incurred on a film.

<Q – George Hawkey>: Okay, and so using the run rate and I guess the percentage increase given for this quarter. Should we think about that on a larger scale moving into the second, third, and fourth quarters because of the increase in 3D content?

<A – Michael Campbell>: I think clearly it's an upward trend overtime, both through the increased premium attached to it as well as a greater number of films but it all boils down and how those films ultimately perform. But I think you would expect some continued improvement and enhancement as time goes on, yes.

<Q – George Hawkey>: Okay, thank you very much.

Operator: Thank you. Our next question comes from the line of Matthew Harrigan form Wunderlich Securities. Please proceed with your question. Your mic is now live.

<Q – Matthew Harrigan>: Hi, good morning. Thanks for taking my question. Two questions, one there's a pretty profound asymmetry even if you adjust for the size of the auditoriums on the 3D results for IMAX versus RealD. Have you given any thought to rebalancing that or is it just more a matter of educating the consumer on RealD? I've heard varying opinions and some people actually think that some of the good quality on 3D with RealD is better than with IMAX but it doesn't seem to have quite the marketing cache. And then the second question, after 9/11 you did see some brief effect on theatre attendance and it came back very quickly. Are you concerned that people are going to be a little bit paranoid about this H1N1 warning – and that this could actually affect the next couple of weeks of attendance? I know that's kind of a ridiculous question but I still wanted to get your thoughts on it.

<A – Michael Campbell>: Okay maybe working backwards relating to the – to the Swine Flu virus. I mean we've had pre-establish plans and procedures in place to – to address the impact of these type of situations on our staff and customers and these have all been implemented. We've issued directives to our theatre management and staff to assure that the facilities are safe for both staff and guests. And we're also monitoring and following the direction and guidance of – of state and federal health officials to ensure that our – our guests and staff are safe. That being said, we'll continue monitor the situation. I think as many things in the press happen to be there – it's overblown a little bit, and we've kind of been there before.

Not to trivialize it but we've seen no impact so far on any attendance in any market in the theatres but we'll continue to monitor that and be mindful of that. As far as the RealD versus the IMAX experience, IMAX is a powerful brand and it's not just the visuals and the size of the screen it's a, it's got the best sound system in the world according to most people. So, we're seeing that when we run RealD versus 2D the RealD screens show a – show a multiple of two to three times the attendance that you're getting out of a 2D screen, while the IMAX will run five to six times. So we view this actually as a very viable market going forward where IMAX remains at the top of the food chain, its long established as a powerful brand, it attaches a higher premium. RealD, 3D is somewhere between IMAX and 2D and we think it gives the customer maximum flexibility in choosing.

<Q – Matthew Harrigan>: I thought when the last big animated movie came out in the opening weekend, the 3D screens were about 28% of the screens. I forget 56 or 58% of the gross, which would imply that the outperformance wasn't quite as marked as that. Do you think that those numbers are different in your instance? I mean I didn't realize there was – it was consistently two to 3x and RealD over the life of the run but you're pretty confident of that with respect to Monsters vs. Aliens?

<A – Michael Campbell>: Yeah, I mean we still see things in that range on average. We said earlier, some films and just as an example this film My Bloody Valentine, which was a very successful low budget 3D film. There was a much higher attendance on a 3D screen versus some of the others. I think it was as high as seven times the 2D screens. But I think that was more of a gimmicky film but I think in most of these mainstream films you can expect that two to three times and that's been consistent with our experience.

<Q – Matthew Harrigan>: Great. Thank you.

Operator: Thank you. Our next question comes from the line of Jake Hindelong from Monness, Crespi, Hardt. Please proceed with your question. Your mic is now live.

<Q – Jake Hindelong>: Great, thank you. Good morning.

<A – Amy Miles>: Good morning.

<A – Michael Campbell>: Good morning.

<Q – Jake Hindelong>: Let's talk focus on the concessions and other theatre lines, you addressed it earlier in the call but after two consecutive quarters of very strong concessions, when you do lap last year's pricing increases seeing as you haven't gotten much pushback, do you think that in the second half you could again increase prices on concessions? And then beyond that is there a product mix that you could be adding which would also continue to drive higher concessions per cap?

