CINEMARK INC
Form S-1/A
June 28, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 28, 2002

REGISTRATION NO. 333-88618

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CINEMARK, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	7832	01-0687923
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

3900 DALLAS PARKWAY, SUITE 500
PLANO, TEXAS 75093
(972) 665-1000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

MICHAEL CAVALIER, VICE PRESIDENT-GENERAL COUNSEL
3900 DALLAS PARKWAY, SUITE 500
PLANO, TEXAS 75093
(972) 665-1000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

WITH A COPY TO:

TERRY M. SCHPOK, P.C.	RHETT BRANDON
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.	SIMPSON THACHER & BARTLETT
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable on or after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] ----------------

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] ----------------

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] ----------------

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED JUNE 28, 2002

PROSPECTUS

[CINEMARK LOGO]

CINEMARK, INC.

11,100,000 SHARES

CLASS A COMMON STOCK

We are offering 11,100,000 shares of our Class A common stock in this initial public offering. No public market for our Class A common stock currently exists.

We anticipate that the initial public offering price will be between $17.00 and $19.00 per share. Our Class A common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol CNK.

Upon completion of this offering, Lee Roy Mitchell, our Chairman and Chief Executive Officer, his family and related entities will own 100% of our Class B common stock, and The Cypress Group L.L.C. and its affiliates will own 59.2% of our Class A common stock. Each share of Class A common stock has one vote and each share of Class B common stock has ten votes, and our Class A and Class B common stockholders are entitled to vote together as a class on all matters submitted to a vote of our stockholders. Accordingly, following this offering, the Mitchell Group and Cypress will own common stock representing 94.8% of the combined voting power of our common stock.

Investing in our Class A common stock involves risks.
See "Risk Factors" beginning on page 9.

	PER SHARE	TOTAL
Public offering price......................................	$	$
Underwriting discount......................................	$	$
Proceeds, before expenses, to Cinemark, Inc.	$	$

We have granted the underwriters a 30-day option to purchase up to 1,665,000 additional shares of our Class A common stock to cover over-allotments.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about , 2002.

Sole Bookrunner and Lead Manager — Joint Lead Manager

LEHMAN BROTHERS — SALOMON SMITH BARNEY

BEAR, STEARNS & CO. INC.

CREDIT SUISSE FIRST BOSTON

GOLDMAN, SACHS & CO.

, 2002

[CINEMARK LOGO]

The Best Seat In Town

Description of artwork:

Miscellaneous interior and exterior photographs of Cinemark theatres.

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You should rely only on the information contained in this document or other documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information contained in this document is current only as of its date.

MARKET INFORMATION

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of estimates based on data and reports compiled by industry professional organizations (including the Motion Picture Association of America and the National Association of Theatre Owners), analysts and our knowledge of our revenues and markets.

We take responsibility for compiling and extracting, but have not independently verified, market and industry data provided by third parties, or by industry or general publications, and take no further responsibility for such data. Similarly, while we believe our internal estimates are reliable, our estimates have not been verified by any independent sources, and we cannot assure you as to their accuracy.

DEALER PROSPECTUS DELIVERY OBLIGATION

THROUGH AND INCLUDING , 2002 (25 DAYS AFTER THE DATE OF THE PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE DEALERS' OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

PROSPECTUS SUMMARY

This summary contains basic information about us and the offering. You should read this summary together with the entire prospectus, including the more detailed information in our consolidated financial statements and related notes appearing elsewhere in this prospectus. Except as otherwise indicated by the context, references in this prospectus to "we," "our," the "issuer" or "Cinemark" are to the combined business of Cinemark, Inc. and all of its consolidated subsidiaries, and references to North America are to the U.S. and Canada. Unless otherwise specified, all operating data is as of March 31, 2002. We present EBITDA, as defined in note 5 to Summary Consolidated Financial Information, to help us describe our operating and financial performance. EBITDA is a financial measure commonly used in our industry and should not be construed as an alternative to net earnings or cash flows from operations (as determined in accordance with generally accepted accounting principles in the U.S.), as a better indicator of operating performance or as a measure of liquidity.

CINEMARK, INC.

We are one of the leaders in the motion picture exhibition industry, in terms of both revenues and number of screens in operation. We were founded in 1987 by our Chairman and Chief Executive Officer Lee Roy Mitchell, and have grown primarily through targeted new theatre construction. We operate 3,014 screens in 278 theatres. For the fiscal year ended December 31, 2001, we had revenues of $853.7 million and EBITDA of $170.0 million, representing a 19.9% EBITDA margin, and generated $57.0 million of free cash flow. During this same twelve month period, our operating income was $57.6 million and our net loss was $4.0 million. For the three months ended March 31, 2002, we grew our EBITDA approximately 42.4% over the comparable period in 2001 and increased our EBITDA margin to 22.1%. We have the highest EBITDA margin of the five largest motion picture exhibitors in the U.S. We increased our operating income to $30.5 million during the three months ended March 31, 2002 from $16.5 million during the comparable period in 2001. Our net income increased to $6.8 million during

the three months ended March 31, 2002 from a net loss of $2.7 million during the comparable period in 2001.

Our geographic diversity within North America and internationally has allowed us to maintain consistent revenue and EBITDA growth. In each of the past three fiscal years, we have increased revenues and EBITDA by an average of 14.6% and 16.6% per year, respectively. We operate 2,215 screens in 188 theatres in North America. These theatres, located in 33 states and one province, are primarily in mid-sized U.S. markets, including suburbs of major metropolitan areas. We believe these markets are less competitive and generate high, stable margins. We also operate 799 screens in 90 theatres outside of North America, primarily located in major Latin American metropolitan markets, which we believe are underscreened and have significant growth potential.

On May 16, 2002, we were formed as the Delaware holding company of Cinemark USA, Inc. Under the share exchange agreement, dated May 17, 2002, and after giving effect to a reverse stock split, each outstanding share, and each outstanding option to purchase shares, of Cinemark USA, Inc. were exchanged for 220 shares, and options to purchase shares, respectively, of our common stock. Simultaneously with the consummation of this offering, we intend to form an intermediate holding company and contribute all of our stock of Cinemark USA, Inc. to the intermediate holding company. The accompanying financial statements have been revised to reflect the historical financial data of Cinemark USA, Inc. as though it were our financial data and all financial and statistical data contained in this prospectus has been revised accordingly. All shares and per share amounts have been adjusted to retroactively reflect the share exchange and the reverse stock split for the periods presented.

COMPETITIVE STRENGTHS

We believe the following strengths allow us to compete effectively:

FOCUSED PHILOSOPHY RESULTING IN STRONG FINANCIAL PERFORMANCE. We focus on negotiating favorable theatre facility economics, providing a superior viewing experience and controlling theatre operating costs. As a result of this philosophy, we generate the highest EBITDA margin of the five largest motion picture

exhibitors in the U.S. Our EBITDA margins have averaged 18.7% over the past three fiscal years and our operating income margins have averaged 8.0% for the same period. We generated EBITDA per screen of $56,660 and operating income per screen of $19,196 for the year ended December 31, 2001, which we believe to be among the highest in the industry.

STRONG MANAGEMENT TEAM WITH A TRACK RECORD OF FINANCIAL DISCIPLINE. Led by Mr. Mitchell, our management team has an average of approximately 19 years of theatre operating experience, has a proven track record of strong performance

and has navigated our organization through many industry cycles, including the significant industry downturn between 1999 and 2001, during which period at least twelve exhibitors filed for bankruptcy protection. We believe our strong performance is a result of our financial discipline and focus on investment returns, as demonstrated by our decision to decrease our building commitments during this difficult period in the industry. We reduced our capital expenditures from $248.4 million in 1999 to $40.4 million in 2001.

SELECTIVE BUILDING IN LESS COMPETITIVE U.S. MARKETS AND HEAVILY POPULATED INTERNATIONAL MARKETS.

- Less Competitive U.S. Markets: We have historically built modern theatres in mid-sized U.S. markets, including suburbs of major metropolitan areas, which we believe were underserved. We believe our targeting of these markets, together with the high quality of our theatre circuit, has protected us from the negative financial impact of overbuilding and reduces the risk of competition from new entrants. As the sole exhibitor in approximately 83% of the film zones in which we operate, we have maximum access to film product. This enables us to select the films that we believe will deliver the highest returns in those markets.

- Heavily Populated, High Growth International Markets: Since 1993, we have directed our activities in international markets primarily toward Latin America due to the growth potential in these under-screened markets. Our EBITDA margins from our international operations are generally higher than those in North America. We have successfully established a significant presence in most of the major cities in Latin America, with theatres in nine of the ten largest metropolitan areas. We have strategic alliances with local partners in many countries, which help us obtain additional market insight. We generally fund our operating and capital expenditures in local currencies, thereby matching our expenses to our revenues. We have also geographically diversified our international portfolio in an effort to balance risk and become one of the predominant Pan American motion picture exhibition companies.

STRONG BALANCE SHEET WITH SIGNIFICANT CASH FLOW. We believe that we will have a conservative capital structure. As of March 31, 2002, on an as adjusted basis giving effect to this offering and the concurrent refinancing of our credit facility, we had $604.6 million of total debt outstanding and $59.4 million in cash and cash equivalents. Our high EBITDA margin and capital structure allowed us to generate $57.6 million of operating income and $57.0 million of free cash flow (EBITDA after interest expense, taxes paid, capital expenditures and changes in working capital) for the fiscal year ended December 31, 2001. This significant cash flow enables us to take advantage of future growth opportunities.

MANAGEMENT ALIGNMENT WITH STOCKHOLDERS. The Mitchell Group and other members of our management team will own approximately 41.7% of our outstanding common stock following the completion of this offering. This large ownership interest effectively aligns management and stockholder interests in maximizing growth and returns on investment.

MODERN THEATRE CIRCUIT. We have built our modern theatre circuit primarily through new theatre construction, which we believe provides a preferred

destination for moviegoers in our markets. Since 1996, we have built 1,910 screens, or 63% of our total screen count. Our ratio of screens to theatres is one of the highest in the industry: 11.8 to 1 in North America and 8.9 to 1 internationally. Approximately 64% of our North American first-run screens and 74% of our international screens feature stadium seating.

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OUR STRATEGY

We believe our operating philosophy provides us with a competitive advantage. We intend to continue to focus on the following key components of our business plan:

FOCUS ON LESS COMPETITIVE U.S. MARKETS AND TARGET PROFITABLE, HIGH GROWTH INTERNATIONAL MARKETS. We will continue to seek growth opportunities in underserved, mid-sized U.S. markets and major international metropolitan areas, by building or acquiring modern theatres that meet our strategic, financial and demographic criteria.

MAXIMIZE PROFITABILITY THROUGH CONTINUED FOCUS ON OPERATIONAL EXCELLENCE. We will continue to focus on executing our operating philosophy. We believe that our successful track record of executing this philosophy is evidenced by the fact that we successfully navigated through the significant industry downturn between 1999 and 2001, during which period at least twelve exhibitors filed for bankruptcy protection.

PURSUE ADDITIONAL REVENUE OPPORTUNITIES. We will continue to pursue additional growth opportunities by developing and expanding ancillary revenue streams such as advertising. We are able to offer advertisers local, regional and national coverage in a variety of formats to reach our patrons, which numbered approximately 154 million during the fiscal year ended December 31, 2001. We are also expanding additional revenue sources through the use of theatres for non-film events, digital video monitor advertising, virtual poster cases and third party branding.

OUR INDUSTRY

The U.S. motion picture exhibition industry is enjoying the longest expansion in its history, as revenues increased for the tenth straight year. For the first time in history, single year U.S. motion picture box office revenues exceeded the $8 billion mark, reaching a total of $8.4 billion in 2001, according to the Motion Picture Association of America. This new national box office record represents a 9% increase from the previous record of $7.7 billion set in 2000. Factors contributing to the recent success of the industry include the improvement of theatre circuits resulting from the creation of the modern multiplex format, the improved quality and timing of film releases and the screen rationalization of 2000 and 2001.

International growth has also been strong. Global box office revenues have increased 12.2% from $15.6 billion in 1998 to an estimated $17.5 billion in 2001 as a result of the increasing acceptance of moviegoing as a popular form of entertainment throughout the world, ticket price increases and new theatre construction. According to Informa Media Group, Latin America is the fastest growing region in the world in terms of box office revenues.

A strong movie release calendar has helped maintain the industry's momentum, with seven films grossing over $100 million in the U.S. in 2002. U.S. box office performance in the first quarter of 2002 was strong, with revenues up 15.3% and attendance up 11.3% over the first quarter of 2001.

DRIVERS OF CONTINUED INDUSTRY SUCCESS

We believe the following market trends will drive the continued growth and strength of our industry:

IMPORTANCE OF THEATRICAL SUCCESS IN ESTABLISHING MOVIE BRANDS AND SUBSEQUENT MARKETS. Theatrical exhibition is the primary distribution channel for new motion picture releases. A successful theatrical release which "brands" a film is one of the major factors in determining its success in "downstream" distribution channels, such as home video, DVD, and network, syndicated and pay-per-view television.

INCREASED IMPORTANCE OF INTERNATIONAL MARKETS FOR ENSURING BOX OFFICE SUCCESS. International markets are becoming an increasingly important component of the overall box office revenues generated by Hollywood films. For example, markets outside of North America accounted for more than $1.4 billion, or greater than 60%, of the global box office revenues for Harry Potter and the Sorcerer's Stone, Lord of the Rings: Fellowship of the Ring and Monsters, Inc. With the continued growth of the international motion

picture exhibition industry, the relative contribution of markets outside North America should become even more significant.

INCREASED INVESTMENT IN PRODUCTION AND MARKETING OF FILMS BY DISTRIBUTORS. As a result of the additional revenues generated by domestic, international and downstream markets, studios have increased production and marketing expenditures per new film at a compound annual growth rate of 6.2% and 9.9%, respectively, over the past ten years. This has led to an increase in "blockbuster" features, which attract larger audiences to theatres.

FAVORABLE ATTENDANCE TRENDS. We believe that recent trends in motion picture attendance will continue to benefit the industry. According to the Motion Picture Association of America, annual admissions per capita in the U.S. increased from 4.5x to 5.3x between 1991 and 2001. Additionally, the U.S. teenage segment, defined as 12-17 year olds, represented 19% of admissions in 2001, up from 14% in 1997. During 2001, 51% of U.S. teenagers attended movies 12 or more times per year, compared with only 42% in 1997.

REDUCED SEASONALITY OF REVENUES. Historically, industry revenues have been highly seasonal, coinciding with the timing of film releases by the major distributors. The most marketable motion pictures were generally released during the summer and the Thanksgiving through year-end holiday season. However, the seasonality of motion picture exhibition has become less pronounced in recent years. Studios have begun to release films more evenly throughout the year, and hit films have emerged during traditionally weaker periods. This benefits exhibitors by allowing them to more effectively cover their fixed cost base throughout the year.

CONVENIENT AND AFFORDABLE FORM OF OUT-OF-HOME ENTERTAINMENT. Moviegoing continues to be one of the most convenient and affordable forms of out-of-home entertainment, with an average ticket price in the U.S. of $5.66 in 2001. Average prices for other forms of out-of-home entertainment in the U.S., including sporting events, theme parks, musical concerts and plays, range from approximately $18.00 to $56.00 per ticket. Movie ticket prices have risen at approximately the rate of inflation, while ticket prices for other forms of out-of-home entertainment have increased at higher rates.

RISK FACTORS

Investing in our common stock involves risk. Notwithstanding our competitive strengths and the drivers of continued industry success described above, our business is subject to a number of risks. We may not be able to successfully execute our business strategy because of the competitive environment in our industry as well as competition from alternative forms of entertainment. We may not be able to identify suitable locations for expansion or generate additional revenue opportunities. Our substantial lease and debt obligations could impair our liquidity and financial condition. The net proceeds of this offering will be used to repay outstanding debt and will not be available for working capital and other purposes. In addition, our stock may be subject to volatility as a result of our performance or market factors generally. You should refer to the section entitled "Risk Factors," for a discussion of these and other risks, before investing in our Class A common stock.

ADDITIONAL INFORMATION

We were incorporated under the laws of Delaware. Our corporate headquarters is located at 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. Our telephone number is (972) 665-1000. Our web site address is www.cinemark.com. The information on our web site does not constitute part of this prospectus.

THE OFFERING

Class A common stock offered by Cinemark..................	11,100,000 shares
Common stock to be outstanding after the offering	
Class A....................	30,663,280 shares
Class B....................	20,949,280 shares

Use of proceeds..............	We intend to use the net proceeds from the offering to repay outstanding debt.
Over-allotment option.........	We have granted the underwriters a 30-day option to purchase up to 1,665,000 additional shares of our Class A common stock to cover over-allotments.
Proposed New York Stock Exchange symbol...............	CNK

The outstanding share information is based upon 19,563,280 shares of our Class A common stock and 20,949,280 shares of our Class B common stock that were outstanding as of March 31, 2002. Unless otherwise indicated, information contained in this prospectus regarding the number of outstanding shares of common stock does not include the following:

- 1,665,000 shares of Class A common stock issuable upon exercise of the underwriters' over-allotment option;

- approximately 810,260 to 2,025,760 shares of Class A common stock issuable to our partners in our Brazilian operations upon exchange for their shares of our subsidiary Cinemark Brasil S.A.;

- 1,411,300 shares of Class A common stock issuable upon the exercise of outstanding stock options; and

- an aggregate of 875,380 shares of Class A common stock reserved for future issuance under our Long Term Incentive Plan.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table provides our summary consolidated financial data for the periods ended and as of the dates indicated. You should read the summary consolidated financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with our consolidated annual financial statements and related notes and our unaudited interim financial statements and related notes appearing elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					
	1997	1998	1999	2000	2001	200
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA: (1)						
Revenues	$ 434,598	$ 571,219	$ 712,604	$786,264	$853,658	$196,
Theatre operating costs	283,727	371,979	463,673	504,519	531,967	123,
Facility lease expense	38,735	61,281	89,808	108,489	114,737	28,
General and administrative expenses	27,598	32,947	34,833	39,013	42,690	9,
Depreciation and amortization	25,373	37,197	53,269	66,111	73,544	16,
Asset impairment loss	2,214	9,950	3,720	3,872	20,723	
(Gain) loss on sale of assets and other	(189)	(2,266)	2,420	912	12,408	
Total expenses	377,458	511,088	647,723	722,916	796,069	179,
Operating income	57,140	60,131	64,881	63,348	57,589	16,
Interest expense (2)	33,487	43,014	59,867	74,037	70,931	19,
Income (loss) before extraordinary items and cumulative effect of an accounting change	15,019	11,009	4,004	(10,423)	(4,021)	(2,
Net income (loss) (3)	$ 14,705	$ 11,009	$ 1,035	$(10,423)	$ (4,021)	$ (2,
Income (loss) per share before extraordinary items and cumulative effect of an accounting change (4):						
Basic	$ 0.38	$ 0.28	$ 0.10	$ (0.27)	$ (0.10)	$ (0
Diluted	0.37	0.27	0.09	(0.27)	(0.10)	(0
Net income (loss) per share (4):						
Basic	0.37	0.28	0.03	(0.27)	(0.10)	(0
Diluted	0.36	0.27	0.02	(0.27)	(0.10)	(0
Weighted average shares outstanding (4):						
Basic	39,275	39,232	39,240	39,329	39,497	39,
Diluted	41,072	41,038	42,186	39,329	39,497	39,

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	YEAR ENDED DECEMBER 31,					THREE MON ENDED MARCH 3
	1997	1998	1999	2000	2001	2001
	(IN THOUSANDS)					

OTHER FINANCIAL DATA (CONSOLIDATED):(1)						
EBITDA (5)...........	$ 87,313	$ 107,457	$ 128,233	$ 141,978	$169,980	$ 35,139
EBITDA margin........	20.1%	18.8%	18.0%	18.1%	19.9%	17.9%
Cash flow from (used for):						
Operating activities.......	$ 57,934	$ 52,173	$ 92,102	$ 54,796	$ 87,122	$ (21,427)
Investing activities.......	(225,659)	(234,146)	(223,044)	(94,886)	(33,799)	(3,445)
Financing activities.......	185,424	175,907	114,927	51,280	(21,513)	30,105
Capital expenditures.......	200,272	387,906	248,371	113,081	40,352	6,604

	AS OF DECEMBER 31,					AS OF MAR
	1997	1998	1999	2000	2001	2001
					(IN THOUSANDS)	(
BALANCE SHEET DATA (CONSOLIDATED): (1)						
Cash and cash equivalents........	$ 32,120	$ 25,646	$ 8,872	$ 19,840	$ 50,199	$ 24,922
Total assets (7).....	661,597	882,673	1,041,861	1,060,576	996,544	1,046,076
Total long-term debt, including current portion............	463,501	631,649	778,413	810,323	780,956	842,288
Stockholders' equity.............	69,982	75,800	63,851	48,910	25,337	43,389

	YEAR ENDED DECEMBER 31,					THREE MONTHS MARCH 3
	1997	1998	1999	2000	2001	2001
			(ATTENDANCE IN THOUSANDS)			
OPERATING DATA:						
North America (8)						
Theatres operated (at period end)...	155	173	185	190	188	190
Screens operated (at period end).......	1,437	1,813	2,102	2,217	2,217	2,217
Average screens per theatre...........	9.3	10.5	11.4	11.7	11.8	11.7
Total attendance....	74,592	85,693	90,996	92,425	100,022	22,779
International (9)						
Theatres operated (at period end)...	18	38	69	80	88	83

Screens operated (at period end).......	187	367	606	695	783	721
Average screens per theatre...........	10.4	9.7	8.8	8.7	8.9	8.7
Total attendance....	11,668	20,875	39,938	46,152	53,853	13,055
Worldwide						
Theatres operated (at period end)...	173	211	254	270	276	273
Screens operated (at period end).......	1,624	2,180	2,708	2,912	3,000	2,938
Average screens per theatre...........	9.4	10.3	10.7	10.8	10.9	10.8
Total attendance....	86,260	106,568	130,934	138,577	153,875	35,834

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(1) The consolidated statement of operations data and consolidated balance sheet data presented above for the five most recent fiscal years ended December 31 have been derived from our audited consolidated financial statements, which have been audited by Deloitte & Touche LLP, independent auditors. The consolidated statement of operations data for the three months ended March 31, 2001 and 2002 and the consolidated balance sheet data as of March 31, 2001 and 2002 are derived from our unaudited consolidated financial statements that have been restated as described in Note 12 to such financial statements. These financial statements have been prepared on the same basis as the audited consolidated financial statements and, in our opinion, include all adjustments necessary for a fair presentation of the information presented in those statements. The historical results are not necessarily indicative of the results to be expected in any future period. The operating results for the three month period ended March 31, 2002 are not necessarily indicative of the results to be achieved for the full year.

(2) Interest expense includes amortization of debt issue cost and debt discount and excludes capitalized interest of $2.2 million, $4.4 million, $4.3 million, $0.6 million and $0.2 million in 1997, 1998, 1999, 2000 and 2001, respectively.

(3) In 1997, an extraordinary loss on early extinguishment of debt of $0.3 million (net of tax benefit) was recorded. In 1999, a cumulative effect of a change in accounting principle charge of $3.0 million (net of tax benefit) was recorded in connection with the adoption of Statement of Position (SOP) 98-5 requiring start-up activities and organization costs to be expensed as incurred. In 2002, a cumulative effect of a change in accounting principle charge of $3.4 million (net of tax benefit) was recorded as a transitional impairment adjustment in connection with the adoption of Statement of Financial Accounting Standards No. 142 requiring that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually.