<A – Amy Miles>: I think with respect to the product mix like take for example, about 18 months ago we did roll out a pizza strategy and again that was part of how do you figure out how to move your per caps by providing incremental products that assist in that you're not just constantly raising your concession per cap by price increases but you're trying to find other ways to supplement that and that was part of our pizza strategy. So some of that we've done and we continue to look for opportunities. We've invested in those pizza ovens so what else can we use them for on a similar strategy. And then I think with respect to pricing it's we'll just have to kind of monitor that each quarter. The good news is the film product mix looks good for -- as we look out over the next several months from that prospective and I think we're just going to -- its hard to say today whether you continue to get those increases so soon after you took them in the third quarter of '08, I believe was our last large scale increase but it's definitely something that we constantly monitor.

<Q – Jake Hindelong>: Great, okay thanks. Now, I just want to go back to a comment you made during the prepared remarks on other theatre revenue is that on per cap or on an aggregate basis that you see it being flat or up for the year?

<A – Amy Miles>: Aggregate.

<Q – Jake Hindelong>: That helps, thank you.

Operator: Thank you. Our next question comes from the line of Barton Crockett with Lazard Capital Markets. Please proceed with your question. Your mic is now live.

<Q – Barton Crockett>: Okay, great, thanks a lot for taking the question. I wanted to ask a bit more on the cost of the 3D glasses. Fox said in the press they reported at ShoWest just saying they wanted theatres to cover the cost of glasses for Ice Age 3. Have they backed off that or is there still something that needs to be resolved there?

<A – Michael Campbell>: Our understanding is that they will provide glasses as all other studios have provided glasses up until this point. Regarding the cost I think the cost of glasses will continue to come down. At one point in time they were over $1 a pair. I think the latest numbers I've seen are 65 to $0.75 a pair but we've been assured by Fox that its business as usual.

<Q – Barton Crockett>: Okay, that's interesting and the other thing I wanted to ask you about was AMC has announced a deal to install 4K projectors I think from Sony. My understanding is that to the extent of 4K projectors more expensive than a 2K projector, wouldn't that incremental expense wouldn't be covered by DCIP. I was wondering if that is in fact correct and if there's any incremental spend that you guys might have to do above DCIP financing on projectors to match what AMC is doing?

<A – Michael Campbell>: We're still analyzing our circuit. I mean we've tested all types of equipment including 4K and it is true that there's a – and I would say today of a slight incremental cost over 2K. That gap has been narrowed substantially over the last couple of years. But, we haven't announced any specific manufacturer that we're going with yet but clearly we've analyzed the 4K as well as the 2K. And should we go with 4K clearly there would be a bit of incremental cost there but it's not nearly as dramatic as most people would think based on where we were a couple of years ago.

<Q – Barton Crockett>: Okay. And then could you update us, Dreamworks has said that the number of 3D screens in the industry, they now see it at about 3000 versus 2000 when they opened Monsters. Have you guys added 3D screens and how many do you have now?

<A – Michael Campbell>: We're up to about 240 screens currently and we would expect to have a few more screens as the year progresses. I mean certainly there will be substantially more if and when DCIP gets funded by the end of the year and hopefully for Avatar. But clearly even without DCIP, do the further testing and certain things that we're doing we'll have a few additional screens.

<Q – Barton Crockett>: Okay, great. I'll leave it there. Thanks a lot.

<A – Michael Campbell>: Thank you.

Operator: Thank you. Our next question comes from the line of David Miller with Caris & Company. Please proceed with your question. Your mic is now live

<Q – David Miller>: Yeah, hi, good morning. Just one question, you guys mentioned in your prepared remarks that the DCIP consortium is working on a ratings agency review. What exactly would be the timing of that and what kind of ratings would have to come out of that in order to see this thing through at the terms in which you envision so that this thing ramps up fairly quickly? I'm just wondering if you could flush that out a little bit? Thanks.

<A – Amy Miles>: Yeah, I mean we'd like to see an investment grade rating here and I think with respect to timing, we said in the near-term, the process has been going on for several weeks. So hopefully it will include -- it will conclude over the next – hopefully there's not more than a couple of weeks left with respect to the rating agencies.

<Q – David Miller>: Okay, thank you.