(4) Under the share exchange agreement, dated May 17, 2002, and after giving

effect to a reverse stock split, each outstanding share, and each outstanding option to purchase shares, of Cinemark USA, Inc. were exchanged for 220 shares, and options to purchase shares, respectively, of our common stock.

(5) Represents net income (loss) before depreciation and amortization, asset impairment loss, (gain) loss on sale of assets and other, interest expense, amortization of debt issue cost and debt discount, interest income, foreign currency exchange gain (loss), equity in income (loss) of affiliates, minority interests in (income) loss of subsidiaries, income taxes (benefit), extraordinary items and cumulative effect of a change in accounting principle, changes in deferred lease expense and accrued and unpaid compensation expense relating to any stock option plans. EBITDA is a financial measure commonly used in our industry and should not be construed as an alternative to net earnings or cash flows from operations (as determined in accordance with generally accepted accounting principles in the U.S.), as a better indicator of operating performance or as a measure of liquidity. Other definitions of EBITDA may not be comparable with this calculation.

(6) As adjusted to give effect to this offering and the concurrent refinancing of our existing credit facility and the use of net proceeds therefrom.

(7) Total assets for March 31, 2002 (as adjusted) includes estimated debt issue costs of $5.3 million related to the concurrent new senior secured credit facility.

(8) The data excludes certain theatres we operate in North America pursuant to management agreements that are not part of our consolidated operations.

(9) The data excludes certain theatres we operate internationally through our affiliates that are not part of our consolidated operations.

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RISK FACTORS

Before you invest in our Class A common stock, you should understand the high degree of risk involved. You should consider carefully the following risks and other information in this prospectus, including our pro forma and historical financial statements and related notes, before you decide to purchase shares of our Class A common stock. The following risks and uncertainties are not the only ones we face. If any of the following risks actually occur, our business, financial condition and operating results could be adversely affected. As a result, the trading price of our Class A common stock could decline, perhaps significantly.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

POOR MOTION PICTURE PRODUCTION OR PERFORMANCE COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

Our business is dependent both upon the availability of suitable motion pictures for exhibition in our theatres and the performance of such pictures in our markets. Poor performance of films or disruption in the production of motion pictures by, or a reduction in the marketing efforts of, the major studios and/or independent producers could have a material adverse effect on our business.

A DETERIORATION IN RELATIONSHIPS WITH FILM DISTRIBUTORS COULD ADVERSELY AFFECT OUR ABILITY TO OBTAIN COMMERCIALLY SUCCESSFUL FILMS.

We rely on the film distributors for the motion pictures shown in our theatres. The film distribution business is highly concentrated, with nine major film distributors accounting for approximately 93% of U.S. admissions and 48 of the top 50 grossing films during 2000. Numerous antitrust cases and consent decrees resulting from these cases impact the distribution of motion pictures. The consent decrees bind certain major film distributors to license films to exhibitors on a theatre-by-theatre and film-by-film basis. Consequently, we cannot guarantee a supply of films by entering into long-term arrangements with major distributors. We are therefore required to negotiate licenses for each film and for each theatre. We cannot assure you that we will be able to negotiate favorable licensing terms for all first-run film. A deterioration in our relationship with any of the nine major film distributors could adversely affect our ability to negotiate film licenses and our ability to obtain commercially successful films and, therefore could adversely affect our business and operating results.

THE OVERSUPPLY OF SCREENS IN THE MOTION PICTURE EXHIBITION INDUSTRY AND OTHER FACTORS MAY ADVERSELY AFFECT THE PERFORMANCE OF SOME OF OUR THEATRES.

Since 1999, several major theatre exhibition companies, including Regal Cinemas, Loews Cineplex Entertainment and United Artists filed for bankruptcy. One significant cause of those bankruptcies was the emphasis by theatre circuits on the development of large multiplexes in recent years. The strategy of aggressively building multiplexes was adopted throughout the industry which generated significant competition and resulted in an oversupply of screens in the North American exhibition industry. Consequently, many older multiplex theatres were rendered obsolete more rapidly than expected. Many of these theatres are under long-term lease commitments that make closing them financially burdensome and some companies have elected to continue operating them notwithstanding their lack of profitability. In other instances, because theatres are typically limited use design facilities, or for other reasons, landlords have been willing to make rent concessions to keep them open. As a result, some analysts believe that there continues to be an oversupply of screens in the North American exhibition industry. This has caused motion picture exhibitors to experience impairment write-offs, losses on theatre dispositions and downward adjustments of credit ratings, and some of our competitors defaulted under their loan agreements. This oversupply of screens may affect the performance of some of our theatres.

OUR SUBSTANTIAL LEASE AND DEBT OBLIGATIONS AS WELL AS OUR DEBT RATINGS COULD IMPAIR OUR LIQUIDITY AND FINANCIAL CONDITION.

We have substantial lease and debt obligations. For the twelve months ended December 31, 2001, our facility lease expense and interest expense were approximately $114.7 million and $70.9 million, respectively.

As of March 31, 2002, we had approximately $783.6 million of debt outstanding, excluding $38.9 million available under our credit facility. Our substantial lease and debt obligations pose risk to you by:

- making it more difficult for us to satisfy our obligations;

- requiring us to dedicate a substantial portion of our cash flow to payments on our lease and debt obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements;

- impeding us from obtaining additional financing in the future for working capital, capital expenditures and general corporate purposes; and

- making us more vulnerable to a downturn in our business and limit our flexibility to plan for, or react to, changes in our business.

We believe that based on the current level of cash flow from operations, we will have sufficient liquidity and access to capital to carry on our business and we will be able to meet scheduled lease and debt service requirements and financial covenants. However, we cannot assure you that we will continue to generate cash flow at current levels. If we fail to make any required payment under the agreements governing our leases and indebtedness or fail to comply with the financial and operating covenants contained in them, we would be in default. A default could have a significant adverse effect on the market value and marketability of our Class A common stock. Our lenders would have the ability to require that we immediately pay all outstanding indebtedness. If the lenders required immediate payment, we may not have sufficient assets to satisfy our obligations under our credit facility, our subordinated notes or our other indebtedness.

Concurrently with the offering, we will enter into a new senior secured credit facility consisting of a $100 million revolving credit line and a $150 million term loan. We intend to use borrowings under the term loan and a portion of the revolving credit line, as well as part of the net proceeds from the offerings to repay our existing credit facility, our existing Mexico (USA) credit facility and our existing term loan from Lehman Brothers Bank, FSB.

In August 2000, Standard and Poor's lowered the rating on our three series of senior subordinated notes due 2008 from B to B- and in December 2000, Moody's Investor Services lowered the rating on these notes from B2 to Caa2. In June 2002, Standard and Poor's revised its outlook on us from negative to positive and assigned a BB- rating to the new senior secured credit facility. Lower ratings on our senior subordinated notes could impair our ability to obtain additional financing on favorable terms.

OUR FOREIGN OPERATIONS ARE SUBJECT TO ADVERSE REGULATIONS AND CURRENCY EXCHANGE RISK.

Outside of North America, we operate 90 theatres with 799 screens in Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Colombia and the United Kingdom, with Mexico and Brazil representing approximately 9% and 7% of 2001 revenues, respectively. We will continue to investigate opportunities in these and other foreign markets. Governmental regulation of the motion picture industry in foreign markets differs from those in the United States. Regulations affecting price controls or admission prices, quota systems requiring the exhibition of films produced in the subject country and restrictions on ownership of land may adversely affect our international operations in foreign markets. Our international operations are subject to certain political, economic and other uncertainties not encountered by our domestic operations. We also face the additional risks of currency fluctuations, hard currency shortages and controls of foreign currency exchange. We do not actively hedge against foreign currency exchange risk.

IF WE DO NOT COMPLY WITH THE AMERICANS WITH DISABILITIES ACT OF 1990 WE COULD BE SUBJECT TO FURTHER LITIGATION.

Our theatres must comply with Title III of the Americans with Disabilities Act of 1990, or the ADA, and analogous state and local laws. Compliance with the ADA requires among other things that public facilities "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for

new construction or technically infeasible for alterations. If we fail to comply with the ADA, remedies could include imposition of injunctive relief, fines, awards for damages to private litigants and additional capital expenditures to remedy non-compliance. Imposition of significant fines, damage awards or capital expenditures to cure non-compliance could adversely affect our business and operating results.

We have been involved in significant litigation in which it is claimed that many of our theatres do not comply with the ADA. Currently, we are the subject of lawsuits brought by the Department of Justice in Cleveland, Ohio and by private plaintiffs in two cases in Texas. In each of these cases it is alleged that the wheelchair seating positions do not comply with the ADA, or in the Texas cases, with the Texas Accessibility Standards. The plaintiffs in the DOJ litigation, Austin, Texas litigation and Mission, Texas litigation have argued that the theatres must provide wheelchair seating locations with viewing angles to the screen that are at the median or better than all seats in the auditorium. If we lose the DOJ litigation, our business and results of operations may be materially and adversely affected. To date, however, three courts have rejected that position. In two of the three cases, we were the defendant, and the courts have found our theatres to be in compliance with the ADA; Lara v. Cinemark USA,

Inc., United States Court of Appeals for the Fifth Circuit; United States of America v. Cinemark USA, Inc., United States District Court for the Northern District of Ohio. The third case, Oregon Paralyzed Veterans of America v. Regal Cinemas, Inc., United States District Court for the District of Oregon, adopted the reasoning established in Lara and granted summary judgment in favor of Regal Cinemas, Inc.

We are also currently the subject of a lawsuit brought by private plaintiffs in Houston, Texas regarding the provision of captioning for hearing impaired patrons. The lawsuit alleges violation of the ADA and the First Amendment to the Constitution of the United States. Plaintiffs seek unspecified injunctive relief, unspecified declaratory relief, unspecified monetary damages (both actual and punitive) and unspecified attorneys' fees. The answer is not yet due. We plan to deny any violation of the ADA or the First Amendment and to vigorously defend against these claims.

Although we believe that our position in these cases is legally correct, we cannot predict with a reasonable degree of certainty the likely outcome of any case.

OUR INDUSTRY IS COMPETITIVE.

The motion picture industry is competitive. We compete against local, national and international exhibitors. We compete for both patrons and licensing of motion pictures. Some of our competitors have substantially greater resources. The principal competitive factors with respect to film licensing include licensing terms, number of seats and screens available for a particular picture, revenue potential and the location and condition of an exhibitor's theatres.

The competition for patrons is dependent upon such factors as the availability of popular motion pictures, the location and number of theatres and screens in a market, the comfort and quality of the theatres and pricing. Many of our competitors have sought to increase the number of screens that they operate. The multiplex building programs by many of our competitors during the second half of the 1990s was aggressive, according to some industry analysts. Most of the building was financed primarily with debt resulting in increased operating and financial leverage. The significant increase in multiplexes rendered many of the older theatre facilities obsolete more rapidly than expected. Many of the landlords have been unwilling to make rent concessions or terminate the leases for underperforming theatres. As a result, several of our competitors filed for bankruptcy protection and have used the bankruptcy proceedings to reject the leases for underperforming theatres. This has resulted in the closure of a number of underperforming theatres in the U.S. Some analysts believe that the U.S. is still overscreened, which may continue to affect some of our theatres.

AN INCREASE IN THE USE OF ALTERNATIVE FILM DISTRIBUTION CHANNELS AND OTHER COMPETING FORMS OF ENTERTAINMENT MAY DRIVE DOWN MOVIE THEATRE ATTENDANCE AND LIMIT TICKET PRICES.

We face competition for patrons from a number of alternative motion picture distribution channels, such as home video, pay-per-view, cable, DVD, syndicated

and broadcast television. We also compete with other forms of entertainment competing for our patrons' leisure time and disposable income such as concerts,

amusement parks and sporting events. Alternative film distribution channels and competing forms of entertainment could have a material adverse effect on our business and results of operations.

WE MAY NOT BE ABLE TO GENERATE ADDITIONAL REVENUE OPPORTUNITIES.

We intend to continue to pursue additional revenue streams such as advertising and the use of theatres for non-film events. Our ability to achieve our business objectives may depend in part on our success in generating these revenue streams. There can be no assurance that we will be able to effectively generate these additional revenues and our inability to do so may have an adverse effect on our financial performance.

OUR BUSINESS IS SEASONAL.

Our results of operations vary from period to period based upon the quantity and quality of the motion pictures that we show in our theatres. The major film distributors generally release during the summer and holiday seasons those films that they anticipate will be the most successful. Consequently, we typically generate higher revenues during these periods.

WE ARE SUBJECT TO UNCERTAINTIES RELATED TO DIGITAL CINEMA, INCLUDING POTENTIALLY HIGH COSTS OF RE-EQUIPPING THEATRES.

If a digital cinema roll-out progresses rapidly, we may not have adequate resources to finance the conversion costs. Digital cinema is in an experimental stage in our industry. There are multiple parties vying for the position of being the primary generator of the digital projector roll-out. However, there are significant obstacles to such a roll-out plan including:

- Quality of image: Many industry leaders feel that the quality of the digital image does not yet surpass the quality of the traditional 35mm image, even though consumers have tended to respond favorably to test screenings; and

- Costs: Electronic projectors will require substantial investment in re-equipping theatres.

Even if the technical issues surrounding digital cinema are resolved, business arrangements for the financing of the digital projector roll-out will require significant discussions. Further, we cannot assure you that financing alternatives to fund our portion of the digital cinema roll-out can be obtained on terms we deem acceptable.

WE ARE SUBJECT TO UNCERTAINTIES RELATING TO FUTURE EXPANSION PLANS, INCLUDING OUR ABILITY TO IDENTIFY SUITABLE ACQUISITION CANDIDATES OR SITE LOCATIONS.

We have greatly expanded our operations over the last decade through new theatre construction and selective theatre acquisitions. We will continue to pursue a strategy of expansion that will involve the development of new

theatres, including international markets, and may involve acquisitions of existing theatres and theatre circuits. Acquisitions generally would be made to provide initial entry into a new market or to strengthen our position in an existing market. We may not be able to develop or acquire suitable theatres in the future; therefore, we cannot assure you that our expansion strategy will result in improvements to our business, financial condition or profitability. There is significant competition for potential site locations and existing theatre and theatre circuit acquisition opportunities. As a result of such competition, we may not be able to acquire attractive site locations or existing theatres or theatre circuits on terms we consider acceptable. Further, our expansion programs may require financing in addition to the portion of the net proceeds from the sale of the Class A common stock and internally generated funds that we would use for such purpose. We cannot assure you that financing will be available to us on acceptable terms.

WE DEPEND ON KEY PERSONNEL FOR OUR CURRENT AND FUTURE PERFORMANCE.

Our current and future performance depends to a significant degree upon the continued contributions of our senior management team and other key personnel. The loss or unavailability to us of any member of our senior management team or a key employee could significantly harm us. We cannot assure you that we would

be able to locate or employ qualified replacements on acceptable terms for senior management or key employees if their services are no longer available.

WE ARE SUBJECT TO IMPAIRMENT LOSSES DUE TO POTENTIAL DECLINES IN VALUATIONS.

We review our theatres for impairment on a quarterly basis and whenever events or changes in circumstances indicate the carrying amount of the asset may not be fully recoverable. The impairment evaluation is based on, among other things, actual theatre level cash flow, future years budgeted theatre level cash flow, theatre property and equipment values, goodwill values, competitive theatres in the marketplace, theatre operating cash flows compared to annual long-term lease payments, the sharing of a market with our other theatres, and the age of a recently built theatre. In recent years, in the U.S., our competitors' strategy of aggressively building multiplexes generated significant competition and rendered many older theatres obsolete more rapidly than expected. In addition, certain of the international markets served by us experienced adverse economic conditions and currency devaluations. Due to these factors, we recorded asset impairment charges of $3.7 million, $3.9 million and $20.7 million for 1999, 2000 and 2001, respectively. We also test goodwill and other intangible assets for impairment at least annually in accordance with Statement of Financial Accounting Standards No. 142, which we adopted on January 1, 2002. The adoption of this accounting pronouncement resulted in a $3.4 million write-down of goodwill and other intangible assets to fair value on January 1, 2002 (recorded as a cumulative effect of a change in accounting principle). We have recorded an additional impairment of goodwill during the three month period ended March 31, 2002 in the amount of $0.6 million (recorded as an asset impairment loss in our statement of operations). The additional impairment of goodwill relates to a further write-down of goodwill to fair value associated with our Argentina operations which continue to be impacted by the economic turmoil in the country. We cannot assure you that additional impairment charges will not be required in the future, and such charges may have a material adverse effect on our financial condition and results of operations.

RISKS RELATED TO OUR CORPORATE STRUCTURE

THE INTERESTS OF OUR CONTROLLING STOCKHOLDERS MAY CONFLICT WITH YOUR INTERESTS.

We are controlled by the Mitchell Group and Cypress. The Mitchell Group beneficially owns 20,949,280 shares of Class B common stock and Cypress owns 18,160,560 shares of Class A common stock. The Mitchell Group will have approximately 87.2% of the total voting power after the offering and Cypress will have approximately 7.6% of the total voting power after the offering. Under the Stockholders' Agreement among the Mitchell Group, Cypress and us, Cypress has the right to exchange all of their shares of our Class A common stock for an equal number of shares of our Class B common stock. Holders of our Class B common stock are entitled to ten votes per share. If Cypress converts its 18,160,560 shares of Class A common stock for 18,160,560 shares of Class B common stock, the Mitchell Group will have approximately 51.9% of the total voting power after the offering and Cypress will have approximately 45.0% of the total voting power after the offering. Accordingly, the Mitchell Group and Cypress control virtually all decisions with respect to our company by our stockholders, including decisions relating to the election of our directors. The Mitchell Group and Cypress may, under certain circumstances, without the concurrence of the remaining stockholders, amend our certificate of incorporation, effect or prevent a merger, sale of assets or other business acquisition or disposition, issue additional shares of common stock or other equity securities, or restrict the payment of dividends on our common stock. The Mitchell Group and Cypress could take other actions that might be desirable to the Mitchell Group and Cypress but not to other stockholders.

INVESTORS IN THIS OFFERING WILL EXPERIENCE IMMEDIATE DILUTION.

Investors purchasing shares of Class A common stock in this offering will experience immediate dilution of $14.37 per share, based upon an assumed initial offering price of $18.00 per share.

WE HAVE NOT, AND CURRENTLY DO NOT ANTICIPATE, PAYING DIVIDENDS ON OUR COMMON STOCK.

We have not paid any dividends on our capital stock and do not plan to pay dividends on our common stock for the foreseeable future. In addition, our ability to pay dividends is effectively limited by our status as a holding company and the terms of our indentures, our new senior secured credit facility and certain of our other debt instruments, which significantly restrict the ability of certain of our subsidiaries to pay dividends directly or indirectly to us. Furthermore, certain of our unrestricted subsidiaries currently have a deficit in retained earnings which prevents us from declaring and paying dividends from those subsidiaries. The payment of future cash dividends, if any, will be reviewed periodically by the board of directors and will depend upon, among other things, our financial condition, funds from operations, the level of our capital and development expenditures and any restrictions imposed by present or future debt instruments.

WE ARE A HOLDING COMPANY WITH NO OPERATIONS OF OUR OWN.

We are a holding company with no operations of our own. Therefore, our ability to service our debt and pay dividends is dependent upon the earnings from the businesses conducted by our subsidiaries. The distribution of those earnings, or advances or other distributions of funds by these subsidiaries to us, all of which could be subject to statutory or contractual restrictions, are contingent upon the subsidiaries' earnings and are subject to various business considerations.

PROVISIONS IN OUR CORPORATE DOCUMENTS AND CERTAIN AGREEMENTS, AS WELL AS DELAWARE LAW, MAY HINDER A CHANGE OF CONTROL.

Provisions of our certificate of incorporation and bylaws, as well as provisions of the Delaware General Corporation Law, could discourage unsolicited proposals to acquire us, even though such proposals may be beneficial to you. These provisions include:

- our board's authorization to issue shares of preferred stock without stockholder approval;

- a board of directors classified into three classes of directors with the directors of each class having staggered, three-year terms; and

- provisions of Delaware law that restrict many business combinations and provide that directors serving on staggered boards of directors, such as ours, may be removed only for cause.

Under our certificate of incorporation, holders of Class A common stock and Class B common stock vote as a single class, with each share of Class A common stock being entitled to one vote per share and each share of Class B common stock being entitled to ten votes per share. As a result of such provisions, no change of control requiring stockholder approval is possible without the affirmative vote of the Mitchell Group or Cypress who after this offering together beneficially own common stock representing approximately 94.8% of the combined voting power of our common stock or approximately 96.9% of the combined voting power of our common stock if Cypress converts its 18,160,560 shares of Class A common stock for 18,160,560 shares of Class B common stock. These provisions of our certificate of incorporation, bylaws and Delaware law could discourage tender offers or other transactions that might otherwise result in our stockholders receiving a premium over the market price of our common stock.

Certain provisions of the senior subordinated notes indentures and the new senior secured credit facility may have the effect of delaying or preventing future transactions involving a "change of control." A "change of control" would require us to make an offer to the holders of our senior subordinated notes to repurchase all of the outstanding notes at a purchase price equal to 101% of the aggregate principal amount outstanding plus accrued unpaid interest to the date of the purchase. A "change of control" would also be an event of default under our new senior secured credit facility.

RISKS RELATED TO THIS OFFERING

THE MARKET PRICE OF OUR CLASS A COMMON STOCK MAY BE VOLATILE.

Prior to this offering, there has been no public market for our Class A

common stock, and there can be no assurance that an active trading market for our Class A common stock will develop or continue upon completion of the offering. The securities markets have recently experienced extreme price and volume

fluctuations and the market prices of the securities of companies have been especially volatile. The initial price to the public of our Class A common stock will be determined through our negotiations with the underwriters. This market volatility, as well as general economic or political conditions, could reduce the market price of our Class A common stock regardless of our operating performance. In addition, our operating results could be below the expectations of investment analysts and investors and, in response, the market price of our Class A common stock may decrease significantly and prevent investors from reselling their shares of our Class A common stock at or above the offering price. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If we were the subject of securities class action litigation, it could result in substantial costs, liabilities and a diversion of management's attention and resources.

FUTURE SALES OF OUR CLASS A COMMON STOCK MAY ADVERSELY AFFECT THE PREVAILING MARKET PRICE.

If a large number of shares of our Class A common stock are sold in the open market after this offering, or the perception that such sales will occur, the trading price of our Class A common stock could decrease. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional Class A common stock. After this offering, we will have an aggregate of 296,100,760 shares of our Class A common stock authorized but unissued and not reserved for specific purposes, assuming our partners in our Brazilian operation do not exchange all of their shares in Cinemark Brasil S.A. into shares of Class A common stock upon completion of this offering. In general, we may issue all of these shares without any action or approval by our stockholders. We may issue shares of our Class A common stock in connection with acquisitions.

Upon consummation of the offering, we will have 30,663,280 shares of our Class A common stock outstanding and 20,949,280 shares of our Class B common stock outstanding that may convert into Class A common stock on a one-for-one basis. Of these shares, all shares sold in the offering, other than shares, if any, purchased by our affiliates, will be freely tradable. The remaining shares of our common stock will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. Provided the holders comply with the holding periods and other conditions prescribed in Rule 144 under the Securities Act, these restricted securities cease to be restricted and become freely tradeable at various times after completion of this offering.

Mr. Mitchell, Cypress and our directors and executive officers have entered into lock-up agreements and, with limited exceptions, have agreed not to sell or otherwise dispose of our common stock for a period of 180 days after the date of this prospectus. After this lock-up period, Mr. Mitchell and Cypress will be able to sell their shares pursuant to registration rights we have granted to them. We cannot predict whether substantial amounts of our Class A common stock will be sold in the open market in anticipation of, or following, any divestiture by Mr. Mitchell or Cypress or our directors or executive officers of

their shares of common stock.

We also reserved 2,154,680 shares of our Class A common stock for issuance under our Long Term Incentive Plan, of which 1,279,300 shares of Class A common stock are issuable upon exercise of options granted as of March 31, 2002, including options to purchase 573,980 shares exercisable as of March 31, 2002 or that will become exercisable within 60 days after March 31, 2002. We have outstanding options to purchase 132,000 shares of Class A common stock under our director option agreements which must be exercised upon the consummation of this offering or such options will be forfeited. The sale of shares issued upon the exercise of stock options could further dilute your investment in our Class A common stock and adversely affect our stock price.

We have granted our partners in our Brazilian operations an option to exchange all of their shares in Cinemark Brasil S.A. into shares of our Class A common stock upon completion of this offering. If our partners exercise this exchange option, we believe we will issue approximately 810,260 to 2,025,760 shares of our Class A common stock. The exercise of this option could dilute your investment in our Class A common stock and adversely affect our stock price.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements" based on our current expectations, assumptions, estimates and projections about our business and our industry. They include statements relating to:

- future revenues, expenses and profitability;

- the future development and expected growth of our business;

- projected capital expenditures;

- attendance at movies generally, or in any of the markets in which we operate, the number or diversity of popular movies released or our inability to successfully license and exhibit popular films;

- competition from other exhibitors; and

- determinations in lawsuits in which we are defendants.

You can identify forward-looking statements by the use of words such as "may," "should," "will," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future" and "intends" and similar expressions which are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. In evaluating these forward-looking statements, you should carefully consider the risks and uncertainties described in "Risk Factors" and elsewhere in this prospectus. These forward-looking statements reflect our view only as of the date of this prospectus. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained throughout this prospectus.

USE OF PROCEEDS

We estimate the net proceeds from this offering will be approximately $184.3 million, assuming the underwriters do not exercise their over-allotment option, an initial public offering price of $18.00 per share and after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds as follows:

- approximately $78.3 million to repay debt outstanding under our $350.0 million reducing, revolving credit facility maturing February 12, 2006 with an effective interest rate as of March 31, 2002 of 3.7% per annum;

- approximately $29.0 million to repay debt outstanding under the Cinemark Mexico (USA) credit facility maturing January, 2003 with an effective interest rate as of March 31, 2002 of 4.9% per annum; and

- approximately $77.0 million to repay debt outstanding under the Cinema Properties, Inc. $77.0 million term loan from Lehman Brothers Bank, FSB maturing December 31, 2003 with an effective interest rate as of March 31, 2002 of 7.7% per annum.

Pending the application of the net proceeds, we expect to invest the proceeds in short-term, investment-grade marketable securities or money market obligations.

NEW SENIOR SECURED CREDIT FACILITY

Concurrently with the closing of and as a condition to this offering, our subsidiary, Cinemark USA, Inc., will enter into a new senior secured credit facility consisting of a $100 million revolving credit line and a $150 million term loan with a syndicate of lenders led by Lehman Commercial Paper Inc., an affiliate of Lehman Brothers Inc., the sole bookrunner and joint lead manager of the offering. The senior secured credit facility will be secured by substantially all of our present and future assets and the present and future assets of Cinemark USA, Inc. and certain of our other domestic subsidiaries and by a pledge of all of the capital stock of certain of our domestic subsidiaries and 65% of the voting stock of certain of our foreign subsidiaries. The obligations of Cinemark USA, Inc. will also be guaranteed by us.

Borrowings under the revolving credit line are proposed to bear interest, at Cinemark USA, Inc.'s option, at: (A) a margin of 2.00% per annum plus a "base rate" equal to the higher of (i) the prime lending rate as set forth on the British Banking Association Telerate page 5 and (ii) the federal funds effective rate from time to time plus 0.5%, or (B) a "eurodollar rate" equal to the rate at which eurodollar deposits are offered in the interbank eurodollar market for terms of one, two, three or six, or (if available to all lenders in their sole discretion) nine or twelve months, as selected by Cinemark USA, Inc. plus a margin of 3.00% per annum. After 180 days from the closing date, the margin

applicable to base rate loans will range from 2.00% per annum to 1.25% per annum and the margin applicable to eurodollar rate loans will range from 3.00% per annum to 2.25% per annum based upon Cinemark USA, Inc. achieving certain ratios of debt to EBITDA (as defined in the senior secured credit facility).

The term loan will bear interest, at Cinemark USA, Inc.'s option, at: (A) the base rate plus a margin of 2.00% per annum or (B) the eurodollar rate plus a margin of 3.00% per annum.

The term of the revolving credit line will be five years. The term loan will mature on December 31, 2007 or June 30, 2008, if the maturity of Cinemark USA, Inc.'s senior subordinated notes is extended beyond such date.

Under the senior secured credit facility, we are required to maintain specified levels of interest and fixed charge coverage and set limitations on our leverage ratios. We are limited in our ability to pay dividends and in our ability to incur additional indebtedness and liens and, following the issuance of indebtedness or capital stock or the disposition of assets, we would be required to apply certain of the proceeds to repay amounts outstanding under the senior secured credit facility. The senior secured credit facility will also contain certain other covenants and restrictions customary in credit agreements of this kind.

We intend to use borrowings under the senior secured credit facility to repay the unpaid balance of amounts borrowed under our existing credit facility that are not repaid with the proceeds of the offering.

The foregoing represents our current intentions based upon our present plans and business condition. Our management will have broad discretion in the application of the net proceeds from this offering, and the occurrence of unforeseen events or changed business conditions could result in the application of the net proceeds from this offering in a manner different than described above.

DIVIDEND POLICY

We have never declared or paid any dividends on our common stock. We do not anticipate paying any cash dividends in the foreseeable future. In addition, our ability to pay dividends is effectively limited by our status as a holding company and the terms of our indentures, our new senior secured credit facility and certain of our other debt instruments, which significantly restrict the ability of certain of our subsidiaries to pay dividends directly or indirectly to us. Furthermore, certain of our foreign subsidiaries currently have a deficit in retained earnings which prevents us from declaring and paying dividends from those subsidiaries. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon our financial condition, operating results, capital requirements, other factors that the board deems relevant, requirements of financing agreements to which we are a party and the General Corporation Law of the State of Delaware, which provides

that dividends are only payable out of surplus or current net profits.

CAPITALIZATION

The following table presents our capitalization as of March 31, 2002. Our capitalization is presented:

- on an actual basis;

- on an adjusted basis to reflect (a) our receipt of the estimated net proceeds from the sale of 11,100,000 shares of Class A common stock by us in this offering at an assumed initial public offering price of $18.00 per share, after deducting the estimated underwriting discount and estimated offering expenses, and the application of those proceeds, and (b) borrowings under our new senior secured credit facility to be entered into concurrently with the closing of this offering, after funding the estimated debt issuance cost, and the application of the proceeds therefrom.

You should read this table in conjunction with the consolidated financial statements and related notes that are included in this prospectus.

	AS OF MARCH 31, 2002	
	ACTUAL	AS ADJUSTED (1)
	(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
Cash and cash equivalents	$ 59,438	$ 59,438
Long-term debt, including current maturities:		
Existing Credit Facility (2)	$263,000	$ --
New Senior Secured Credit Facility (2)	--	190,000
Cinemark Mexico (USA) Credit Facility	29,000	--
9 5/8% Series B Senior Subordinated Notes due 2008 (3)	199,528	199,528
9 5/8% Series D Senior Subordinated Notes due 2008 (4)	76,286	76,286
8 1/2% Series B Senior Subordinated Notes due 2008 (5)	104,367	104,367
Cinema Properties Facility	77,000	--
Other indebtedness	34,370	34,370
Total long-term debt	783,551	604,551
Minority interest in subsidiaries	36,443	36,443
Stockholders' equity:		
Class A common stock, $0.001 par value, authorized 350,000,000 shares, 19,563,280 (actual) and 30,663,280 (as adjusted) issued and outstanding	20	31
Class B common stock, $0.001 par value, authorized 150,000,000 shares, 20,949,280 (actual) and (as adjusted) issued and outstanding	21	21
Additional paid-in capital	40,368	224,671

Unearned compensation -- stock options	(3,949)	(3,949)
Accumulated other comprehensive loss	(65,472)	(65,472)
Retained earnings	51,537	51,537
Total stockholders' equity	22,525	206,839
Total capitalization (6)	$842,519	$847,833

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(1) As adjusted information does not include 1,665,000 shares of Class A common stock issuable upon exercise of the underwriters' over-allotment option, approximately 810,260 to 2,025,760 shares of Class A common stock issuable to our partners in our Brazilian operations upon exchange of their shares of Cinemark Brasil S.A., 1,411,300 shares of Class A common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of approximately $5.45 per share and an

aggregate of 875,380 shares of Class A common stock reserved for future issuance under our Long Term Incentive Plan as of March 31, 2002.

(2) As of March 31, 2002, $38.9 million is available to us under the credit facility, subject to compliance with the terms thereof and the effective interest rate on such borrowing was 3.7%. Concurrently with this offering, we will enter into a senior secured credit facility with a syndicate of lenders led by Lehman Commercial Paper Inc. The senior secured credit facility will consist of a $100 million revolving credit facility with a five year term and a $150 million term loan that matures as early as December 2007. Borrowings will bear interest at either a base rate or a euro dollar rate plus an applicable margin. We intend to use borrowings under this facility to repay the unpaid balance of amounts borrowed under our existing credit facility that are not repaid with the proceeds of the offering.

(3) The amount shown is net of an unamortized debt discount of approximately $0.5 million associated with the issuance of the 9 5/8% Series B Senior Subordinated Notes.

(4) The amount shown is net of an unamortized premium of approximately $1.3 million associated with the issuance of the 9 5/8% Series D Senior Subordinated Notes.

(5) The amount shown is net of an unamortized debt discount of approximately $0.6 million associated with the issuance of the 8 1/2% Series B Senior Subordinated Notes.

(6) As adjusted capitalization exceeds actual by $5.3 million due to estimated debt issue costs related to the concurrent new senior secured credit facility that will be capitalized and included in deferred charges and other

assets.

DILUTION

Purchasers of Class A common stock offered by this prospectus will suffer an immediate and substantial dilution in net tangible book value per share. Our net tangible book value as of March 31, 2002 was approximately $2.9 million, or approximately $0.07 per share of common stock. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares of common stock outstanding.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of our Class A common stock in this offering and the net tangible book value per share of our common stock immediately after this offering. After giving effect to our sale of 11,100,000 shares of Class A common stock in this offering at an assumed initial public offering price of $18.00 per share and after deduction of the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of March 31, 2002 would have been approximately $187.3 million, or $3.63 per share. This represents an immediate increase in net tangible book value of $3.56 per share of common stock to existing stockholders and an immediate dilution of $14.37 per share to purchasers of Class A common stock in this offering.

Assumed initial public offering price per share of Class A common stock		$18.00
Net tangible book value per share as of March 31, 2002	$0.07	
Increase per share attributable to new investors	$3.56	
Net tangible book value per share after the offering		$ 3.63
Net tangible book value dilution per share to new investors		$14.37

The following table sets forth, as of March 31, 2002, the total consideration paid and the average price per share paid by our existing stockholders and by new investors, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us at an assumed initial public offering price of $18 per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	

Existing stockholders..........	40,512,560	78.5%	$ 22,524,965	10.1%	$ 0.56
New investors..................	11,100,000	21.5%	$199,800,000	89.9	18.00
Total.....................	51,612,560	100.0%	$222,324,965	100.0%	

As of March 31, 2002, there were outstanding options to purchase a total of 1,411,300 shares of Class A common stock at a weighted average exercise price of approximately $5.45 per share which includes 1,279,300 shares issuable under our Long Term Incentive Plan and 132,000 shares issuable under outstanding director stock options. To the extent that options are exercised in the future, there will be further dilution to new investors.

In 2001, we gave our partners in our Brazilian operations an option to exchange their shares in our subsidiary Cinemark Brasil S.A. for approximately 810,260 to 2,025,760 shares of our Class A common stock. To the extent that this option is exercised, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the selected consolidated financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated annual financial statements and the related notes and our unaudited interim financial statements and related notes appearing elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					
	1997	1998	1999	2000	2001	
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA: (1)						
Revenues..........................	$ 434,598	$ 571,219	$ 712,604	$786,264	$853,658	$1
Theatre operating costs...........	283,727	371,979	463,673	504,519	531,967	1
Facility lease expense............	38,735	61,281	89,808	108,489	114,737	
General and administrative expenses........................	27,598	32,947	34,833	39,013	42,690	
Depreciation and amortization......	25,373	37,197	53,269	66,111	73,544	
Asset impairment loss.............	2,214	9,950	3,720	3,872	20,723	
(Gain) loss on sale of assets and other...........................	(189)	(2,266)	2,420	912	12,408	

Total expenses	377,458	511,088	647,723	722,916	796,069	1
Operating income	57,140	60,131	64,881	63,348	57,589	
Interest expense (2)	33,487	43,014	59,867	74,037	70,931	
Income (loss) before extraordinary items and cumulative effect of an accounting change	15,019	11,009	4,004	(10,423)	(4,021)	
Net income (loss) (3)	$ 14,705	$ 11,009	$ 1,035	$(10,423)	$ (4,021)	$
Income (loss) per share before extraordinary items and cumulative effect of an accounting change (4):						
Basic	$ 0.38	$ 0.28	$ 0.10	$ (0.27)	$ (0.10)	$
Diluted	0.37	0.27	0.09	(0.27)	(0.10)	
Net income (loss) per share (4):						
Basic	0.37	0.28	0.03	(0.27)	(0.10)	
Diluted	0.36	0.27	0.02	(0.27)	(0.10)	
Weighted average shares outstanding (4):						
Basic	39,275	39,232	39,240	39,329	39,497	
Diluted	41,072	41,038	42,186	39,329	39,497	

	YEAR ENDED DECEMBER 31,					
	1997	1998	1999	2000	2001	2
	(IN THOUSANDS)					
OTHER FINANCIAL DATA (CONSOLIDATED): (1)						
EBITDA (5)	$ 87,313	$ 107,457	$ 128,233	$141,978	$169,980	$ 3
EBITDA margin	20.1%	18.8%	18.0%	18.1%	19.9%	
Cash flow from (used for):						
Operating activities	$ 57,934	$ 52,173	$ 92,102	$ 54,796	$ 87,122	$(2
Investing activities	(225,659)	(234,146)	(223,044)	(94,886)	(33,799)	(
Financing activities	185,424	175,907	114,927	51,280	(21,513)	3
Capital expenditures	200,272	387,906	248,371	113,081	40,352	

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	AS OF DECEMBER 31,					AS OF M
	1997	1998	1999	2000	2001	2001
	(IN THOUSANDS)					
BALANCE SHEET DATA (CONSOLIDATED): (1)						

Cash and cash equivalents...........	$ 32,120	$ 25,646	$ 8,872	$ 19,840	$ 50,199	$ 24,922
Total assets (7)........	661,597	882,673	1,041,861	1,060,576	996,544	1,046,076
Total long-term debt, including current portion...............	463,501	631,649	778,413	810,323	780,956	842,288
Stockholders' equity....	69,982	75,800	63,851	48,910	25,337	43,389

	AS OF MARCH 31, 2002
	AS ADJUSTED (6)
	(IN THOUSANDS)
BALANCE SHEET DATA (CONSOLIDATED): (1)	
Cash and cash equivalents...........	$ 59,438
Total assets (7)........	983,343
Total long-term debt, including current portion...............	604,551
Stockholders' equity....	206,839

	YEAR ENDED DECEMBER 31,					THREE EN MARC
	1997	1998	1999	2000	2001	2001
	(ATTENDANCE IN THOUSANDS)					
OPERATING DATA:						
North America (8)						
Theatres operated (at period end)...........	155	173	185	190	188	190
Screens operated (at period end)...........	1,437	1,813	2,102	2,217	2,217	2,217
Average screens per theatre...............	9.3	10.5	11.4	11.7	11.8	11.7
Total attendance........	74,592	85,693	90,996	92,425	100,022	22,779
International (9)						
Theatres operated (at period end)...........	18	38	69	80	88	83
Screens operated (at period end)...........	187	367	606	695	783	721
Average screens per theatre...............	10.4	9.7	8.8	8.7	8.9	8.7
Total attendance........	11,668	20,875	39,938	46,152	53,853	13,055
Worldwide						
Theatres operated (at period end)...........	173	211	254	270	276	273
Screens operated (at period end)...........	1,624	2,180	2,708	2,912	3,000	2,938
Average screens per theatre...............	9.4	10.3	10.7	10.8	10.9	10.8

Total attendance........	86,260	106,568	130,934	138,577	153,875	35,834

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(1) The consolidated statement of operations data and consolidated balance sheet data presented above for the five most recent fiscal years ended December 31 have been derived from our audited consolidated financial statements, which have been audited by Deloitte & Touche LLP, independent auditors. The consolidated statement of operations data for the three months ended March 31, 2001 and 2002 and the consolidated balance sheet data as of March 31, 2001 and 2002 are derived from our unaudited consolidated financial statements that have been restated as described in Note 12 to such financial statements. These financial statements have been prepared on the same basis as the audited consolidated financial statements and, in our opinion, include all adjustments necessary for a fair presentation of the information presented in those statements. The historical results are not necessarily indicative of the results to be expected in any future period. The operating results for the three month period ended March 31, 2002 are not necessarily indicative of the results to be achieved for the full year.

(2) Interest expense includes amortization of debt issue cost and debt discount and excludes capitalized interest of $2.2 million, $4.4 million, $4.3 million, $0.6 million and $0.2 million in 1997, 1998, 1999, 2000 and 2001, respectively.

(3) In 1997, an extraordinary loss on early extinguishment of debt of $0.3 million (net of tax benefit) was recorded. In 1999, a cumulative effect of a change in accounting principle charge of $3.0 million (net of

tax benefit) was recorded in connection with the adoption of Statement of Position (SOP) 98-5 requiring start-up activities and organization costs to be expensed as incurred. In 2002, a cumulative effect of a change in accounting principle charge of $3.4 million (net of tax benefit) was recorded as a transitional impairment adjustment in connection with the adoption of Statement of Financial Accounting Standards No. 142 requiring that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually.

(4) Under the share exchange agreement, dated May 17, 2002, and after giving effect to a reverse stock split, each outstanding share, and each outstanding option to purchase shares of Cinemark USA, Inc. were exchanged for 220 shares, and options to purchase shares, respectively, of our common stock.

(5) Represents net income (loss) before depreciation and amortization, asset impairment loss, (gain) loss on sale of assets and other, interest expense, amortization of debt issue cost and debt discount, interest income, foreign currency exchange gain (loss), equity in income (loss) of affiliates,

minority interests in (income) loss of subsidiaries, income taxes (benefit), extraordinary items and cumulative effect of a change in accounting principle, changes in deferred lease expense and accrued and unpaid compensation expense relating to any stock option plans. EBITDA is a financial measure commonly used in our industry and should not be construed as an alternative to net earnings or cash flows from operations (as determined in accordance with generally accepted accounting principles in the U.S.), or as a better indicator of operating performance or as a measure of liquidity. Other definitions of EBITDA may not be comparable with this calculation.

(6) As adjusted to give effect to this offering and the concurrent refinancing of our existing credit facility and the use of net proceeds therefrom.

(7) Total assets for March 31, 2002 (as adjusted) includes estimated debt issue costs of $5.3 million related to the concurrent new senior secured credit facility.

(8) The data excludes certain theatres we operate in North America pursuant to management agreements that are not part of our consolidated operations.

(9) The data excludes certain theatres we operate internationally through our affiliates that are not part of our consolidated operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis generally relates to our historical financial condition and results of operations and should be read in conjunction with our financial statements and related notes included elsewhere in this prospectus. As discussed in the notes to our consolidated financial statements, subsequent to the issuance of our financial statements for the quarter ended March 31, 2002, we revised the fair value of employee stock options granted in December 2001 partly based on the anticipated offering price per share of our Class A common stock. The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations has been revised from the prior public filings of Cinemark USA, Inc. to reflect the effects of this restatement of our consolidated financial statements as of December 31, 2001 (see Note 17 thereto) and March 31, 2002 and for the three months ended March 31, 2002 (see Note 12 thereto). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in forward-looking statements as a result of a number of factors, including, but not limited to those set forth under "Risk Factors" and elsewhere in this prospectus.

REVENUES AND EXPENSES

We generate revenues primarily from box office receipts, concession sales

and screen advertising sales. Revenues are recognized when admissions and concession sales are received at the box office and when screen advertising is shown at the theatres. Our revenues are affected by changes in attendance and average admissions and concession revenues per patron. Attendance is primarily affected by the commercial appeal of the films released during the period reported. We generate additional revenues related to theatre operations from vendor marketing programs, pay phones, ATM machines and electronic video games installed in video arcades located in some of our theatres.

Film rentals and advertising, concession supplies and salaries and wages vary directly with changes in revenues. These expenses have historically represented approximately 65% of all theatre operating expenses and approximately 50% of revenues. Film rental costs are accrued based on the applicable box office receipts and either the mutually agreed upon firm terms or estimates of the final settlement depending upon the film licensing arrangement. Advertising cost, which is expensed as incurred, is primarily fixed at the theatre level as daily movie directories placed in newspapers represent the largest component of advertising costs. The monthly cost of these ads is based on, among other things, the size of the directory and the frequency and size of the newspaper's circulation. We purchase concession supplies to replace units sold. Although salaries and wages include a fixed component of cost (i.e. the minimum staffing cost to operate a theatre facility during non-peak periods), salaries and wages move in relation to revenues as theatre staffing is adjusted to handle attendance volume.

Conversely, facility lease expense is primarily a fixed cost at the theatre level as our facility leases generally require a fixed monthly minimum rent payment. Facility lease expense as a percentage of revenues is also affected by the number of leased versus fee owned facilities.

Utilities and other costs include certain costs that are fixed such as property taxes, certain costs which are variable such as liability insurance, and certain costs that possess both fixed and variable components such as utilities, repairs and maintenance and security services.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The significant accounting policies which we

believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

REVENUE AND EXPENSE RECOGNITION

Revenues are recognized when admissions and concession sales are received at the box office and screen advertising is shown at the theatres. Film rental costs are accrued based on the applicable box office receipts and either the mutually agreed upon firm terms or estimates of the final settlement depending

upon the film licensing arrangement. Estimates are made based on the expected success of a film over the length of its run. The success of a film can typically be determined a few weeks after a film is released when initial box office performance of the film is known. Accordingly, final settlements typically approximate estimates since box office receipts are known at the time the estimate is made and the expected success of a film over the length of its run can typically be estimated early in the film's run. The final film settlement amount is negotiated at the conclusion of the film's run based upon how a film actually performs. If actual settlements are higher than those estimated, additional film rental costs are recorded at that time. Advertising costs are expensed as incurred.

DEFERRED REVENUES

Advances collected on long-term screen advertising and concession contracts are recorded as deferred revenues. The advances collected on screen advertising contracts are recognized as other revenues in the period earned based primarily on our attendance counts or screenings depending on the agreements. The periods when we recognize revenues may differ from the period the advance was collected. The advances collected on concession contracts are recognized as a reduction to concession supplies expense in the period earned which may differ from the period the advance was collected.