Operator: Thank you. Our next question comes from the line of David Gober with Morgan Stanley. Please proceed with your question. Your mic is now live.

<Q – David Gober>: Good morning guys. Thanks for taking my question. Going back to 3D screen growth and the build up there, you guys sound very, very bullish on IMAX. Just curious how fast you can grow those screens and how many screens you're at currently and where you expect to be by the end of the year. And then also not to labor the point on concessions but just curious how the mix is going on the pizza strategy and whether or not you've seen behavior really shift in terms of consumers foregoing the – the dinner part of dinner and a movie to kind of migrate more towards movie and your pizza option?

<A – Michael Campbell>: Okay. Maybe – maybe working backwards with the pizza option I mean we introduced this mid-year last year and we've actually sold a couple of million pizzas since introduction, which exceeded our expectations. I don't know that we're changing a majority of people's habits. But I think it is an alternative for people who are on the run, who want to say look I can at least get a fast food type dinner in this particular theatre as well as other concession products. We haven't seen any cannibalization on existing sales, which is always something to be vigilant on because clearly pizzas don't carry the margin that popcorn and soft drinks do. So anything we introduced we want to be sure its incremental and not cannibalistic.

IMAX screens, we have been bullish on the new business model with IMAX and we announced that we would be up to around 50 IMAX screens by the end of this year. We're still on target to be there.

We're at around 40 IMAX screens in operation currently and bearing in mind that IMAX is somewhat of a – it's a territorial model and not every theatre is going have an IMAX, because of the way IMAX protects territories to certain extent. So, I think we'll have pretty good coverage in conjunction with some of our competitors by the end of this year as it relates to the IMAX format.

<Q – David Gober>: Okay. And just one follow-up on rental expense. I think you guys have said in the past that – that your rents are mostly fixed for long periods of time. But just curious if you see any benefit there maybe in 2010 or 2011 as current leases roll off, if you feel there's going any benefit or if there has been any or if you have any ability to renegotiate rents?

<A – Michael Campbell>: Well I think certainly as leases roll off there is always an opportunity to renegotiate there because these are the special purpose buildings and to the extent we want to stay in a location. There is a good opportunity for renegotiation. I think that's somewhat enhanced by the current economic climate. But I wouldn't factor that I mean I wouldn't – factor that as a major driver of any of our results during that period of time. We'll be opportunistic and take advantage of those situations wherever we can.

<Q – David Gober>: Great, thanks guys.

<A – Amy Miles>: Thank you.

Operator: Thank you. Our next and final question comes from the line of Eric Wold with Merriman Curhan Ford. Please proceed with your question. Your mic is now live.

<Q – Eric Wold>: Thank you good morning. Amy, do you mind kind of walking through I guess on a pro forma basis if you can with the new kind of a lower interest rates regarding the swaps that are taking place? On what that savings could be a on a quarterly basis on interest expense?

<A – Amy Miles>: Yeah I think if you look at our interest expense and you think about the swaps. In the second quarter of '09, we'll have approximately 950 million of our debt will be swapped and the fixed rate there we expect to be about 7.5, 7.6. In the third quarter of '09, we'll have 1.2 million of debt swapped and the rate goes down 100 bits to 6.6. And then for Q4 period, we would expect the rate to step down to 5.82 with respect to the swaps. Now again there's still a variable rate portion of the debt, which you can – as all debt on the senior credit facility above that amount, would obviously be bearable. And as long as LIBOR stays consistent then you wouldn't expect much movement with respect to interest expense there. And so you can see that the rates move from 5, 7.6 down to 5.8 over the course of the year with respect to the swaps.

<Q – Eric Wold>: Perfect very helpful. Thanks Amy.

Operator: Ladies and gentlemen, there are no further questions at this time. I'd like to turn the floor back over to management for any closing comments you may have.

Michael L. Campbell, Chairman and Chief Executive Officer

Well, we certainly appreciate everyone dialing in today and just one final note we are going to be hosting – Regal is going to be hosting an Investor Day on May of the 12 at our Regal E-Walk Stadium 13 in Manhattan. So, we hope to see you all there. Thank you very much.

Operator: Ladies and gentlemen this does conclude today's conference. You may disconnect your lines at this time. And we thank you for your participation. Have a wonderful day.