ASSET IMPAIRMENT LOSS

We review long-lived assets, including goodwill, for impairment in conjunction with the preparation of our quarterly consolidated financial statements and whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable. We assess many factors including the following to determine whether to impair individual theatre assets:

- actual theatre level cash flow;
- future years budgeted theatre level cash flow;
- theatre property and equipment values;
- goodwill values;
- competitive theatres in the marketplace;
- theatre operating cash flows compared to annual long-term lease payments;
- the sharing of a market with our other theatres; and
- the age of a recently built theatre.

The impairment evaluation is based on the estimated cash flows from theatres from continuing use through the remainder of the theatre's useful life. The remainder of the useful life correlates with the available remaining lease period for leased properties and a period of twenty years for fee owned properties. Additional impairment charges may be required in the future if actual future cash flows differ from those we estimate in the impairment evaluation.

RESULTS OF OPERATIONS

Set forth below is a summary of operating revenues and expenses, certain income statement items expressed as a percentage of revenues, average screen count and revenues per average screen count for the three most recent fiscal years ended December 31, 1999, 2000 and 2001 and the three month periods ended March 31, 2001 and 2002.

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1999	2000	2001	2001	2002
OPERATING DATA (in millions):					
Revenues:					
Admissions	$459.3	$511.3	$548.9	$127.8	$146.4
Concession	221.1	235.7	257.6	57.9	69.3
Other	32.2	39.3	47.2	10.4	11.0
Total revenues	$712.6	$786.3	$853.7	$196.1	$226.7
Cost of operations:					
Film rentals and advertising	$246.4	$271.0	$288.1	$ 65.3	$ 75.0
Concession supplies	38.2	42.0	44.9	10.2	12.0
Salaries and wages	82.9	86.7	90.8	21.5	22.6
Facility leases	89.8	108.5	114.7	28.8	29.1
Utilities and other	96.2	104.8	108.2	26.7	28.6
Total cost of operations	$553.5	$613.0	$646.7	$152.5	$167.3
OPERATING DATA AS A PERCENTAGE OF TOTAL REVENUES (1):					
Revenues:					
Admissions	64.5%	65.0%	64.3%	65.2%	64.6%
Concession	31.0	30.0	30.2	29.5	30.6
Other	4.5	5.0	5.5	5.3	4.8
Total revenues	100.0	100.0	100.0	100.0	100.0
Cost of operations:					
Film rentals and advertising (1)	53.6	53.0	52.5	51.1	51.2
Concession supplies (1)	17.3	17.8	17.4	17.8	17.3
Salaries and wages	11.6	11.0	10.6	11.0	9.9
Facility leases	12.6	13.8	13.4	14.7	12.9
Utilities and other	13.5	13.3	12.7	13.6	12.6
Total cost of operations	77.7	77.9	75.8	77.8	73.8
General and administrative expenses	4.9	5.0	5.0	5.0	4.7
Depreciation and amortization	7.5	8.4	8.6	8.5	7.6
Asset impairment loss	0.5	0.5	2.4	0.2	0.2
Loss on sale of assets and other	0.3	0.1	1.5	0.1	0.2
Operating income	9.1	8.1	6.7	8.4	13.5
Interest expense (2)	8.4	9.4	8.3	10.1	6.8
Income taxes (benefit)	0.5	0.0	(1.7)	(0.7)	2.0
Income (loss) before cumulative effect of an					

accounting change	0.6	(1.3)	(0.5)	(1.4)	4.5
Net income (loss)	0.1	(1.3)	(0.5)	(1.4)	3.0

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1999	2000	2001	2001	2002
Average screen count (month end average)	2,452	2,813	2,954	2,929	3,003
Revenues per average screen count	$290,612	$279,541	$288,961	$66,952	$75,492

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(1) All costs are expressed as a percentage of total revenues, except film rentals and advertising, which are expressed as a percentage of admissions revenues, and concession supplies, which are expressed as a percentage of concession revenues.

(2) Includes amortization of debt issue cost and debt discount and excludes capitalized interest of $4.3 million, $0.6 million and $0.2 million in 1999, 2000 and 2001, respectively.

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2002 AND MARCH 31, 2001

Revenues. Revenues for the first quarter ended March 31, 2002 increased to $226.7 million from $196.1 million for the first quarter ended March 31, 2001, a 15.6% increase. The increase in revenues for the first quarter is primarily attributable to a 14.7% increase in attendance and a 5.0% increase in concession revenues per patron. Revenues per screen increased 12.8% to $75,492 in the first quarter of 2002 from $66,952 in the first quarter of 2001.

Cost of Operations. Cost of operations, as a percentage of revenues, decreased to 73.8% in the first quarter of 2002 from 77.8% in the first quarter of 2001. The decrease as a percentage of revenues was primarily due to the 15.6% increase in revenues and our ability to effectively control our theatre operating costs, many of which are of a fixed nature. The decrease as a percentage of revenues resulted from a decrease in concession supplies as a percentage of concession revenues to 17.3% in the first quarter of 2002 from 17.8% in the first quarter of 2001 resulting from lower concession procurement costs and increased concession volume rebates, a decrease in salaries and wages as a percentage of total revenues to 9.9% in the first quarter of 2002 from 11.0% in the first quarter of 2001, a decrease in facility lease expense as a percentage of total revenues to 12.9% in the first quarter of 2002 from 14.7% in the first quarter of 2001 and a decrease in utilities and other expenses as a percentage of revenues to 12.6% in the first quarter of 2002 from 13.6% in the first quarter of 2001, partially offset by an increase in film rentals and advertising as a percentage of admissions revenues to 51.2% in the first quarter of 2002 from 51.1% in the first quarter of 2001.

General and Administrative Expenses. General and administrative expenses, as a percentage of revenues, decreased to 4.7% for the first quarter of 2002 from 5.0% for the first quarter of 2001 primarily as a result of the 15.6% increase in revenues and our ability to effectively control our overhead costs. The absolute level of general and administrative expenses increased to $10.6 million in the first quarter of 2002 from $9.8 million in the first quarter of 2001. The increase in the absolute level of general and administrative expenses is attributed to increased accrued bonus expense.

Depreciation and Amortization. Depreciation and amortization as a percentage of revenues decreased to 7.6% for the first quarter of 2002 from 8.5% for the first quarter of 2001. The decrease is primarily related to the 15.6% increase in revenues. The absolute level of depreciation and amortization increased to $17.2 million in the first quarter of 2002 from $16.6 million in the first quarter of 2001. The increase in the absolute level of depreciation and amortization is primarily related to depreciation on new additions and previously classified construction-in-progress assets that have been placed in service.

Asset Impairment Loss. We recorded asset impairment charges of $0.6 million and $0.5 million in the first quarter of 2002 and 2001, respectively, pursuant to Statement of Financial Accounting Standards No. 142 and No. 121, respectively, related to assets held for use. The asset impairment charges recorded in the first quarter of 2002 related to the write-down to fair value of goodwill associated with our Argentina operations. The asset impairment charges recorded in the first quarter of 2001 related to the write-down to fair value of properties associated with our U.S. operations.

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Interest Expense. Interest costs incurred, including amortization of debt issue cost and debt discount, the mark-to-market adjustment to the interest rate cap agreement and the capitalization of interest to properties under construction, decreased 22.6% in the first quarter of 2002 to $15.4 million from $19.9 million, including the capitalization of interest, in the first quarter of 2001. The decrease was due principally to a decrease in the average debt outstanding and the average interest rates under our long-term debt agreements.

Income Taxes (Benefit). Income tax expense of $4.4 million was recorded for the first quarter of 2002 as compared to an income tax benefit of $1.4 million in the first quarter of 2001. Our effective tax rate for the first quarter of 2002 was 30.3% as compared to 34.9% for the first quarter of 2001. The change in the effective tax rate is primarily due to the impact on the rate resulting from the cumulative effect of the change in accounting principle offset by the effect of the decrease in the tax rate for Cinemark de Mexico, S.A. de C.V.

Income (Loss) Before Cumulative Effect of an Accounting Change. We realized income before cumulative effect of an accounting change of $10.2 million for the first quarter of 2002 in comparison with a loss before cumulative effect of an accounting change of $2.7 million for the first quarter of 2001. The increase in income in the first quarter of 2002 is primarily related to the 15.6% increase in revenues and the decrease in interest expense.

COMPARISON OF YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000

Revenues. Revenues in 2001 increased to $853.7 million from $786.3 million in 2000, an 8.6% increase. The increase in revenues is primarily attributable to an 11.0% increase in attendance, partially the result of the first full year of operation of the 204 net screens added in 2000 and the net addition of 88 new screens in 2001. Revenues were also positively impacted by an increase in other revenues (primarily screen advertising) of 20.0%. Revenues per average screen increased 3.3% to $288,961 for 2001 from $279,541 for 2000.

Cost of Operations. Cost of operations, as a percentage of revenues, decreased to 75.8% in 2001 from 77.9% in 2000. The decrease as a percentage of revenues resulted from a decrease in film rentals and advertising as a percentage of admissions revenues to 52.5% in 2001 from 53.0% in 2000 resulting from reduced advertising and promotion costs, a decrease in concession supplies as a percentage of concession revenues to 17.4% in 2001 from 17.8% in 2000 resulting from lower concession procurement costs and increased concession volume rebates, a decrease in salaries and wages as a percentage of total revenues to 10.6% in 2001 from 11.0% in 2000, a decrease in facility lease expense as a percentage of total revenues to 13.4% in 2001 from 13.8% in 2000 and a decrease in utilities and other expenses as a percentage of revenues to 12.7% in 2001 from 13.3% in 2000.

General and Administrative Expenses. General and administrative expenses, as a percentage of revenues, of 5.0% in 2001 remained consistent with 2000. General and administrative expenses increased to $42.7 million for 2001 from $39.0 million for 2000 due to costs, primarily salaries and wages, associated with our international expansion program and increased accrued bonus expense.

Depreciation and Amortization. Depreciation and amortization as a percentage of total revenues increased to 8.6% in 2001 from 8.4% in 2000. The increase is primarily related to depreciation on new additions and previously classified construction-in-progress assets that were placed in service in 2001.

Asset Impairment Loss. We recorded asset impairment charges of $20.7 million in 2001 and $3.9 million in 2000 pursuant to Statement of Financial Accounting Standards ("SFAS") No. 121 related to assets held for use. All of the impairment charges recorded in 2001 and 2000 were in the U.S. except for an impairment charge of $1.7 million recorded in Brazil in 2001. In accordance with SFAS No. 121, we wrote down these assets to their fair value.

Loss on Sale of Assets and Other. We recorded a loss on sale of assets and other of $12.4 million in 2001 and $0.9 million in 2000. Included in loss on sale of assets and other in 2001 is a charge of

$7.2 million to write down one property to be disposed of in the U.S. to fair value and a charge of $1.5 million to write down one property to be disposed of in Argentina to fair value.

Interest Expense. Interest costs incurred, including amortization of debt issue cost and debt discount and the capitalization of $0.2 million of interest to properties under construction, decreased 4.8% to $71.1 million in 2001 from $74.7 million in 2000, including the capitalization of $0.6 million of interest to properties under construction. The decrease in interest costs incurred during 2001 was due principally to a decrease in average debt outstanding resulting from borrowings under our credit facility and lower interest rates on our variable rate debt facilities.

Income Taxes (Benefit). An income tax benefit of $14.1 million was recorded in 2001 in comparison with income tax expense of $0.3 million in 2000. Our effective tax rate for 2001 increased to 77.8% from (2.5)% in 2000. The change in the effective tax rate is mainly due to inflation adjustments on foreign assets and the benefit for state loss carryforwards.

Loss Before Cumulative Effect of an Accounting Change. Loss before cumulative effect of an accounting change decreased to $4.0 million for 2001 from $10.4 million for 2000 primarily due to the income tax benefit recorded in 2001.

COMPARISON OF YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999

Revenues. Revenues in 2000 increased to $786.3 million from $712.6 million in 1999, a 10.3% increase. The increase in revenues is primarily attributable to a 5.8% increase in attendance as the result of the first full year of operation of the 528 net screens added in 1999 and the net addition of 204 new screens in 2000. Revenues were also positively impacted by an increase in admissions and concession revenues per patron of 3.7% and an increase in other revenues (primarily screen advertising) of 22.0%. Revenues per average screen decreased 3.8% to $279,541 for 2000 from $290,612 for 1999.

Cost of Operations. Cost of operations, as a percentage of revenues, increased to 77.9% in 2000 from 77.7% in 1999. The increase as a percentage of revenues resulted from an increase in concession supplies as a percentage of concession revenues to 17.8% in 2000 from 17.3% in 1999 primarily as a result of the greater number of international theatres in operation and an increase in facility lease expense as a percentage of revenues to 13.8% in 2000 from 12.6% in 1999. These increases were partially offset by a decrease in film rentals and advertising expense as a percentage of admissions revenues to 53.0% in 2000 from 53.6% in 1999 resulting from reduced advertising and promotion costs, a decrease in salaries and wages as a percentage of revenues to 11.0% in 2000 from 11.6% in 1999 and a decrease in utilities and other expenses as a percentage of revenues to 13.3% in 2000 from 13.5% in 1999.

General and Administrative Expenses. General and administrative expenses, as a percentage of revenues, increased to 5.0% in 2000 from 4.9% in 1999. General and administrative expenses increased to $39.0 million for 2000 from $34.8 million for 1999 due to costs (primarily salaries and wages) associated with our international expansion program and the additional rent expense associated with our corporate office which was sold and leased back in December 1999.

Depreciation and Amortization. Depreciation and amortization as a percentage of revenues increased to 8.4% in 2000 from 7.5% in 1999. The increase is primarily a result of the net addition of $85.7 million in theatre property and equipment during 2000 and depreciation on previously classified construction-in-progress assets that were placed in service in 2000.

Asset Impairment Loss. We recorded asset impairment charges of $3.9 million in 2000 and $3.7 million in 1999 pursuant to SFAS No. 121 related to assets held for use. All of the impairment charges recorded in 2000 and 1999 were in the U.S. In accordance with SFAS No. 121, we wrote down the assets of these properties to their fair value.

Loss on Sale of Assets and Other. We recorded a loss on sale of assets and other of $0.9 million in 2000 and $2.4 million in 1999.

Interest Expense. Interest costs incurred, including amortization of debt

issue cost and debt discount and the capitalization of $0.6 million of interest to properties under construction, increased 16.4% to $74.7 million in 2000 from $64.2 million in 1999, including the capitalization of $4.3 million of interest to properties under construction. The increase in interest costs incurred during 2000 was due principally to an increase in average debt outstanding resulting from borrowings under our credit facility and increased interest rates on our variable rate debt facilities.

Income Taxes. Income tax expense of $0.3 million was recorded in 2000 as compared to income tax expense of $3.7 million in 1999. Our effective tax rate for 2000 was (2.5%) as compared to 48.1% in 1999. The change in the effective tax rate is mainly due to the benefit of the U.S. loss offset by foreign income, goodwill and other permanent items.

Income (Loss) Before Cumulative Effect of an Accounting Change. Income (loss) before cumulative effect of an accounting change decreased to $(10.4) million for 2000 from $4.0 million for 1999 primarily related to the increase in interest expense and depreciation and amortization expense in 2000 in comparison with 1999 partially offset by the reduction of income taxes in 2000 in comparison with 1999.

INFLATION AND FOREIGN CURRENCY

We export from the U.S. the majority of the equipment and certain construction interior finish items and other operating supplies used by our international subsidiaries. Principally all the revenues and operating expenses of our international subsidiaries are transacted in the country's local currency.

Generally accepted accounting principles in the U.S. require that our subsidiaries use the currency of the primary economic environment in which they operate as their functional currency. If our subsidiary operates in a highly inflationary economy, generally accepted accounting principles in the U.S. require that the U.S. dollar be used as the functional currency for the subsidiary. We must report foreign currency fluctuations as foreign currency exchange gains (losses) or cumulative foreign currency translation adjustments relating to our international subsidiaries depending on the inflationary environment of the country in which the subsidiary operates.

The accumulated other comprehensive loss account in stockholders' equity of $65,471,814 at March 31, 2002 primarily relates to the cumulative foreign currency adjustments from translating the financial statements of Cinemark Argentina, S.A., Cinemark Brasil S.A., Cinemark Chile, S.A. and Cinemark de Mexico, S.A. de C.V. into U.S. dollars.

In 1999, the economy of Mexico became non-highly inflationary and the functional currency of Cinemark de Mexico, S.A. de C.V. changed from the U.S. dollar to the peso. Thus, assets and liabilities of Cinemark de Mexico, S.A. de C.V. are now translated at year-end exchange rates and income and expense accounts are now translated at the average rates prevailing during the year (consistent with other non-highly inflationary consolidated foreign subsidiaries). Accordingly, changes in the peso have been recorded in the accumulated other comprehensive loss account as a reduction of stockholders' equity since 1999.

In 1999 and a portion of 2000, we were required to utilize the U.S. dollar as the functional currency of Cinemark del Ecuador, S.A. for U.S. reporting purposes in place of the sucre due to the highly inflationary economy of

Ecuador. Devaluations in the sucre during 1999 and a portion of 2000 that affected our investment in Ecuador were charged to foreign currency exchange gain (loss) rather than to the accumulated other comprehensive loss account as a reduction of stockholders' equity. A foreign currency exchange gain of $74,078 and $32,300 was recognized in 1999 and 2000, respectively, and is included in other income (expense). In September 2000, the country of Ecuador officially switched to the U.S. dollar as its official currency, thereby eliminating any foreign currency exchange gain (loss) from operations in Ecuador on a going forward basis.

In 1999, 2000 and for the majority of 2001, the country of Argentina utilized the peso as its functional currency with it pegged at a rate of 1.0 peso to the U.S. dollar. As a result of economic turmoil which began in December 2001, the Argentine government announced several restrictions on currency conversions and transfers of funds abroad in early January 2002. The Argentine government ended the peso-dollar parity

regime and established a dual exchange rate system, with a "commercial rate" and a "market rate". The commercial rate of 1.4 pesos to the U.S. dollar was to be utilized to settle all exports and certain essential imports. The market rate traded for the first time on January 11, 2002 and closed at a rate of 1.7 pesos to the U.S. dollar. As a result, the effect of translating the December 31, 2001 peso balances for assets and liabilities into U.S. dollars at the first known free-floating market rate as of January 11, 2002 (1.7 pesos to the U.S. dollar) is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as a reduction of stockholders' equity in the amount of $19.1 million at December 31, 2001. Income and expense accounts from January through November 2001 were converted into U.S. dollars at the exchange rate of 1.0 peso to the U.S. dollar and income and expense accounts in December 2001 were converted into U.S. dollars at the exchange rate of 1.7 pesos to the U.S. dollar. On January 14, 2002, the Argentine government unified the commercial rate and the market rate into one floating rate which is presently in use. At March 31, 2002, the floating rate was 3.0 pesos to the U.S. dollar. As a result, the effect of translating the March 31, 2002 peso balances for assets and liabilities into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as an additional reduction of stockholder's equity in the amount of $11.1 million at March 31, 2002. Income and expense accounts from January through March 2002 were converted into U.S. dollars at the prevailing average floating rate for each of those three months.

Since 1999, the remaining countries where we operate, including Argentina, were deemed non-highly inflationary. Thus, we have recorded a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as an increase or reduction to stockholders' equity for any fluctuations in the currency.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities. We primarily collect our revenues in cash, primarily through box office receipts and the sale of concession supplies. We are expanding the number of theatres that provide the patron a choice of using a credit card, in place of cash, which we convert to cash in approximately three to four days. Because our revenues are received in cash prior to the payment of related expenses, we have an operating "float" and, as a result, historically have not required traditional working capital financing. We typically operate with a negative working capital position for our ongoing theatre operations throughout the year primarily because of the lack of significant inventory and accounts receivable. Cash flow provided by (used for) operating activities, as

reflected in the Consolidated Statements of Cash Flows, amounted to $92.1 million, $54.8 million and $87.1 million in 1999, 2000 and 2001, respectively, and $(21.4) million and $13.4 million for the three month periods ended March 31, 2001 and 2002, respectively.

Investing Activities. Our investing activities have been principally related to the development and acquisition of additional theatres. New theatre openings and acquisitions historically have been financed with internally generated cash and by debt financing, including borrowings on our credit facility. Cash flow provided by (used for) investing activities, as reflected in the Consolidated Statements of Cash Flows, amounted to $(223.0) million, $(94.9) million and $(33.8) million in 1999, 2000 and 2001, respectively, and $(3.4) million and $(6.7) million for the three month periods ended March 31, 2001 and 2002, respectively.

We are continuing to expand our U.S. theatre circuit. During 2001, we opened one new theatre with 12 screens, acquired one theatre with 6 screens and closed four theatres with 18 screens in the U.S. Since January 1, 2002, we have opened one new domestic theatre with four screens, in Park City, Utah, which screens first run films and also acts as the home of the Sundance Film Festival. We currently have one new theatre with 12 screens and a five screen addition to an existing theatre scheduled to open by the end of 2002. We also have signed commitments for two new theatres with 31 screens scheduled to open after 2002. We estimate that the capital expenditures for the development of these 48 remaining screens in the U.S. will be approximately $5 million. Actual expenditures for continued theatre development and acquisitions during 2002 and thereafter are subject to change based upon the availability and terms of attractive opportunities. We plan to fund capital expenditures for continued development from cash flow from operations, borrowings under the Credit Facility, proceeds from sale leaseback transactions and/or sales of excess real estate. As of March 31, 2002, we own approximately $275 million of real estate and improvements resulting from the

development of multiplex theatres over the last several years. Additionally, from time to time, subject to compliance with our debt instruments, we may purchase on the open market our debt securities depending upon the availability and prices of such securities.

We are also continuing to expand our international operations. During 2001, we opened nine new theatres with 87 screens, added seven screens to two existing theatres and closed one theatre with five screens and closed one screen at an existing theatre. Since January 1, 2002, we have opened two new theatres with 18 screens and closed two screens at an existing theatre. We currently have three theatres with 24 screens under construction and scheduled to open in international markets by the end of 2002. We estimate that the remaining capital expenditures for the development of the remaining 24 screens under construction will be approximately $10 million. Although we are reviewing sites, there are no signed commitments to build any theatres in international markets beyond 2002. Actual expenditures for continued theatre development and acquisitions during 2002 and thereafter are subject to change based upon the availability of attractive opportunities for expansion of our international theatre circuit. We anticipate that investments in excess of available cash will be funded by us or by debt or equity financing to be provided by third parties directly to our subsidiaries.

Financing Activities. Cash flow provided by (used for) financing activities amounted to $114.9 million, $51.3 million and $(21.5) million in 1999, 2000 and 2001, respectively, and $30.1 million and $2.8 million for the three month periods ended March 31, 2001 and 2002, respectively.

As of March 31, 2002, our long-term debt obligations, capital lease obligations and future minimum lease obligations under non-cancelable operating leases for each period indicated are summarized as follows:

PAYMENTS DUE BY PERIOD

CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS
			(IN MILLIONS)		
Long-term debt	$ 783.6	$ 59.1	$248.0	$ 94.8	$ 381.7
Capital lease obligations	0.4	0.2	0.2	--	--
Operating lease obligations	1,541.7	103.1	210.0	210.0	1,018.6

SENIOR SUBORDINATED NOTES

We have outstanding three issues of senior subordinated notes: (1) $200 million in 9 5/8% Series B Senior Subordinated Notes due 2008; (2) $75 million in 9 5/8% Series D Senior Subordinated Notes due 2008; and (3) $105 million in 8 1/2% Series B Senior Subordinated Notes due 2008. Interest in each issue is payable semi-annually on February 1 and August 1 of each year.

The indentures governing the senior subordinated notes contain covenants that limit, among other things, dividends, transactions with affiliates, investments, sale of assets, mergers, repurchases of our capital stock, liens and additional indebtedness. Upon a change of control, we would be required to make an offer to repurchase the senior subordinated notes at a price equal to 101% of the principal amount outstanding plus accrued and unpaid interest through the date of repurchase. The indentures governing the senior subordinated notes allow us to incur additional indebtedness if we satisfy the coverage ratio specified in each indenture, both at the time of incurrence and after giving effect to the incurrence of the additional indebtedness, and in certain other circumstances.

The senior subordinated notes are general unsecured obligations subordinated in right of payment to the credit agreement or other senior indebtedness. Generally, if we are in default under the senior credit facility and other senior indebtedness, we would not be allowed to make payments on the senior subordinated notes until the defaults have been cured or waived. If we fail to make any payments when due or within the applicable grace period, we would be in default under the indentures governing the senior subordinated notes. As of March 31, 2002, we were in full compliance with all agreements governing our outstanding debt.

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CINEMARK USA REVOLVING CREDIT FACILITY

In February 1998, our subsidiary, Cinemark USA, Inc., entered into a

reducing revolving credit facility with a group of banks for which Bank of America, N.A. acts as administrative agent. The credit facility provided for an initial commitment of $350 million which is automatically reduced each quarter by 2.5%, 3.75%, 5.0%, 6.25% and 6.25% of the aggregate $350 million in 2001, 2002, 2003, 2004 and 2005, respectively, until maturity in 2006. As of March 31, 2002, the aggregate commitment available to us is $301.9 million. Borrowings under the credit facility are secured by a pledge of all of the stock of Cinemark USA, Inc. and guarantees by material subsidiaries. The credit facility requires us to maintain certain financial ratios; restricts the payment of dividends, payment of subordinated debt prior to maturity and issuance of preferred stock and other indebtedness; and contains other restrictive covenants typical for agreements of this type. Funds borrowed pursuant to the credit facility bear interest at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be, plus the Applicable Margin (as defined in the credit facility). As of March 31, 2002, we had $263 million outstanding under the credit facility and the effective interest rate on such borrowings is 3.7% per annum. A portion of the proceeds from this offering and borrowings under our new senior secured credit facility to be entered into concurrently with the closing of this offering will be used to pay down all of the amounts outstanding under the credit facility.

CINEMARK INVESTMENTS CREDIT AGREEMENT

In September 1998, Cinemark Investments Corporation borrowed $20 million pursuant to a credit agreement with Bank of America National Trust and Savings Association. In September 2001, Cinemark Investments Corporation repaid the $20 million at maturity.

CINEMARK MEXICO REVOLVING CREDIT FACILITY

In November 1998, Cinemark Mexico (USA), Inc. executed a credit agreement with Bank of America National Trust and Savings Association (the "Cinemark Mexico Credit Agreement"). The Cinemark Mexico Credit Agreement is a revolving credit facility and provides for a loan to Cinemark Mexico of up to $30 million in the aggregate. The Cinemark Mexico Credit Agreement is secured by a pledge of 65% of the stock of Cinemark de Mexico, S.A. de C.V. and Cinemark Holdings Mexico S. de R.L. de C.V. and an unconditional guarantee by us. Pursuant to the terms of the Cinemark Mexico Credit Agreement, funds borrowed bear interest at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be, plus the Applicable Margin (as defined in the Cinemark Mexico Credit Agreement). Cinemark Mexico is required to make principal payments of $1.5 million per quarter in 2002 with the remaining principal outstanding of $23 million due in January 2003. As of March 31, 2002, $29 million is outstanding under the Cinemark Mexico Credit Agreement and the effective interest rate on such borrowing is 4.9% per annum. A portion of the proceeds from this offering will be used to prepay all of the amounts outstanding under the Cinemark Mexico Credit Agreement.

SALE AND LEASEBACK

In December 1999, we sold the land, building and site improvements of our corporate office property to a third party special purpose entity for an aggregate purchase price equal to approximately $20.3 million. Simultaneously with the sale, we entered into an operating lease for approximately 60% of the property for a base term equal to ten years at a fixed monthly rental payment of $114,000 or $1.4 million annually for the first seven years and a fixed monthly rental payment of $123,000 or $1.5 million annually for the final three years. We have two options to extend the office lease; five years for the first option and ten years for the second option. The fixed monthly rental during the first extension is $130,612 or $1.6 million annually. The fixed monthly rental during the second extension is 95% of the fair rental value.

CINEMA PROPERTIES TERM LOAN

In December 2000, Cinema Properties, Inc., a wholly owned subsidiary that is not subject to restrictions imposed by the credit facility or the indenture governing the senior subordinated notes, borrowed a

$77 million 3-year term loan from Lehman Brothers Bank, FSB (the "Cinema Properties Facility"), which matures on December 31, 2003. At the lender's discretion, Cinema Properties, Inc. may be required to make principal payments of $1.5 million in the third and fourth quarters of 2002. Any remaining principal outstanding matures on December 31, 2003. Cinema Properties, Inc. has the unilateral ability to extend the maturity date two times for one year each by paying extension fees of 1.5% and 3.0% of the outstanding borrowing, respectively. Funds borrowed pursuant to the Cinema Properties Facility bear interest at a rate per annum equal to LIBOR plus 5.75%. Borrowings are secured by, among other things, a mortgage placed on six of Cinema Properties, Inc.'s theatres and certain equipment leases. The Cinema Properties Facility requires Cinema Properties, Inc. to comply with certain interest coverage ratios and contains other restrictive covenants typical of agreements of this type. Cinema Properties, Inc. has a separate legal existence, separate assets, separate creditors and separate financial statements. The assets of Cinema Properties, Inc. are not available to satisfy the debts of any of our other consolidated entities. Cinema Properties, Inc. also purchased from Lehman Brothers Derivative Products Inc. an Interest Rate Cap Agreement with a notional amount equal to $77 million with a five year term and a strike rate equal to the excess of three month LIBOR over the strike price of 6.58%. Three month LIBOR as of the date of closing was 6.58%. As of March 31, 2002, $77 million is outstanding under the Cinema Properties Facility and the effective interest rate on such borrowing is 7.7% per annum. A portion of the proceeds from this offering will be used to pay off the Cinema Properties Facility.

CINEMARK BRASIL NOTES PAYABLE

Cinemark Brasil S.A. currently has five main types of funding sources executed with local and international banks. These include:

(1) BNDES (Banco Nacional de Desenvolvimento Economico e Social (the Brazilian National Development Bank)) credit line in the U.S. dollar equivalent in Brazilian reais of US$4.7 million executed in October 1999 with a term of 5 years (with a nine month grace period) and accruing interest at a BNDES basket rate, which is a multiple currency rate based on the rate at which the bank borrows, plus a spread amounting to 14.5%;

(2) BNDES credit line in the U.S. dollar equivalent in Brazilian reais of US$2.3 million executed in November 2001 with a term of 5 years (with a one year grace period) and accruing interest at a BNDES basket rate plus a spread amounting to 13.8%;

(3) BNDES credit lines, through FINAME (Fundo de Financiamento para Aquisicao de Maquinas e Equipamentos Industriais (the Government Agency for Equipment Financing)) in the U.S. dollar equivalent in Brazilian reais of US$190,000 executed in December 1999 with a term of 3 years (with a six month grace period) and accruing interest at a BNDES basket rate plus a spread amounting to 13.0%;

(4) Import financing executed with several banks from April 2001

through February 2002 in the amount of US$6.3 million with a term of 360 to 365 days and accruing interest at an average rate of 8.2% per annum; and

(5) Project developer financing executed with two engineering companies in September 2000 in the amount of US$1.8 million with a term of 5 years (with a six month grace period) and accruing interest at a rate of TJLP+5% (Taxa de Juros de Longo Prazo (a long term interest rate published by the Brazilian government)).

These sources are secured by a variety of instruments, including comfort letters from Cinemark International, promissory notes for up to 130% of the value, a revenue reserve account and equipment collateral. As of March 31, 2002, an aggregate of $13.4 million was outstanding and the average effective interest rate on such borrowing is approximately 11.7% per annum.

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CINEMARK BRASIL EQUITY FINANCING

During 2001, Cinemark Brasil S.A. received additional capital from its Brazilian shareholders in an aggregate amount equal to approximately the U.S. dollar equivalent in Brazilian reais of $11.0 million in exchange for shares of common stock of Cinemark Brasil S.A. The contributions were made in July in the aggregate amount of $5.0 million (US dollar equivalent) and in November in the aggregate amount of $6.0 million (US dollar equivalent). The additional capital will be used to fund development in Brazil and to reduce Cinemark Brasil S.A.'s outstanding indebtedness. After giving effect to the additional issuance of common stock, Cinemark International's ownership interest was diluted to approximately 53%. As part of the additional capitalization, we agreed to give our Brazilian partners an option to exchange shares they own in Cinemark Brasil S.A. for shares of the class of our common stock to be registered in an initial public offering under the Securities Act occurring any time prior to December 31, 2007. We have given notice to our Brazilian partners that we intend to consummate an initial public offering. If our Brazilian partners exercise their exchange option, we may be required to obtain appraisals from independent investment banks of the fair market value of us and of Cinemark Brasil S.A. The number of shares issued in exchange would be determined by multiplying the number of shares of common stock owned by each Brazilian partner by a fraction, the numerator of which is equal to the appraised value per share of Cinemark Brasil S.A. and the denominator of which is the appraised value per share of our common stock. The Exchange Option Agreement also provides that, subject to a number of conditions and limitations, if our Brazilian partners exercise their option, they will have piggy-back registration rights in connection with our future public offerings of our Class A common stock. In addition, we are required to indemnify our Brazilian partners, and they in turn are required to indemnify us with respect to any information they provide, against certain liabilities in respect of any registration statement or offering covered by the Exchange Option Agreement.

CINEMARK CHILE NOTES PAYABLE

On March 26, 2002, Cinemark Chile S.A. entered into a Debt Acknowledgement, Rescheduling and Joint Guarantee and Co-Debt Agreement with Scotiabank Sud Americano and three local banks. Under this agreement, Cinemark Chile S.A. borrowed the U.S. dollar equivalent of approximately $10.6 million in Chilean pesos (adjusted for inflation pursuant to the Unidades de Fomento). Cinemark Chile S.A. is required to make 24 equal quarterly installments of principal plus accrued and unpaid interest, commencing March 27, 2002. The indebtedness is secured by a first priority commercial pledge of the shares of Cinemark Chile

S.A., a chattel mortgage over Cinemark Chile's personal property and by guarantees issued by Cinemark International, L.L.C. and Chile Films S.A., a shareholder of Cinemark Chile S.A. The agreement requires Cinemark Chile S.A. to maintain certain financial ratios and contains other restrictive covenants typical for agreements of this type such as a limitation on dividends. Funds borrowed under this agreement bear interest at the Banking Rate, 90 day TAB rate (360 day TAB rate with respect to one of the four banks), as published by the Association of Banks and Financial Institutions Act plus 2%. As of March 31, 2002, $10.1 million is outstanding under this agreement and the effective interest rate on such borrowing is 7.7% per annum.

NEW SENIOR SECURED CREDIT FACILITY

Concurrently with the closing of and as a condition to this offering, our subsidiary, Cinemark USA, Inc., will enter into a new senior secured credit facility consisting of a $100 million revolving credit line and a $150 million term loan with a syndicate of lenders led by Lehman Commercial Paper Inc., an affiliate of Lehman Brothers Inc., the sole bookrunner and joint lead manager of the offering. The senior secured credit facility will be secured by substantially all of our present and future assets and the present and future assets of Cinemark USA, Inc. and certain of our other domestic subsidiaries and by a pledge of all of the capital stock of certain of our domestic subsidiaries and 65% of the voting stock of certain of our foreign subsidiaries. The obligations of Cinemark USA, Inc. will also be guaranteed by us.

Borrowings under the revolving credit line are proposed to bear interest, at Cinemark USA, Inc.'s option, at: (A) a margin of 2.00% per annum plus a "base rate" equal to the higher of (i) the prime lending rate as set forth on the British Banking Association Telerate page 5 and (ii) the federal funds effective rate from time to time plus 0.5%, or (B) a "eurodollar rate" equal to the rate at which eurodollar deposits are offered in the

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interbank eurodollar market for terms of one, two, three or six, or (if available to all lenders in their sole discretion) nine or twelve months, as selected by Cinemark USA, Inc. plus a margin of 3.00% per annum. After 180 days from the closing date, the margin applicable to base rate loans will range from 2.00% per annum to 1.25% per annum and the margin applicable to eurodollar rate loans will range from 3.00% per annum to 2.25% per annum based upon Cinemark USA, Inc. achieving certain ratios of debt to EBITDA (as defined in the senior secured credit facility).

The term loan will bear interest, at Cinemark USA, Inc.'s option, at: (A) the base rate plus a margin of 2.00% per annum or (B) the eurodollar rate plus a margin of 3.00% per annum.

The term of the revolving credit line will be five years. The term loan will mature on December 31, 2007 or June 30, 2008, if the maturity of Cinemark USA, Inc.'s senior subordinated notes is extended beyond such date.

Under the senior secured credit facility, we are required to maintain specified levels of interest and fixed charge coverage and set limitations on our leverage ratios. We are limited in our ability to pay dividends and in our ability to incur additional indebtedness and liens and, following the issuance of indebtedness or capital stock or the disposition of assets, we would be required to apply certain of the proceeds to repay amounts outstanding under the senior secured credit facility. The senior secured credit facility will also contain certain other covenants and restrictions customary in credit agreements of this kind.

We intend to use borrowings under the senior secured credit facility to repay the unpaid balance of amounts borrowed under our existing credit facility that are not repaid with the proceeds of the offering.

CREDIT RATINGS

In August 2000, Standard and Poor's lowered the rating on our three series of senior subordinated notes due 2008 from B to B-, and in December 2000, Moody's Investor Services lowered the rating on these notes from B2 to Caa2. These downgrades have had no effect on our compliance of, or the interest rates payable under, existing agreements governing our debt. Since the downgrades, we borrowed $10.6 million from Scotiabank Sud Americano and, concurrently with this offering, we will enter into a new senior secured credit facility consisting of a $100 million revolving credit line and $150 million term loan. In June 2002, Standard and Poor's revised its outlook on us from negative to positive and assigned a BB- rating to the new senior secured credit facility.

NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2002, we adopted Statement of Financial Accounting Standards SFAS No. 142, "Goodwill and Other Intangible Assets". This statement requires that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually.

Our goodwill at December 31, 2001 was as follows:

GOODWILL	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET GOODWILL AMOUNT
U.S. operations	$ 9,313,165	$(4,004,427)	$ 5,308,738
Argentina operations	5,162,418	(893,308)	4,269,110
Chile operations	3,663,883	(732,777)	2,931,106
Peru operations	3,270,000	(654,000)	2,616,000
	$21,409,466	$(6,284,512)	$15,124,954

The adoption of this accounting pronouncement resulted in the aggregate write down of goodwill to fair value as a cumulative effect of a change in accounting principle on January 1, 2002 as follows:

U.S. operations	$ 27,226
Argentina operations	3,298,385
	$3,325,611

We have recorded an additional impairment of goodwill in the amount of $558,398 in the three month period ended March 31, 2002 (recorded as a component of asset impairment loss in the statement of operations). The additional impairment of goodwill relates to a further write-down of goodwill to fair value associated with our Argentina operations which continue to be impacted by the economic turmoil in the country. Fair value for this goodwill reporting unit was estimated based on a multiple of estimated cash flows for each of the individual Argentina properties. No additional goodwill was acquired in the three month period ended March 31, 2002.

Our other intangible assets included in deferred charges and other on the balance sheet at December 31, 2001 were as follows:

OTHER INTANGIBLE ASSETS	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLE ASSET AMOUNT
Capitalized licensing fees	$9,000,000	$(566,666)	$8,433,334
Trademarks	147,919	(83,751)	64,168
Non-compete fee	72,403	(64,876)	7,527
Other intangible assets	40,406	(24,243)	16,163
	$9,260,728	$(739,536)	$8,521,192

The adoption of this accounting pronouncement resulted in the aggregate write down of other intangible assets with indefinite useful lives to fair value as a cumulative effect of a change in accounting principle on January 1, 2002 as follows:

Trademarks	$64,168
	$64,168

Our other intangible assets have indefinite useful lives remaining but were not written down on January 1, 2002 since they are presently recorded at or below their fair value. Our capitalized licensing fees have a definite useful life and thus are continuing to be amortized over the remaining useful life period. Our non-compete fee has a definite useful life and thus is continuing to be amortized over the remaining useful life period.

Our other intangible assets at March 31, 2002 are as follows:

OTHER INTANGIBLE ASSETS	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLE ASSET AMOUNT
Amortized Intangible Assets:			
Capitalized licensing fees	$9,000,000	$(691,666)	$8,308,334
Non-compete fee	72,403	(68,103)	4,300
	$9,072,403	$(759,769)	$8,312,634
Unamortized Intangible Assets:			
Trademarks	$ 147,919	$(147,919)	$ --
Other intangible assets	40,406	(24,243)	16,163
	$ 188,325	$(172,162)	$ 16,163
Aggregate Amortization Expense:			
For the three month period ended March 31, 2002		$ 209,228	

Aggregate amortization expense for the three month period ended March 31, 2002 consists of $128,227 of amortization of other intangible assets and $81,001 of amortization of other assets (both of which are included in deferred charges and other on our balance sheet).

Estimated Amortization Expense:	
For the year ended December 31, 2002	$ 507,527
For the year ended December 31, 2003	500,000
For the year ended December 31, 2004	500,000
For the year ended December 31, 2005	500,000
For the year ended December 31, 2006	500,000

Our non-compete fee will be fully amortized by December 31, 2002.

The impact on net income (loss) and earnings (loss) per share related to the adoption of this accounting pronouncement is as follows:

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2002	2001
Reported net income (loss)	$ 6,840,943	$(2,662,518)
Add back: Cumulative effect of an accounting change	3,389,779	--
Add back: Goodwill amortization	--	359,046
Add back: Other intangible asset amortization	--	8,382

Adjusted net income (loss)	$10,230,722	$(2,295,090)
Basic earnings (loss) per share:		
Reported net income (loss)	$ 0.17	$ (0.07)
Add back: Cumulative effect of an accounting change	0.08	--
Add back: Goodwill amortization	--	0.01
Add back: Other intangible asset amortization	--	--
Adjusted net income (loss)	$ 0.25	$ (0.06)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2002	2001
Diluted earnings (loss) per share:		
Reported net income (loss)	$ 0.17	$ (0.07)
Add back: Cumulative effect of an accounting change	0.08	--
Add back: Goodwill amortization	--	0.01
Add back: Other intangible asset amortization	--	--
Adjusted net income (loss)	$ 0.25	$ (0.06)

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement requires the establishment of a liability for an asset retirement obligation. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. We are currently considering the impact, if any, that this statement will have on our consolidated financial statements.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets", which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and of Long-Lived Assets to be Disposed Of", and portions of APB No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", and amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements". This statement generally conforms, among other things, impairment accounting for assets to be disposed of including those in discontinued operations and eliminates the exception to consolidation for which control is likely to be temporary. This statement became effective for our financial statements on January 1, 2002. The adoption of this statement did not have a material effect on our consolidated financial statements.

In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement requires, among other things, that gains and losses on the early extinguishment of debt be

classified as extraordinary only if they meet the criteria for extraordinary treatment set forth in Accounting Principles Board Opinion No. 30. The provisions of this statement related to classification of gains and losses on the early extinguishment of debt are effective for fiscal years beginning after May 15, 2002. We are currently considering the impact, if any, that this statement will have on the consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in interest rates, foreign currency exchange rates and other relevant market prices. We do not have any derivative financial instruments in place as of March 31, 2002 that would have a material effect on our financial position, results of operations and cash flows.

Interest Rate Risk. An increase or decrease in interest rates would affect interest costs relating to our variable rate credit facilities. As of March 31, 2002, we had outstanding an aggregate of approximately $403 million of variable rate debt outstanding under these facilities. These facilities represent approximately 51% of our outstanding long-term debt. Changes in interest rates do not have a direct impact on interest expense relating to the remaining fixed rate debt facilities.

The table below provides information about our fixed rate and variable rate long-term debt agreements:

	EXPECTED MATURITY DATE AS OF MARCH 31, 2002					
	MARCH 31, 2003	MARCH 31, 2004	MARCH 31, 2005	MARCH 31, 2006	MARCH 31, 2007	THEREAFTER
	(IN MILLIONS)					
Long-term debt:						
Fixed rate............	$ --	$ 0.1	$ --	$ 0.1	$0.1	$380.2
Average interest rate...............						
Variable rate..........	$59.1	$156.2	$91.7	$92.2	$2.4	$ 1.5
Average interest rate...............						
Total debt............	$59.1	$156.3	$91.7	$92.3	$2.5	$381.7

In December 2000, Cinema Properties, Inc., one of our wholly-owned subsidiaries, entered into the Cinema Properties Facility. Pursuant to the terms of the Cinema Properties Facility, funds borrowed bear interest at a rate per annum equal to LIBOR plus 5.75%. As part of the Cinema Properties Facility, in order to hedge against future changes in interest rates, Cinema Properties, Inc. purchased from Lehman Brothers Derivative Products Inc. an Interest Rate Cap Agreement with a notional amount equal to $77 million with a five year term and a strike rate equal to the excess of three month LIBOR over the strike price of 6.58%. Three month LIBOR as of the date of closing was 6.58%. The interest rate cap agreement is recorded at its fair value of approximately $0.9 million at March 31, 2002.

Foreign Currency Exchange Rate Risk. We are also exposed to market risk arising from changes in foreign currency exchange rates as a result of our

international operations. Generally accepted accounting principles in the U.S. require that our subsidiaries use the currency of the primary economic environment in which they operate as their functional currency. If our subsidiary operates in a highly inflationary economy, generally accepted accounting principles in the U.S. require that the U.S. dollar be used as the functional currency for the subsidiary. Currency fluctuations result in us reporting exchange gains (losses) or foreign currency translation adjustments relating to our international subsidiaries depending on the inflationary environment of the country in which our subsidiary operates. Based upon our equity ownership in our international subsidiaries as of March 31, 2002, holding everything else constant, a 10% immediate unfavorable change in each of the foreign currency exchange rates to which we are exposed would decrease the net fair value of our investments in our international subsidiaries by approximately $7 million.

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BUSINESS

We are one of the leaders in the motion picture exhibition industry, in terms of both revenues and number of screens in operation. We were founded in 1987 by our Chairman and Chief Executive Officer Lee Roy Mitchell, and have grown primarily through targeted new theatre construction. We operate 3,014 screens in 278 theatres. For the fiscal year ended December 31, 2001, we generated revenues of $853.7 million and EBITDA of $170.0 million, representing a 19.9% EBITDA margin, and generated $57.0 million of free cash flow. During this same twelve month period, our operating income was $57.6 million and our net loss was $4.0 million. For the three months ended March 31, 2002, we grew our EBITDA approximately 42.4% over the comparable period in 2001 and increased our EBITDA margin to 22.1%. We have the highest EBITDA margin of the five largest motion picture exhibitors in the U.S. We increased our operating income to $30.5 million during the three months ended March 31, 2002 from $16.5 million during the comparable period in 2001. Our net income increased to $6.8 million during the three months ended March 31, 2002 from a net loss of $2.7 million during the comparable period in 2001.

Our geographic diversity within North America and internationally has allowed us to maintain consistent revenue and EBITDA growth. In each of the past three fiscal years, we have increased revenues and EBITDA by an average of 14.6% and 16.6% per year, respectively. We operate 2,215 screens in 188 theatres in North America. These theatres, located in 33 states and one province, are primarily in mid-sized U.S. markets, including suburbs of major metropolitan areas. We believe these markets are less competitive and generate high, stable margins. We also operate 799 screens in 90 theatres outside of North America, primarily located in major Latin American metropolitan markets, which we believe are underscreened and have significant growth potential.

MOTION PICTURE INDUSTRY

DOMESTIC OVERVIEW

The U.S. motion picture exhibition industry is enjoying the longest expansion in its history, as revenues increased for the tenth straight year. For the first time in history, single year U.S. motion picture box office revenues exceeded the $8 billion mark, reaching a total of $8.4 billion in 2001, according to the Motion Picture Association of America. This new national box office record represents a 9% increase from the previous record of $7.7 billion

set in 2000. Factors contributing to the recent success of the industry include the improvement of theatre circuits resulting from the creation of the modern multiplex format, the improved quality and timing of film releases and the screen rationalization of 2000 and 2001.

A strong movie release calendar has helped maintain the industry's momentum, with seven films grossing over $100 million in the U.S. in 2002. U.S. box office performance in the first quarter of 2002 was strong, with revenues up 15.3% and attendance up 11.3% over the first quarter of 2001.

The following table represents the results of a survey by Motion Picture Association of America Worldwide Market Research outlining the historical trends in U.S. theatre attendance, average ticket prices and box office sales for the last ten years.

YEAR	ATTENDANCE	% CHANGE SINCE 1992	AVERAGE TICKET PRICE	% CHANGE SINCE 1992	U.S. BOX OFFICE SALES	% SI
	(MILLIONS)				($ IN MILLIONS)	
1992	1,173	--	$4.15	--	$4,871	
1993	1,244	6.1%	4.14	(0.2)%	5,154	
1994	1,292	10.1	4.18	0.7	5,396	
1995	1,263	7.7	4.35	4.8	5,493	
1996	1,339	14.2	4.42	6.5	5,912	
1997	1,388	18.3	4.59	10.6	6,366	
1998	1,481	26.3	4.69	13.0	6,949	
1999	1,465	24.9	5.08	22.4	7,448	
2000	1,421	21.1	5.39	29.9	7,661	
2001	1,487	26.8	5.66	36.4	8,413	

INTERNATIONAL OVERVIEW

International growth has also been strong. Global box office revenues have increased 12.2% from $15.6 billion in 1998 to an estimated $17.5 billion in 2001 as a result of the increasing acceptance of moviegoing as a popular form of entertainment throughout the world, ticket price increases and new theatre construction. According to Informa Media Group, Latin America is the fastest growing region in the world in terms of box office revenues. We believe many international markets for theatrical exhibition have historically been underserved due to antiquated or run-down theatres, among other things, and that international markets, especially those in Latin America, will continue to experience growth as additional modern stadium seating theatres are introduced.

RECENT HISTORY

In recent years, the U.S. exhibition industry has felt the impact of rapid overbuilding by the largest industry players, high levels of overall capital expenditures and high leverage. As a result of the financial burden imposed on theatre operators by these three factors, the industry entered a period of significant industry rationalization. Many industry players had already begun

the rationalization process in 2000 by closing hundreds of smaller, less profitable theatres. The pace of theatre closings increased during 2001 as a number of companies took advantage of the protections provided by the bankruptcy process to reject long-term leases on many underperforming theatres. The overall reduction in the numbers of theatres and screens in operation and reduced rent expense per theatre will substantially improve industry profitability going forward. According to the National Association of Theatre Owners, the total number of screens in the U.S. reached an all-time high of 37,185 in 1999, and then declined in both 2000 and 2001. There were approximately 35,153 screens at the end of 2001, a decline of nearly 5% from 1999. In addition to closing hundreds of theatres, the largest players in the industry have dramatically scaled back new theatre builds, resulting in significant decreases in capital expenditures.

Significant capital expenditures by major industry players during this time resulted in a higher quality theatre base. Current circuits are comprised of a significant number of modern multiplex theatres, which generally include 10 or more screens, digital sound and stadium seating. We believe these improved facilities, which have been well-received by patrons, will benefit the industry both by stimulating demand and by limiting the need for future capital expenditures.

DRIVERS OF CONTINUED INDUSTRY SUCCESS

We believe the following market trends will drive the continued growth and strength of our industry:

IMPORTANCE OF THEATRICAL SUCCESS IN ESTABLISHING MOVIE BRANDS AND SUBSEQUENT MARKETS. Theatrical exhibition is the primary distribution channel for new motion picture releases. A successful theatrical release which "brands" a film is one of the major factors in determining its success in "downstream" distribution channels, such as home video, DVD, and network, syndicated and pay-per-view television.

INCREASED IMPORTANCE OF INTERNATIONAL MARKETS FOR ENSURING BOX OFFICE SUCCESS. International markets are becoming an increasingly important component of the overall box office revenues generated by Hollywood films. For example, markets outside of North America accounted for more than $1.4 billion, or greater than 60% of the global box office revenues for Harry Potter and the Sorcerer's Stone, Lord of the Rings: Fellowship of the Ring and Monsters, Inc. With the continued growth of the international motion picture exhibition industry, the relative contribution of markets outside North America should become even more significant.

INCREASED INVESTMENT IN PRODUCTION AND MARKETING OF FILMS BY DISTRIBUTORS. As a result of the additional revenues generated by domestic, international and downstream markets, studios have increased production and marketing expenditures per new film at a compound annual growth rate of 6.2% and 9.9%, respectively, over the past ten years. This has led to an increase in "blockbuster" features, which attract larger audiences to theatres.

FAVORABLE ATTENDANCE TRENDS. We believe that recent trends in motion picture attendance will continue to benefit the industry. According to the

Motion Picture Association of America, annual admissions per capita in the U.S. increased from 4.5x to 5.3x, between 1991 and 2001. Additionally, the U.S. teenage segment, defined as 12-17 year olds, represented 19% of admissions in 2001, up from 14% in 1997. During 2001 51% of U.S. teenagers attended movies 12 or more times per year, compared with only 42% in 1997.

REDUCED SEASONALITY OF REVENUES. Historically, industry revenues have been highly seasonal, coinciding with the timing of film releases by the major distributors. The most marketable motion pictures were generally released during the summer and the Thanksgiving through year-end holiday season. However, the seasonality of motion picture exhibition has become less pronounced in recent years. Studios have begun to release films more evenly throughout the year, and hit films have emerged during traditionally weaker periods. This benefits exhibitors by allowing them to more effectively cover their fixed cost base throughout the year.

CONVENIENT AND AFFORDABLE FORM OF OUT-OF-HOME ENTERTAINMENT. Moviegoing continues to be one of the most convenient and affordable forms of out-of-home entertainment, with an average ticket price in the U.S. of $5.66 in 2001. Average prices for other forms of out-of-home entertainment in the U.S., including sporting events, theme parks, musical concerts and plays, range from approximately $18.00 to $56.00 per ticket. Movie ticket prices have risen at approximately the rate of inflation, while ticket prices for other forms of out-of-home entertainment have increased at higher rates.

COMPETITIVE STRENGTHS

We believe the following strengths allow us to compete effectively:

FOCUSED PHILOSOPHY RESULTING IN STRONG FINANCIAL PERFORMANCE. We focus on negotiating favorable theatre facility economics, providing a superior viewing experience and controlling theatre operating costs. As a result of this philosophy, we generate the highest EBITDA margin of the five largest motion picture exhibitors in the U.S. Our EBITDA margins have averaged 18.7% over the past three fiscal years and our operating income margins have averaged 8.0% for the same period. We generated EBITDA per screen of $56,660 and operating income per screen of $19,196 for the year ended December 31, 2001, which we believe to be among the highest in the industry.

STRONG MANAGEMENT TEAM WITH A TRACK RECORD OF FINANCIAL DISCIPLINE. Led by Mr. Mitchell, our management team has an average of approximately 19 years of theatre operating experience, has a proven track record of strong performance and has navigated our organization through many industry cycles,

including the significant industry downturn between 1999 and 2001, during which period at least twelve exhibitors filed for bankruptcy protection. We believe our strong performance is a result of our financial discipline and focus on investment returns, as demonstrated by our decision to decrease our building

commitments during this difficult period in the industry. We reduced our capital expenditures from $248.4 million in 1999 to $40.4 million in 2001.

SELECTIVE BUILDING IN LESS COMPETITIVE U.S. MARKETS AND HEAVILY POPULATED INTERNATIONAL MARKETS.

- Less Competitive U.S. Markets: We have historically built modern theatres in mid-sized U.S. markets, including suburbs of major metropolitan areas, which we believe were underserved. We believe our targeting of these markets, together with the high quality of our theatre circuit, has protected us from the negative financial impact of overbuilding and reduces the risk of competition from new entrants. As the sole exhibitor in approximately 83% of the film zones in which we operate, we have maximum access to film product. This enables us to select the films that we believe will deliver the highest returns in those markets.

- Heavily Populated, High Growth International Markets: Since 1993, we have directed our activities in international markets primarily toward Latin America due to the growth potential in these under-screened markets. Our EBITDA margins from our international operations are generally higher than those in North America. We have successfully established a significant presence in most of the major cities in Latin America with theatres in nine of the ten largest metropolitan areas. We have strategic alliances with local partners in many countries, which help us obtain additional market insight. We generally fund our operating and capital expenditures in local currencies, thereby matching our expenses to our revenues. We have also geographically diversified our international portfolio in an effort to balance risk and become one of the predominant Pan American motion picture exhibition companies.

STRONG BALANCE SHEET WITH SIGNIFICANT CASH FLOW. We believe that we will have a conservative capital structure. As of March 31, 2002, on an as adjusted basis giving effect to this offering and the concurrent refinancing of our credit facility, we had $604.6 million of total debt outstanding and $59.4 million in cash and cash equivalents. Our high EBITDA margin and capital structure allowed us to generate $57.6 million of operating income and $57.0 million of free cash flow for the fiscal year ended December 31, 2001. This significant cash flow enables us to take advantage of future growth opportunities.

MANAGEMENT ALIGNMENT WITH STOCKHOLDERS. The Mitchell Group and other members of our management team will own approximately 41.7% of our outstanding common stock following the completion of this offering. This large ownership interest effectively aligns management and stockholder interests in maximizing growth and returns on investment.

MODERN THEATRE CIRCUIT. We have built our modern theatre circuit primarily through new theatre construction, which we believe provides a preferred destination for moviegoers in our markets. Since 1996, we have built 1,910 screens, or 63% of our total screen count. Our ratio of screens to theatres is one of the highest in the industry: 11.8 to 1 in North America and 8.9 to 1 internationally. Approximately 64% of our North American first-run screens and 74% of our international screens feature stadium seating.

BUSINESS STRATEGY

FOCUS ON LESS COMPETITIVE U.S. MARKETS AND TARGET PROFITABLE, HIGH GROWTH INTERNATIONAL MARKETS. We will continue to seek growth opportunities in underserved, mid-sized U.S. markets and major international metropolitan areas, by building or acquiring modern theatres that meet our strategic, financial and demographic criteria.

MAXIMIZE PROFITABILITY THROUGH CONTINUED FOCUS ON OPERATIONAL EXCELLENCE. We will continue to focus on executing our operating philosophy. We believe that our successful track record of executing this philosophy is evidenced by the fact that we successfully navigated through the significant industry downturn between 1999 and 2001, during which period at least twelve exhibitors filed for bankruptcy protection.

PURSUE ADDITIONAL REVENUE OPPORTUNITIES. We will continue to pursue additional growth opportunities by developing and expanding ancillary revenue streams such as advertising. We are able to offer advertisers local, regional and national coverage in a variety of formats to reach our patrons, which numbered approximately 154 million during the fiscal year ended December 31, 2001. We are also expanding additional revenue sources through the use of theatres for non-film events, digital video monitor advertising, virtual poster cases and third party branding.

OUR INTERNATIONAL OPERATIONS

We have been successfully introducing American-style modern multiplex theatres to underserved international markets since 1993. Our activities in international markets have been primarily directed toward Latin America, where we have successfully established a significant presence in most of the major cities in Latin America. We presently have theatres in nine of the top ten largest major metropolitan areas in Latin America. We have become one of the predominant Pan American exhibition companies while balancing our risk through a diversified international portfolio. In addition, however, we have achieved significant scale in Mexico and Brazil, two of the most important Latin American markets.

We believe that Latin America is one of the fastest growing international markets in terms of box office revenues. Penetration of movie screens per capita in Latin American markets is substantially lower than in the U.S. and European markets. Our geographic diversity throughout Latin America has allowed us to maintain consistent revenue and EBITDA growth notwithstanding currency fluctuations that may affect any particular market.

We will continue to consider selective opportunities for development of modern multiplex theatres in underserved international markets, emphasizing Latin America, funded primarily utilizing cash flow generated in those countries. Also, because of our ability to use local currencies to fund substantially all aspects of our operations, including rent expense, we are able to mitigate exposure to currency fluctuations.

The growth potential throughout Latin America combined with stable ticket

prices and limited entertainment choices, as compared to North American markets, has translated into strong growth in box office revenues. From 1995 to 2000, Latin American box office revenues grew at a 19% compound annual rate. Box office revenues are projected to continue to grow from 2000 through 2005 by an 11.6% compound annual rate.

This growth is expected to be fueled by a combination of continued development of modern theatres, attractive demographics, i.e., a significant teenage population, strong product from Hollywood and the emergence of a local film industry. In many Latin American countries the local film industry had been dormant because of the lack of sufficient theatres to screen the film product. The development of new modern theatres has awakened the local film industry in many countries and local film product is now playing a significant role in driving attendance growth.

THEATRE CIRCUIT

As of March 31, 2002, we operated 3,014 screens in 278 theatres located in 33 states and 14 countries. We operate 2,664 screens in 237 "first run" theatres and 350 screens in 41 "discount" theatres. The following tables summarize the geographic locations of our theatre circuit as of March 31, 2002.

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NORTH AMERICAN THEATRES

	TOTAL THEATRES	TOTAL SCREENS
Texas	60	767
Ohio	20	202
California	18	172
Utah	9	111
Kentucky	7	75
Illinois	6	72
Colorado	4	67
Oklahoma	6	67
Louisiana	4	54
Virginia	4	52
Oregon	4	50
Indiana	6	50
Florida	3	48
Pennsylvania	3	43
Mississippi	3	41
North Carolina	4	39
Michigan	2	36
Arkansas	3	30
Georgia	2	27
New York	2	27
Kansas	1	20
Iowa	3	19
New Jersey	1	16
New Mexico	2	16
Arizona	2	14
Missouri	1	14
Tennessee	1	14
Wisconsin	1	14

Massachusetts	1	12
Delaware	1	10
Minnesota	1	8
Nebraska	1	8
South Carolina	1	8
Total United States	187	2,203
Canada	1	12
TOTAL NORTH AMERICA	188	2,215

INTERNATIONAL THEATRES

COUNTRY	TOTAL THEATRES	TOTAL SCREENS
Brazil	29	264
Mexico	26	256
Chile	11	88
Argentina	9	79
Central America (1)	7	43
Colombia	3	22
Peru	2	21
Ecuador	2	16
United Kingdom	1	10
TOTAL	90	799

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(1) Includes Honduras, El Salvador, Nicaragua and Costa Rica.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS.

See Note 14 to our consolidated financial statements for the fiscal year ended December 31, 2001 for information on our revenues and long-lived assets in the U.S. and Canada, Mexico, Brazil and other foreign countries.

OPERATIONS

The personnel at our corporate office, which employs approximately 185 individuals, is responsible for theatre operations support, film licensing and settlements, human resources, finance and accounting, operational audit, theatre maintenance and construction, internet and information systems, lease site planning and marketing. Our North American operations are divided into eleven regions, each of which is headed by a region leader.

Regular inspections of each theatre are conducted. We also have a program to maintain quality and consistency within our theatres involving unannounced visits by unidentified customers who report on the quality of service, film presentation and cleanliness of the theatre.

FILM LICENSING

Films are typically licensed from film distributors that are owned by major film production companies or from independent film distributors that distribute films for smaller production companies. For new release films, film distributors typically establish geographic zones and offer each available film to one theatre in each zone. The size of a film zone is generally determined by the population density, demographics and box office potential of a particular market or region. A film zone can range from a radius of three to five miles in major metropolitan and suburban areas to up to fifteen miles in small towns. We currently operate theatres in 142 first-run film zones in North America. New film releases are licensed at the discretion of the film distributors. Approximately 83% of our North American first-run theatres have no direct competition within their respective film zones, which allows us to select those pictures that we believe will be the most successful in our markets from those offered to us by distributors. We usually license films on an allocation basis in film zones where we face competition. A particular distributor will rotate films among exhibitors under an allocation process that enables film distributors to charge a premium rental rate in these zones. Films are released to discount theatres once the attendance levels substantially drop off at the first run theatres. For discount films, film distributors generally establish availability on a market-by-market basis after the completion of exhibition at first run theatres and permit each theatre within a market to exhibit such films without regard to film zones.

Unlike our North American operations, distributors in our international markets do not allocate film to a single theatre in a geographic film zone. Rather, competitive theatres can play the same films at the same time as other theatres. Our theatre personnel focus on providing excellent customer service, and we provide a modern facility with the most up-to-date sound systems, comfortable stadium style seating and other amenities typical of modern American-style multiplexes which we believe gives us a competitive advantage in markets where there are competing theatres. Of the 90 theatres we operate outside of North America, approximately 88% of these theatres do not have direct competition.

Our film rental licenses typically state that rental fees are based on either mutually agreed upon firm terms established prior to the opening of the picture or on a mutually agreed settlement upon the conclusion of the picture run. Under a firm terms formula, we pay the distributor a specified percentage of box office receipts, with the percentages declining over the term of the run. Firm term film rental fees are generally the greater of (i) 60% or 70% of box office admissions, gradually declining to as low as 30% over a period of four to seven weeks versus (ii) a specified percentage (i.e. 90%) of the excess of box office receipts over a negotiated allowance for theatre expenses (commonly known as a 90-10 clause). The settlement process allows for negotiation upon the conclusion of the picture run based upon how a film actually performs. In international markets, film rental percentages can vary between 35% and 60% of box office revenues and gradually decline over a similar period as in the U.S.

We also operate discount theatres, with admissions ranging from $0.50 to $2 per ticket, in the U.S. to serve an alternative market of patrons that extends the life of a film past the first run screening. By serving this alternative market of patrons in our discount theatres, we have been able to increase the number of potential customers beyond traditional first run moviegoers. Our discount theatres offer many of the same amenities as our first run theatres, including wall-to-wall screens, comfortable seating with cupholder armrests, digital sound and multiple concession stands. Discount films' rental percentages typically begin at 35% of box office receipts and often decline to 30% after the first week.

Film rental costs are accrued based on the applicable box office receipts and either the mutually agreed upon firm terms or estimates of the final settlement depending upon the film licensing arrangement. Estimates are made based on the expected success of a film over the length of its run. The success of a film can typically be determined a few weeks after a film is released when initial box office performance of the film is known. Accordingly, final settlements typically approximate estimates since box office receipts are known at the time the estimate is made and the expected success of a film over the length of its run can typically be estimated early in the film's run. The final film settlement amount is negotiated at the conclusion of the film's run based upon how a film actually performs. If actual settlements are higher than those estimated, additional film rental costs would be required in the future.

CONCESSIONS

Concession sales are our second largest revenue source, representing approximately 30% of total revenues for 2001. Concession sales have a much higher margin than admissions sales. We have devoted considerable management effort to increase concession sales and improve operating margins. These efforts include implementation of the following strategies:

- Optimization of product mix. Concession products are primarily comprised of various sizes of popcorn, soft drinks and candy. Different varieties and flavors of candy and soft drinks are offered at theatres based on preferences in that particular geographic region. Specially priced "combo-meals" have been implemented for all patrons as well as "movie meals" targeted toward children and senior citizens. We periodically introduce new concession products designed to attract additional concession purchases.

- Staff training. Employees are continually trained in "suggestive-selling" and "upselling" techniques. This training occurs through situational role-playing conducted at our "Customer Satisfaction University" as well as continuing on-the-job training as part of concession promotions and sales contests. Individual theatre managers receive a portion of their compensation based on concession sales at their theatres and are therefore motivated to maximize concession sales.

- Theatre design. Our theatres are designed to optimize efficiencies at the concession stands, which includes multiple service stations to make it easier to serve larger numbers of customers rapidly. We strategically place large concession stands within theatres, which heightens visibility, reduces the length of concession lines and improves traffic flow around the concession stands.

- Cost control. We negotiate prices for concession supplies directly with concession vendors and manufacturers on a bulk rate basis. Concession supplies are distributed through a national distribution network. The concession distributor provides inventory and distribution services to

the theatres, which place volume orders directly to replenish stock. The concession distributor is paid a percentage fee for this service. We believe that utilizing a concession distributor is more cost effective than owning a concession warehousing network.

MARKETING

In order to attract customers, we rely on newspaper display advertisements, substantially paid for by film distributors, newspaper directory film schedules, generally paid for by the exhibitor, and internet advertising which has emerged as a strong media source to inform patrons of film titles and show times. Radio and television advertising spots, generally paid for by film distributors, are used to promote certain motion

pictures and special events. We also exhibit previews in our theatres of coming attractions and films presently playing on the other screens which we operate in the same theatre or market.

Additionally, our marketing department focuses on maximizing revenue generation opportunities, including the following:

- Advertising. We believe the advertising industry recognizes the value of in-theatre advertising as an important medium due to the demographics of theatre patrons. Recent research has shown that movie audiences have a 78% retention rate for advertisements seen in a movie theatre by a captive audience which exceeds the retention rate for television, radio or print advertising. In order to effectively realize and manage this opportunity, we entered into advertising contracts for rolling stock and screen slide advertising. We deliver advertising through "lights-up" on-screen slide advertising in the auditoriums, audio ads paired with music played throughout the theatre and rolling stock advertisements. We are also exploring additional revenue sources such as digital video monitor advertising, virtual poster cases and third party branding. We are able to offer advertisers national, regional or local coverage in a variety of formats to reach our patrons, which numbered approximately 154 million patrons during the fiscal year ended December 31, 2001. We currently carry advertising for several large advertisers. We also generate ancillary revenue potential from "imaging" in the lobby, including mini-billboards and displays and distributing coupons and samples to patrons passing through the theatre complex.

- Sales. In 2001, we formed a sales department to oversee the development and implementation of a comprehensive theatre rental effort. This department is responsible for increasing theatre rental income during periods when the theatre is normally closed. We believe the large lobbies, comfortable seating, big screen and sound capabilities make our theatres an attractive venue to hold corporate events, private parties, private screenings and team building meetings and will generate additional revenues. Our theatres have been used for simulcast concerts, pay-per-view sporting events and cultural events. We believe the trend to use theatre auditoriums for non-film events during non-peak times will increase, which will add revenue and attract new audiences to our theatres while not significantly increasing costs.

INTERNET

We have successfully used the internet to provide patrons access to movie times, the ability to buy tickets and print their tickets at home. The internet is quickly becoming the primary way to check movie times, replacing the traditional newspaper source. Over time, the internet will allow us to reduce our advertising costs related to newspaper directory advertisements. Patrons may purchase advance tickets from over 70 of our North American theatres, with 1,100 screens, and print tickets at home for ten theatres by simply accessing our website at www.cinemark.com. These functions are also currently available to patrons by accessing www.fandango.com.

Our internet initiatives help improve customer satisfaction, as customers who purchase tickets over the internet are often able to bypass lines at the box office by printing their tickets at home using bar code technology or picking up their tickets at kiosks in the theatre lobby. We were the first major exhibitor to introduce this technology and also the first major exhibitor to make showtimes available for patrons utilizing wireless technology using Personal Digital Assistants (PDA's), also known as Palm(R) hand held computers.

MANAGEMENT INFORMATION SYSTEMS

We developed our own proprietary point of sale management information system to further enhance our ability to maximize revenues, control costs and efficiently manage our business. This management information system provides corporate management with real-time admissions and concession revenue reports allowing management to make real-time adjustments to movie schedules, extend runs or increase the number of screens on which successful movies are being played and substitute films when gross receipts cease to meet expected goals. Real-time seating and box office information is available to box office personnel, making it possible for theatre management to avoid overselling a particular film and providing faster and more accurate response to customer inquiries regarding showings and available seating. The management information system also tracks concession sales and provides in-theatre inventory reports, leading to better inventory management and

control. It also has multiple language capabilities, numerous ticket pricing options, integrates internet ticket sales and has the ability to process credit cards. The system also supports barcode scanners, pole displays, touch screens, credit card readers and other equipment specific to individual country requirements.

COMPETITION

We are one of the leading motion picture exhibitors in terms of both revenues and the number of screens in operation. We compete against local, national and international exhibitors.

We are the sole exhibitor operating within a film zone in approximately 83% of our first-run North American theatres. Of the 90 theatres we operate outside of North America, approximately 88% of those theatres have no direct competition. In film zones where there is no direct competition, we select those pictures we believe will be the most successful from among those offered to us by distributors. Where there is competition, we usually license films based on an allocation process. We currently operate in 142 first-run film zones in North America. The principal competitive factors with respect to film licensing are:

- capacity and location of an exhibitor's theatre;

- theatre comfort;

- quality of projection and sound equipment;

- level of customer service; and

- licensing terms.

The competition for customers is dependent upon factors such as the availability of popular films, the location of theatres, the comfort and quality of theatres and ticket prices. Our admission prices at first run and discount theatres are competitive with admission prices of respective competing theatres.

We also face competition from a number of other motion picture exhibition delivery systems, such as home video, DVD, network, syndicated and pay-per-view television. We do not believe that these additional distribution channels have adversely affected theatre attendance; however, we can give no assurance that existing or future alternative delivery systems will not have an adverse impact on attendance. We also face competition from other forms of entertainment competing for the public's leisure time and disposable income.

SEASONALITY

Our revenues have historically been seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, the most successful motion pictures have been released during the summer extending from Memorial Day to Labor Day and during the holiday season extending from Thanksgiving through year-end. The unexpected emergence of a hit film during other periods can alter this seasonality trend. The timing of such film releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or for the same period in the following year. The seasonality of the release of successful films, however, has become less pronounced in recent years with the release of major motion pictures occurring more evenly throughout the year.

EMPLOYEES

We have approximately 8,300 employees in North America, approximately 10% of whom are full time employees and 90% of whom are part time employees. We have approximately 4,300 employees outside of North America. Approximately 20 North American employees are represented by unions under collective bargaining agreements. Some of our international operations utilize union labor. We regard our relations with our employees as satisfactory.

REGULATION

The distribution of motion pictures is largely regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. We have never been a party to any of such cases, but the manner in

which we can license films from certain major film distributors is subject to consent decrees resulting from these cases. Consent decrees bind certain major film distributors and require the films of such distributors to be offered and licensed to exhibitors on a theatre-by-theatre and film-by-film basis. Consequently, exhibitors cannot assure themselves of a supply of films by entering long-term arrangements with major distributors, but must negotiate for licenses on a film-by-film and theatre-by-theatre basis.

We are subject to various general regulations applicable to our operations including the Americans with Disabilities Act of 1990. We develop new theatres to be accessible to the disabled, and we believe we are in substantial compliance with current regulations relating to accommodating the disabled. Although we believe that our theatres generally comply with the ADA where readily achievable, we are a party to various lawsuits which claim that our wheelchair seating arrangements do not comply with the ADA.

We are also subject to federal, state and local laws governing such matters as wages, working conditions, citizenship, health and sanitation requirements and licensing.

PROPERTIES

As of March 31, 2002, we operated 156 theatres, with 1,739 screens, pursuant to leases and own the land and building for 32 theatres, with 476 screens in North America. Our leases are generally entered into on a long term basis with terms, including renewal options, generally ranging from 20 to 40 years. As of March 31, 2002, approximately 8% of our theatre leases in North America, covering 78 screens, have remaining terms, including optional renewal periods, of less than five years and approximately 81% of our theatre leases in North America, covering 1,519 screens, have remaining terms, including optional renewal periods, of more than 15 years. Rent is typically calculated as a percentage of box office receipts or total theatre revenues, subject to an annual minimum. We lease our office building in Plano, Texas.

As of March 31, 2002, we operated 90 theatres, with 799 screens, outside of North America, all of which are leased pursuant to ground or building leases. The leases generally provide for contingent rental based upon operating results, some of which are subject to an annual minimum. Generally, these leases will include renewal options for various periods at stipulated rates. We attempt to obtain lease terms that provide for build-to-suit construction obligations of the landlord. No international leases have remaining terms, including optional renewal periods, of less than five years, and approximately 89% of our international leases, with 708 screens, have remaining terms, including optional renewal periods, of more than 15 years.

We periodically review the profitability of each of our theatres, particularly those whose lease terms are about to expire, to determine whether to continue its operations. In 2001, as a result of the expiration or settlement of the lease term, we sold or closed five theatres, with 23 screens and also closed one screen at an existing theatre. The closing of these theatres did not have a material effect on our financial position, results of operations and cash flows.

LEGAL PROCEEDINGS

DOJ LITIGATION

In March 1999, the Department of Justice filed suit in the U.S. District Court, Northern District of Ohio, Eastern Division, against us alleging certain violations of the ADA relating to our wheelchair seating arrangements and seeking remedial action. An Order granting Summary Judgment to us was issued by the presiding federal judge in November 2001. The Department of Justice has filed a Notice of Appeal with the United States Court of Appeals for the Sixth Circuit. However, if we ultimately lose the Department of Justice litigation,

our financial position, results of operations and cash flows may be materially and adversely affected. We are unable to predict the outcome of this litigation or the range of potential loss, however, we believe that based upon current precedent our potential liability with respect to such proceeding is not material in the aggregate to our financial position, results of operations and cash flows. Accordingly, we have not established a reserve for loss in connection with this proceeding.

AUSTIN, TX LITIGATION

In August 2001, David Wittie, Rona Schnall, Ron Cranston, Jennifer McPhail, Peggy Garaffa and ADAPT of Texas filed suit in the 201st Judicial District Court of Travis County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at two theatres located in the Austin, Texas market. The plaintiffs are seeking remedial action and unspecified damages. We have filed an answer denying the allegations and are vigorously defending this suit. We are unable to predict the outcome of this litigation or the range of potential loss, however, we believe that based upon current precedent our potential liability with respect to such proceeding is not material in the aggregate to our financial position, results of operations and cash flows. Accordingly, we have not established a reserve for loss in connection with this proceeding.

MISSION, TX LITIGATION

In July 2001, Sonia-Rivera-Garcia and Valley Association for Independent Living filed suit in the 93rd Judicial District Court of Hidalgo County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at one theatre located in the Mission, Texas market. The plaintiffs are seeking remedial action and unspecified damages. We have filed an answer denying the allegations and are vigorously defending this suit. We are unable to predict the outcome of this litigation or the range of potential loss, however, we believe that based upon current precedent our potential liability with respect to such proceeding is not material in the aggregate to our financial position, results of operations and cash flows. Accordingly, we have not established a reserve for loss in connection with this proceeding.

The plaintiffs in the DOJ litigation, Austin, Texas litigation and Mission, Texas litigation have argued that the theatres must provide wheelchair seating locations with viewing angles to the screen that are at the median or better than all seats in the auditorium. To date, three courts have rejected that position. In two of the three courts, we were the defendant, and the courts have found our theatres to comply with the ADA; Lara v. Cinemark USA, Inc., United States Court of Appeals for the Fifth Circuit; United States of America v. Cinemark USA, Inc., United States District Court for the Northern District of Ohio. The third case, Oregon Paralyzed Veterans of America v. Regal Cinemas, Inc., United States District Court for the District of Oregon, adopted the reasoning established in Lara and granted summary judgment in favor of Regal Cinemas, Inc.

HOUSTON, TX LITIGATION

In May 23, 2002, Robert Todd on behalf of Robert Preston Todd, his minor child, and "all individuals who are deaf or are severely hearing impaired" filed suit in the United States District Court for the Southern District of Texas, Houston Division against several movie operators including, AMC Entertainment, Inc., Regal Entertainment, Inc., Cinemark USA, Inc. and Century Theaters as well as eight movie production companies. The lawsuit alleges violation of Title III of the ADA, and the First Amendment to the Constitution of the United States. Plaintiffs seek unspecified injunctive relief, unspecified declaratory relief, unspecified monetary damages (both actual and punitive) and unspecified attorneys' fees. The answer is not yet due and we have not yet filed any pleadings in the case. We plan to deny any violation of law and to vigorously defend against all claims. We are unable to predict the outcome of this litigation or the range of potential loss, however, we believe that based upon current precedent our potential liability with respect to such proceeding is not material in the aggregate to our financial position, results of operations and cash flows. Accordingly, we have not established a reserve for loss in connection with this proceeding.

From time to time, we are involved in other various legal proceedings arising from the ordinary course of our business operations, such as personal injury claims, employment matters and contractual disputes, most of which are covered by insurance. We believe our potential liability with respect to proceedings currently pending is not material in the aggregate to our financial position, results of operations and cash flows.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

Our executive officers and directors, and their ages and positions as of the date of this prospectus are as follows:

NAME	AGE	POSITION
Lee Roy Mitchell........	65	Chairman of the Board; Chief Executive Officer; Director
Tandy Mitchell..........	51	Executive Vice President; Director
Alan Stock..............	42	President; Chief Operating Officer; Director
Robert Copple...........	43	Senior Vice President; Treasurer; Chief Financial Officer; Director
Robert Carmony..........	44	Senior Vice President -- Operations
Tim Warner..............	57	Senior Vice President; President, Cinemark International, L.L.C.
Michael Cavalier........	35	Vice President -- General Counsel; Secretary
John Lundin.............	53	Vice President -- Film Licensing
Walter Hebert, III......	56	Vice President -- Purchasing
Don Harton..............	45	Vice President -- Construction
Margaret Richards.......	43	Vice President -- Real Estate; Assistant Secretary
Terrell Falk............	51	Vice President -- Marketing and Communications

James Stern............	51	Director
Denny Rydberg..........	57	Director
William Spiegel........	39	Director

The following is a brief description of the business experience of our directors and executive officers for at least the past five years.

Lee Roy Mitchell has served as Chairman of the Board since March 1996 and as Chief Executive Officer and a Director since our inception in 1987. Mr. Mitchell was Vice Chairman of the Board of Directors from March 1993 to March 1996 and was President from our inception in 1987 until March 1993. From 1985 to 1987, Mr. Mitchell served as President and Chief Executive Officer of a predecessor corporation. Since March 1999, Mr. Mitchell has served as a director of Texas Capital Bancshares, Inc., a bank holding company. Mr. Mitchell has served on the Board of Directors of the National Association of Theatre Owners since 1991. Mr. Mitchell has been engaged in the motion picture exhibition business for nearly 45 years.

Tandy Mitchell has served as a Director since April 1992 and as Executive Vice President since October 1989. Mrs. Mitchell served as the Vice Chairman of the Board and Secretary from 1987 until May 2002. Mrs. Mitchell was General Manager of the theatre division of a predecessor corporation from 1985 to 1987. From 1978 to 1985, Mrs. Mitchell was employed by Southwest Cinemas Corporation as Director of Operations. Mrs. Mitchell is the wife of Lee Roy Mitchell and the sister of Walter Hebert, III.

Alan Stock has served as President since March 1993, as a Director since April 1992 and as Chief Operating Officer since March 1992. Mr. Stock was Senior Vice President from October 1989 to March 1993. Mr. Stock was General Manager from our inception in 1987 to March 1992. Mr. Stock was employed by the theatre division of a predecessor corporation from January 1986 to December 1987 as Director of Operations. From 1981 to 1985, he was employed by Consolidated Theaters, most recently as District Manager.

Robert Copple has served as Senior Vice President, Treasurer and Chief Financial Officer since August 2000 and as a Director since September 2001. Mr. Copple was acting Chief Financial Officer from March 2000 to August 2000. From August 1997 to March 2000, Mr. Copple was President of PBA Development, Inc., an investment management and venture capital company. From June 1993 to July 1997, Mr. Copple was our Director of Finance. Prior to joining our company, Mr. Copple was a Senior Manager with Deloitte & Touche, LLP where he was employed from 1982 to 1993.

Robert Carmony has served as Senior Vice President-Operations since July 1997, as Vice President -- Operations since March 1996 and as Director of Operations since June 1988. Prior to joining our company, Mr. Carmony was owner of O.C. Enterprises, a software development firm, from 1986 to 1988. Mr. Carmony worked for Plitt-Cineplex Odeon theatres from 1985 to 1986 and worked as a Systems Analyst for Electronic Data Systems (EDS) from 1984 to 1985.

Tim Warner has served as Senior Vice President of the Company since May

2002 and as President of Cinemark International, L.L.C. since April 1996. From 1990 to 1996, Mr. Warner served as Chairman/CEO of the National Association of Theatre Owners of California and General Chairman of NATO/Showest. From 1970 to 1989, Mr. Warner was General Manager/President/Owner of Theatre Operator Inc. and President of Warner Marketing Inc. Mr. Warner has served on the Board of Directors of the National Association of Theatre Owners since 1982 and is currently the Chairman of the National Association of Theatre Owners International Committee. He has been active in the theatre industry for over 35 years.

Michael Cavalier has served as Secretary since May 2002 and Vice President -- General Counsel since July 1999. From July 1997 to July 1999, Mr. Cavalier was General Counsel and from July 1993 to July 1997 was Associate General Counsel. Prior to joining our company in July 1993, Mr. Cavalier was an associate attorney at the Dallas office of Akin, Gump, Strauss, Hauer & Feld, L.L.P.

John Lundin has served as Vice President -- Film Licensing since September 2000, as Head Film Buyer from September 1997 to September 2000 and was a film buyer from September 1994 to September 1997. Prior to joining our company, Mr. Lundin was Vice President -- General Sales Manager of Cannon Pictures. He has also held the positions of Vice President -- Assistant General Sales Manager for Columbia Pictures and Head Film Buyer for Litchfield Theatres. Mr. Lundin has nearly thirty years of experience in the motion picture exhibition business.

Walter Hebert, III has served as Vice President -- Purchasing since July 1997 and was the Director of Purchasing from October 1996 until July 1997. From December 1995 until October 1996, Mr. Hebert was the President of 2 Day Video, Inc., a 21-store video chain that was our subsidiary. Prior to joining our company, Mr. Hebert worked for Dillards Department Stores from 1973 to 1993, serving as a Divisional Merchandise Manager in the Arkansas Division from 1981 until 1993. Mr. Hebert is the brother of Tandy Mitchell.

Don Harton has served as Vice President -- Construction since July 1997. From August 1996 to July 1997, Mr. Harton was Director of Construction. Prior to joining our company in August 1996, Mr. Harton was an architect with Urban Architecture, where he was employed from October 1983 until July 1996.

Margaret Richards has served as Vice President -- Real Estate since March 1994 and as a Vice President and Assistant Secretary since October 1989. Ms. Richards has been Director of Leasing since our inception in 1987 and was employed by the theatre division of a predecessor corporation in its real estate department from August 1986 to December 1987.

Terrell Falk has served as Vice President -- Marketing and Communications since April 2001. From March 1998 to April 2001, Ms. Falk was Director of Large Format Theatres, overseeing the marketing and operations of our IMAX theatres. From March 1995 until joining our company, she was Vice President of Marketing for JQH Film Entertainment, a large format film production and distribution company, where she was responsible for film marketing, distribution and production. Ms. Falk was also Director of Marketing for the Houston Museum of Natural Science and Wortham IMAX Theatre from February 1982 to March 1995.

James Stern has served as a Director since March 1997. Mr. Stern has been Chairman of The Cypress Group L.L.C. since its formation in April 1994. Prior to

joining Cypress, Mr. Stern spent his entire career with Lehman Brothers, an investment banking firm, most recently as Head of the Merchant Banking Group. He served as Head of Lehman's High Yield and Primary Capital Markets Groups, and was Co-Head of Investment Banking. In addition, Mr. Stern was a member of the firm's Operating Committee. Mr. Stern also serves on the Board of Directors of Amtrol, Inc., FNC Holdings, WESCO International, Inc. and Lear Corporation.

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Denny Rydberg has served as a Director since July 1997. Mr. Rydberg has been President of Young Life since July 1993. Prior to joining Young Life, Mr. Rydberg was Director of University Ministries at University Presbyterian Church, Vice President of Youth Specialties and Director of Operations for Inspirational Films.

William Spiegel has served as a Director since September 2001. Mr. Spiegel is a Managing Director at The Cypress Group L.L.C. He has been with Cypress since its formation in 1994. Prior to joining Cypress, he was a member of the Merchant Banking Group at Lehman Brothers. Mr. Spiegel currently manages Cypress' efforts in the healthcare and financial services industries. Mr. Spiegel has been actively involved with us since March 1996. Mr. Spiegel is also a Director of Medpointe Inc. and Montpelier Re Holdings Ltd.

BOARD COMPOSITION AND COMPENSATION

The Stockholders' Agreement contains a voting agreement pursuant to which the Mitchell Group agrees to vote their shares of Class B common stock to elect designees of Cypress to our board of directors. As of June 21, 2002, Cypress had the right to nominate two board members.

Our certificate of incorporation authorizes there to be between six and eleven directors as determined by our board of directors. Our board of directors currently consists of nine members with two vacancies. We intend to appoint two independent directors to fill those vacancies. Our board is divided into three classes that serve staggered three-year terms, as follows:

CLASS	EXPIRATION OF TERM	MEMBERS
Class I..............	2003	Lee Roy Mitchell, Robert Copple, and James A. Stern
Class II.............	2004	Tandy Mitchell and Denny Rydberg
Class III............	2005	Alan W. Stock and William Spiegel

Newly elected directors and any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Directors are reimbursed for expenses actually incurred for each board of directors meeting which they attend. In addition, our independent directors receive a fee of $1,000 for each meeting of the board of directors attended. We may grant non-employee directors non-qualified stock options to purchase shares of our Class A common stock on a periodic basis in an amount and with a vesting

schedule to be determined by our board of directors.

BOARD COMMITTEES

Our board intends to establish an audit committee and compensation committee.

Audit Committee. The audit committee will consist of three independent directors. We plan to appoint two members of the audit committee within three months following this offering and the third member within 12 months after the consummation of this offering. The audit committee reviews the accounting and auditing principles and procedures of our company with a view to providing for the safeguard of our assets and the reliability of our financial records, recommending to the board of directors the engagement of our independent accountants, reviewing with the independent accountants the plans and results of the auditing engagement, and considering the independence of our accountants. Membership on the audit committee will consist of at least three directors who are financially literate, one of whom has significant experience in accounting or finance matters, and independent of management and free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of independent judgment as a committee member.

Compensation Committee. The compensation committee will include two independent directors. The principal responsibilities of the compensation committee are to establish policies and periodically determine matters involving executive compensation, recommend changes in employee benefit programs and grant or recommend the grant of stock options and stock awards under our incentive plans.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our executive officers served as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving on our board of directors or on the compensation committee of our board of directors.

EXECUTIVE COMPENSATION

The following table sets forth certain information with respect to compensation for the last three fiscal years ended December 31, 2001, December 31, 2000 and December 31, 1999, respectively, earned by our chief executive officer and our four other most highly compensated executive officers as of December 31, 2001. In this prospectus, we refer to these individuals as our named executive officers.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		LONG-TERM COMPENSATION AWARDS
NAME AND PRINCIPAL POSITION	YEAR	SALARY (1)	BONUS	SECURITIES UNDERLYING OPTIONS/SARS

Lee Roy Mitchell.......................	2001	$474,516	$1,525,484 (5)	--
Chairman of the Board	2000	431,378	--	--
and Chief Executive Officer	1999	392,162	--	--
Alan Stock.............................	2001	366,341	198,899 (5)	--
President and Chief Operating	2000	342,375	79,804 (11)	--
Officer	1999	311,250	--	--
Tim Warner.............................	2001	297,075	161,291 (5)	--
Senior Vice President and	2000	277,640	64,715 (11)	--
President -- Cinemark International	1999	252,400	--	--
Robert Copple..........................	2001	267,500	145,235 (5)	154,000 (14
Senior Vice President, Treasurer	2000	250,000 (13)	58,272 (11)	--
and Chief Financial Officer (12)	1999	--	--	--
Robert Carmony.........................	2001	257,881	140,012 (5)	--
Senior Vice	2000	241,010	56,177 (11)	--
President -- Operations	1999	219,100	--	--

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(1) Amounts shown include cash and non-cash compensation earned and received by executive officers as well as amounts earned but deferred at the election of those officers.

(2) Represents a $1,950 annual contribution to our 401(k) savings plan, $15,940 representing the value of the use of a company vehicle for one year, $98,844 for 2001 life insurance premiums and $106,551 for 2000 life insurance premiums and interest on such premiums paid in 2001 by us for the benefit of Mr. Mitchell.

(3) Represents a $1,950 annual contribution to our 401(k) savings plan and $10,750 representing the value of the use of a company vehicle for one year.

(4) Represents a $1,950 annual contribution to our 401(k) savings plan, $17,246 representing the value of the use of a vehicle of ours for one year and $98,844 of life insurance premiums paid by us for the benefit of Mr. Mitchell.

(5) Bonuses were earned in 2001 but were paid in 2002.

(6) Represents a $4,590 annual contribution to our 401(k) savings plan, $156,194 of compensation relating to the value of stock options exercised for 104,500 shares of Class A Common Stock over the

$0.0045 per share exercise price and a $106,524 reimbursement for estimated tax obligations incurred upon the exercise of such stock options.

(7) Represents a $4,590 annual contribution to our 401(k) savings plan, $197,298 of compensation relating to the value of stock options exercised for 132,000 shares of Class A common stock over the $0.0045 per share

exercise price and a $134,557 reimbursement for estimated tax obligations incurred upon the exercise of such stock options.

(8) Represents $82,208 of compensation relating to the value of stock options exercised for 55,000 shares of Class A common stock over the $0.0045 per share exercise price and a $56,066 reimbursement for estimated tax obligations incurred upon the exercise of such stock options.

(9) Represents a $4,590 annual contribution to our 401(k) savings plan, $131,532 of compensation relating to the value of stock options exercised for 88,000 shares of Class A common stock over the $0.0045 per share exercise price and an $89,705 reimbursement for estimated tax obligations incurred upon the exercise of such stock options.

(10) Represents our annual contribution to our 401(k) savings plan.

(11) Bonuses were earned in 2000 but were paid in February 2001.

(12) Mr. Copple joined our company in March 2000.

(13) Represents Mr. Copple's annualized salary. Mr. Copple was acting Chief Financial Officer from March 2000 to August 2000 and became Senior Vice President and Chief Financial Officer in August 2000.

(14) In October 2001 we granted Mr. Copple options to purchase an aggregate of 55,000 shares of Class A common stock under the Cinemark 1991 nonqualified stock option plan at an exercise price of $0.0045 per share. On the date of grant, the Class A common stock had a market value of $1.50 per share. These options were immediately vested and such options were exercised by Mr. Copple. See Footnote 8. On December 28, 2001, we granted Mr. Copple options to purchase 99,000 shares of Class A common stock at an exercise price of $1.50 per share. We believed that on the date of grant, the Class A common stock had a market value of $1.50 per share. In connection with the offering and Staff Accounting Bulletin Topic 4.D., we revised the market value of a share of the Class A common stock in December 2001 to $11.45 which exceeded the option price of $1.50 by $9.95. These options vest 20% per year for five years.

STOCK OPTION GRANTS

The following table sets forth the stock options we granted during the fiscal year ended December 31, 2001 to each of the named executive officers.

OPTION GRANTS IN LAST FISCAL YEAR

INDIVIDUAL GRANTS		POTENTIAL REALIZ
NUMBER OF SECURITIES UNDERLYING	% OF TOTAL OPTIONS GRANTED	ASSUMED ANNUA STOCK PRICE APPR OPTION TE

NAME	OPTIONS GRANTED	TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE	EXPIRATION DATE	5%
Lee Roy Mitchell.....	--	--	n/a	n/a	$ --
Alan Stock...........	--	--	n/a	n/a	--
Tim Warner...........	--	--	n/a	n/a	--
Robert Copple (1)....	55,000	25.24%	$0.0045	n/a	134,136
	99,000	14.02%	$1.50	12/2011	1,697,934
Robert Carmony.......	--	--	n/a	n/a	--

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(1) In October 2001 we granted Mr. Copple options to purchase an aggregate of 55,000 shares of Class A common stock under the Cinemark 1991 nonqualified stock option plan at an exercise price of $0.0045 per share. On the date of grant, the Class A common stock had a market value of $1.50 per share. These options were immediately vested and such options were exercised by Mr. Copple. On

December 28, 2001, we granted Mr. Copple options to purchase 99,000 shares of Class A common stock at an exercise price of $1.50 per share. We believed that on the date of grant, the Class A common stock had a market value of $1.50 per share. In connection with the offering and Staff Accounting Bulletin Topic 4.D., we revised the market value of a share of the Class A common stock for the December 2001 option grants to $11.45 which exceeded the option price of $1.50 by $9.95 per share. These options vest 20% per year for five years.

(2) Amounts shown as potential realizable values are based on compounded annual rates of share price appreciation of five and ten percent over the 10-year term of the options, as mandated by rules of the Securities and Exchange Commission, and are not indicative of expected share price performance. Actual gains, if any, on share option exercises are dependent on future performance of the overall market conditions, as well as the option holders' continued employment through the vesting period. The amounts reflected in this table may not necessarily be achieved or may be exceeded. The indicated amounts are net of the option exercise price but before taxes that may be payable upon exercise.

FISCAL YEAR END OPTION VALUES

The following table provides information concerning each exercise of stock options during the fiscal year ended December 31, 2001 by each of the named executive officers and the value of unexercised options held by the named executive officers as of December 31, 2001.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES

NUMBER OF	VALUE OF

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END		UNEXERCISED IN-THE-MONEY OPT AT FISCAL YEAR-EN	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXE
Lee Roy Mitchell......	--	--	--	--		
Alan Stock...........	104,500	$ 156,194	39,600	26,400	653,400	4
Tim Warner...........	132,000	197,298	39,600	26,400	653,400	4
Robert Copple.........	55,000	82,208	--	99,000	--	1,6
Robert Carmony........	88,000	131,532	39,600	26,400	653,400	4

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(1) Values for "in-the-money" options represent the positive spread between the respective exercise prices of outstanding options and the anticipated initial public offering price of $18 per share.

EMPLOYMENT AGREEMENTS

On June 19, 2002, we entered into executive employment agreements with each of Lee Roy Mitchell, Alan W. Stock, Tim Warner, Robert Copple and Robert Carmony, pursuant to which Messrs. Mitchell, Stock, Warner, Copple and Carmony serve, respectively, as our Chairman and Chief Executive Officer, President and Chief Operating Officer, Senior Vice President and President of Cinemark International, L.L.C., Senior Vice President and Chief Financial Officer and Senior Vice President -- Operations. The initial term of each employment agreement is three years, subject to automatic extensions for a one-year period at the end of each year of the term, unless the agreement is terminated. Pursuant to the employment agreements, each of these individuals receives a base salary, which is subject to annual review for increase (but not decrease) each fiscal year by the board of directors, in the following amounts: Lee Roy Mitchell -- $650,000, Alan W. Stock -- $384,658, Tim Warner -- $311,929, Robert Copple -- $280,875 and Robert Carmony -- $270,775. In addition, each of these executives is eligible to receive an annual incentive cash bonus ranging from 20% to 60% of base salary (or up to 150% in the case of Mr. Mitchell) upon our company meeting certain financial performance goals established by the board of directors for the fiscal year. Mr. Mitchell is also entitled to additional fringe benefits including life insurance benefits of not less than $5 million, disability benefits of not less than 66% of base salary, a luxury automobile and a membership at a country club.

In the event of a change of control, each named executive, other than Mr. Mitchell, will be entitled to receive, as additional benefits, a cash lump sum equal to: his respective accrued compensation (which includes base salary and a pro rata bonus) and benefits, base salary for the balance of the term, an amount equal to the most recent annual bonus received by such executive multiplied by the number of years remaining on his term, and the value of his employee benefits for the balance of his term. In addition, each named executive's equity-based or performance-based awards will become fully vested and exercisable upon the change of control in accordance with the terms of the

applicable plan or agreement.

The employment agreement with each named executive also provides for severance payments upon termination of employment, the amount and nature of which depends upon the reason for the termination of employment. For example, if such executive resigns for good reason (which, in the case of Mr. Mitchell, includes failure to be elected to serve as our chairman) or is terminated by us without cause (as defined in the agreement), the executive will receive his respective accrued compensation (which includes base salary and a pro rata bonus) and benefits and an amount determined by multiplying his annual base salary and the most recent annual bonus by the number of years remaining on his term. Each such executive's equity-based or performance-based awards will become fully vested and exercisable upon such termination or resignation. Each named executive will also have an option to receive the one-year value, and in the case of Mr. Mitchell, the five-year value of his employee benefits. Alternatively, these executives may choose to continue to participate in our company benefit plans and programs on the same terms as other similarly situated active employees for a one-year period, and in the case of Mr. Mitchell, for a five-year period from the date of such resignation or termination. Mr. Mitchell will also be entitled, for a period of five years, to office space and related expenses upon his resignation for good reason or termination without cause and to tax preparation assistance upon termination of his employment for any reason.

On June 19, 2002, we also entered into an executive employment agreement with Tandy Mitchell, our director and the wife of Lee Roy Mitchell, pursuant to which Mrs. Mitchell serves as our Executive Vice President. The employment agreement with Mrs. Mitchell provides for a base salary of $250,000 per year upon substantially the same terms, including, without limitation, bonus, change of control and severance provisions, as the employment agreements with the named executives listed above, other than Mr. Mitchell, except: Mrs. Mitchell is entitled to life insurance benefits of not less than $1 million during the term of her employment, a luxury automobile and tax preparation assistance for a period of five years upon termination of her employment for any reason.

The employment agreement with each executive, other than Mr. and Mrs. Mitchell, also includes a non-solicitation provision with respect to employees, customers and suppliers of our company for a one-year period following the termination of such person's employment with our company, plus a provision requiring such executive to execute a release as a condition of the executive's severance benefits.

401(k) Plan

We sponsor a defined contribution savings plan, or 401(k) Plan, whereby certain employees may elect to contribute, in whole percentages between 1% and 15% of such employee's compensation, provided no employee's elective contribution shall exceed the amount permitted under Section 402(g) of the Internal Revenue Code of 1986, as amended ($10,500 in 2001). We may make an annual discretionary matching contribution. Our discretionary matching contribution is subject to vesting and forfeiture. Our discretionary matching contributions vest to individual accounts at the rate of twenty percent per year beginning two years from the date of employment. Employees are fully vested in the discretionary matching contributions after six years of employment.

STOCK OPTION AND OTHER EMPLOYEE INCENTIVE PLANS

EMPLOYEE STOCK OPTION PLAN

We established a 1991 nonqualified stock option plan under which our Chief Executive Officer, in his sole discretion, could grant employees options to purchase up to an aggregate of 2,350,700 shares of Class A common stock. The Chief Executive Officer had the ability to set the exercise price and the term, up to ten

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years, of the options. All options vest at the rate of one-fifth of the total options granted per year generally beginning one year from the date of grant, subject to acceleration by the Chief Executive Officer. An employee's options were forfeited if the employee was terminated for cause. If an employee's employment with us was terminated for any reason other than cause, we had the option to repurchase any of our shares of capital stock that were acquired by the employee pursuant to the plan at a specified formula price based on theatre level cash flow.

In October 2001, we granted options to purchase 56,760 shares of our Class A common stock with an exercise price of $0.0045 per share. We believe that the market value of a share of Class A common stock on the date of grant exceeded the option exercise price by $1.50. These options were immediately vested and exercised which resulted in $84,882 of compensation expense being recorded at that time. In October 2001, all remaining unvested options under the plan were vested and exercised prior to year end. We recognized additional compensation expense of approximately $185,000 for this accelerated vesting. During 2001, there were 1,080,420 options exercised and 326,700 options forfeited. As of March 31, 2002, no shares remain available for issuance under our 1991 nonqualified stock option plan and there were no outstanding options to purchase shares of our Class A common stock under our stock option plan as all outstanding options were either exercised or forfeited in 2001.

INDEPENDENT DIRECTOR STOCK OPTIONS

We granted our independent directors options to purchase up to an aggregate of 176,000 shares of our Class A common stock at an exercise price of $0.0045 per share. The options vest five years from the date of grant and expire ten years from the date of grant. A director's unvested options are forfeited if the director resigns or is removed from the board of directors.

During 2001, there were 44,000 director options exercised and no options granted or forfeited. As of March 31, 2002, there were outstanding options to purchase 132,000 shares of our Class A common stock. Upon consummation of the offering all of these options vest and must be exercised or forfeited.

LONG TERM INCENTIVE PLAN

In November 1998 our board of directors adopted, and in February 1999 our stockholders approved, a Long Term Incentive Plan under which our Compensation

Committee, in its sole discretion, may grant our employees incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, performance units, performance shares or phantom stock. In connection with the share exchange, the Long Term Incentive Plan was amended and restated effective May 17, 2002, subject to the stockholder approval. The current plan contains terms regarding options and other awards that are substantially similar to the terms of the predecessor plan, except that pursuant to the current plan non-employee directors and consultants may, if the compensation committee so determines, receive non-qualified options to purchase shares of our Class A common stock or other types of awards under the plan, excluding incentive stock options.

Up to an aggregate of 2,154,680 shares of our Class A common stock have been reserved for issuance under the plan. The Compensation Committee has the discretion, among other things, to determine the individuals who are eligible to receive awards, the type of awards that will be made under the plan and to set the exercise price, the vesting schedule and the term, up to ten years, of the options. All options currently issued under the Long Term Incentive Plan vest at the rate of one-fifth of the total award per year beginning one year from the date of grant, subject to acceleration by the Compensation Committee. With respect to any future grants under the plan, the Compensation Committee may provide that an option will be immediately vested and exercisable and that upon exercise, the option holder will receive restricted shares subject to vesting restrictions.

In December 2001, we granted options to purchase 335,500 shares of Class A common stock with an exercise price of $1.50 per share. We believed that the market value of a share of Class A common stock on the date of grant was $1.50. In connection with the offering and Staff Accounting Bulletin Topic 4.D., we revised the market value of a share of Class A common stock to $11.45 which exceeded the option price of

$1.50 by $9.95 per share. As a result, we accrued $3,338,225 for unearned compensation and began amortizing this noncash expense at a rate of $667,645 per year during the five year vesting period of the options granted. During 2001, there were no options exercised and 115,500 options were forfeited under the Long Term Incentive Plan. As of March 31, 2002, there were outstanding options to purchase 1,279,300 shares of our Class A common stock under the Long Term Incentive Plan.

A participant's option under the Long Term Incentive Plan is forfeited if the participant's service to our company is terminated for cause. Upon termination of a participant's service, we have a right to repurchase the participant's vested options and, prior to the listing of our shares of Class A common stock on a national exchange or NASDAQ National Market, any shares of common stock that were acquired pursuant to the exercise of options, at the fair market value of the share of Class A common stock as determined in accordance with the plan. Upon termination of a participant's service, we also have a right to repurchase restricted shares granted to such participant under the plan. The repurchase price for the restricted shares will be the lesser of the fair market value of the share of Class A common stock underlying the restricted shares or the amount the participant paid for the restricted shares.

COMPANY DEDUCTIONS

Section 162(m) of the Internal Revenue Code limits publicly held companies to an annual deduction for federal income tax purposes of $1,000,000 for compensation paid to their chief executive officer and the four highest compensated executive officers (other than the chief executive officer) determined at the end of each year. An exception, however, exists for privately held companies that become public via a public offering. According to this exception, our compensation plans and agreements that existed during the period we were not public are not subject to the $1,000,000 limit to the extent they are properly disclosed in this offering. This exception only applies until the earliest of the expiration of the plan or agreement, a material modification of the plan or agreement, the issuance of all of the stock or other compensation allocated to the plan or agreement or the first meeting of the stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the initial public offering occurs. In the case of compensation received pursuant to stock options, stock appreciation rights or restricted stock, the grant of such right must be made before the earliest of these dates. An exception to the $1,000,000 limitation also applies for performance based compensation. With respect to the Long Term Incentive Plan, the plan has been designed to permit the compensation committee to grant awards that qualify as performance based for purposes of satisfying the conditions of Section 162(m).

PRINCIPAL STOCKHOLDERS

The following table presents information regarding beneficial ownership of our common stock as of June 21, 2002 by:

- each person known by us to beneficially hold five percent or more of our common stock;

- each of our directors;

- each of our named executive officers; and

- all of our executive officers and directors as a group.

Beneficial ownership is determined under the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Unless indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of common stock subject to options that are currently

exercisable or exercisable within 60 days of March 31, 2002 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Percentage ownership is based on 19,563,280 shares of our Class A common stock and 20,949,280 shares of our Class B common stock outstanding on June 21, 2002 and 30,663,280 shares of our Class A common stock and 20,949,280 shares of our Class B common stock outstanding immediately after this offering. As of June 21, 2002, there were 31 holders of record of our Class A common stock and 9 holders of record of Class B common stock.

	CLASS A COMMON STOCK			CLASS B COMMON STOC	
		PERCENT OF CLASS			PERCENT O
NAMES OF BENEFICIAL OWNER (1)	NO. OF SHARES BENEFICIALLY OWNED	PRIOR TO THE OFFERING	FOLLOWING THE OFFERING	NO. OF SHARES BENEFICIALLY OWNED	PRIOR TO THE OFFERING
DIRECTORS AND EXECUTIVE OFFICERS					
Lee Roy Mitchell (3)(10).......	--	--	--	20,949,280	100.0%
Tandy Mitchell (4)(10).........	--	--	--	17,443,140	83.3%
James Stern (5)................	18,160,560	92.8%	59.2%	--	--
Alan W. Stock (6)..............	144,100	*	*	--	--
Robert Copple..................	77,000	*	*	--	--
Robert Carmony (7).............	127,600	*	*	--	--
Tim Warner (8).................	171,600	*	*	--	--
All directors and executive officers as a group (15 persons) (4)(5)(9)...........	19,027,580	97.3%	62.1%	20,949,280	100%
FIVE PERCENT STOCKHOLDERS					
The Cypress Group L.L.C. (5)...	18,160,560	92.8%	59.2%	--	--
CGI Equities, Ltd. (10)........	--	--	--	7,370,000	35.2%
Mitchell Special Trust (11)....	--	--	--	3,226,740	15.4%

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* Represents less than 1%

(1) Unless otherwise indicated, we believe the beneficial owner has both sole voting and investment powers over such shares.

(2) Each share of Class A common stock has one vote and each share of Class B common stock has ten votes on all matters to be voted on by stockholders. This column represents the combined voting power of the outstanding shares of Class B common stock and Class A common stock held by such beneficial owner and assumes that no shares of Class B common stock have been converted into Class A common stock.

(3) Includes 7,370,000 shares of Class B common stock held by CGI Equities, Ltd., and 3,226,740 shares of Class B common stock held by the Mitchell Special Trust, 279,400 shares of Class B common stock held in trust for the benefit of certain of Lee Roy Mitchell's grandchildren, 10,051,140 shares

of

Class B common stock owned by Lee Roy Mitchell and 22,000 shares of Class B common stock owned by Tandy Mitchell. Lee Roy and Tandy Mitchell are married to each other. Lee Roy and Tandy Mitchell each control the general partner of CGI Equities Ltd. Lee Roy Mitchell is the co-trustee of the Mitchell Special Trust and other trusts held for the benefit of certain of his grandchildren. Mr. Mitchell disclaims ownership of all shares other than 10,051,140 shares of Class B common stock that he owns of record.

(4) Includes 7,370,000 shares of Class B common stock owned by CGI Equities, Ltd.; 10,051,140 shares of Class B common stock owned by Lee Roy Mitchell and 22,000 shares of Class B common stock owned by Tandy Mitchell. Lee Roy Mitchell and Tandy Mitchell each control the general partner of CGI Equities Ltd. Mrs. Mitchell disclaims ownership of all shares other than 22,000 shares of Class B common stock that she owns of record.

(5) 17,263,180 shares shown as beneficially owned by The Cypress Group L.L.C. are owned of record by Cypress Merchant Banking Partners L.P. The Cypress Group L.L.C. is the general partner of Cypress Associates L.P., which is the general partner of Cypress Merchant Banking Partners L.P. 897,380 shares shown as beneficially owned by The Cypress Group L.L.C. are owned of record by Cypress Pictures Ltd. The Cypress Group L.L.C. is the general partner of Cypress Associates L.P., which is the general partner of Cypress Offshore Partners L.P., which is the parent of Cypress Pictures Ltd. James Stern is a member of The Cypress Group L.L.C. Mr. Stern disclaims beneficial ownership of the shares owned by Cypress. The address of The Cypress Group L.L.C. is 65 East 55th Street, New York, New York 10022. Under the Stockholders' Agreement among the Mitchell Group, Cypress and us, Cypress has the right to exchange all of their shares of our Class A common stock for an equal number of our Class B common stock. If Cypress converts its 18,160,560 shares of Class A common stock for 18,160,560 shares of Class B common stock, Cypress will have approximately 45.0% of the total voting power after the offering and the Mitchell Group will have approximately 51.9% of the total voting power after the offering.

(6) Includes 39,600 shares of Class A common stock issuable upon the exercise of options that may be exercised within 60 days of the date of this prospectus.

(7) Includes 39,600 shares of Class A common stock issuable upon the exercise of options that may be exercised within 60 days of the date of this prospectus.

(8) Includes 39,600 shares of Class A common stock issuable upon the exercise of options that may be exercised within 60 days of the date of this prospectus.

(9) Includes 271,700 shares of Class A common stock issuable upon the exercise of options that may be exercised within 60 days of the date of this prospectus.

(10) The address of CGI Equities, Ltd. is 3900 Dallas Parkway, Suite 500, Plano, Texas 75093.

(11) The address of the Mitchell Special Trust is 3900 Dallas Parkway, Suite 500, Plano, Texas 75093.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

CERTAIN AGREEMENTS

We manage one theatre with 12 screens for Laredo Theatre, Ltd. Lone Star Theatres, Inc. owns 25% of the limited partnership interests in Laredo. We are the sole general partner and own the remaining limited partnership interests. Lone Star Theatres, Inc. is owned 100% by Mr. David Roberts, who is Mr. Mitchell's son-in-law. Under the agreement, management fees are paid by Laredo to us at a rate of 5% of theatre revenues in each year up to $50,000,000 and 3% of theater revenues in each year in excess of $50,000,000. We received $180,366 of management fee revenues and dividends of $487,500 from Laredo in 2001. In 2001, Laredo distributed dividends of $162,500 to Lone Star Theatres in accordance with the terms of the limited partnership agreement. All such amounts are included in our consolidated financial statements with the intercompany amounts eliminated in consolidation.

We managed two theatres with 11 screens for Westward Ltd. in 2001. Westward is a Texas limited partnership of which Cinemark of Utah, Inc. is the general partner and owns a 1% interest in Westward. Cinemark of Utah, Inc. is 100% owned by Mr. Mitchell. Mr. Mitchell also owns a 48.425% limited partner interest in Westward. Under the agreement, management fees are paid to us by Westward at a rate of 3% of theatre revenues. We recorded $29,325 of management fee revenues from Westward in 2001. The term ends in November 2002. However, we have the option to renew for one or more five-year periods. One of the two theatres managed by us was closed by Westward in February 2002.

We manage one theatre with eight screens for Mitchell Theatres. Mitchell Theatres is 100% owned by members of Mr. Mitchell's family. Under the agreement, management fees are paid to us by Mitchell Theatres at a rate of 5% of theatre revenues. We recorded $21,389 of management fee revenues from Mitchell Theatres in 2001. The term ends in November 2003. However, we have the option to renew for one or more five-year periods.

We lease one theatre with 7 screens from Plitt Plaza joint venture. Plitt Plaza is indirectly owned by Lee Roy Mitchell. The term of the lease expires in

July 2003, however we have 2 five-year renewal options. The annual rent is approximately $264,000 plus certain taxes, maintenance expenses, insurance, and a percentage of gross admission and concession receipts in excess of certain amounts. We recorded $272,341 of facility lease expense payable to Plitt Plaza joint venture during 2001.

PROFIT PARTICIPATION

We entered into a profit participation agreement dated May 17, 2002 with Alan Stock, our President, pursuant to which Mr. Stock receives a profit interest in two recently built theatres after we have recovered our capital investment in these theatres plus our borrowing costs. Under this agreement, operating losses and disposition losses for any year are allocated 100% to us. Operating profits and disposition profits for these theatres for any fiscal year are allocated first to us to the extent of its total operating losses and losses from any disposition of these theatres. Thereafter, net cash from operations from these theatres or from any disposition of these theatres is paid first to us until such payments equal our investment in these theatres, plus interest, and then 51% to us and 49% to Mr. Stock. In the event that Mr. Stock's employment is terminated without cause, profits will be distributed according to this formula without first allowing us to recoup our investment plus interest thereon. No amounts have been paid to Mr. Stock to date pursuant to the profit participation agreement. Upon completion of this offering, we will have the option to purchase Mr. Stock's interest in the theatres for a price equal to the fair market value of the profit interest, as determined by an independent appraiser. We do not anticipate exercising this option in connection with this offering. We do not intend to enter into similar arrangements with our executive officers in the future.

STOCKHOLDERS' AGREEMENT

We entered into the Stockholders' Agreement dated May 17, 2002 with the Mitchell Group and Cypress. Among other things, the Stockholders' Agreement provides that, subject to certain conditions and exceptions, we must obtain the consent of Cypress for certain corporate acts including, but not limited to, amendments to

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our certificate of incorporation, approval of annual budgets under certain circumstances, asset dispositions or acquisitions in excess of specified amounts, merger, sale of substantially all our assets or consolidation, incurrence of indebtedness over specified amounts, certain stock redemptions or non pro rata dividends, transactions with affiliates over specified amounts, certain management changes or new compensation plans, financing theatres through limited partnerships, settlements of litigation over specified amounts and issuance of common stock by private placement. The above-described provisions terminate on the earlier of (1) the public owning 25% or more of our common stock, (2) our merger with and into any publicly traded company or (3) four years after the date of the Stockholders' Agreement. The Stockholders' Agreement also provides that Cypress will have the right to exchange their shares of our Class A common stock for an equal number of shares of our Class B common stock. The Stockholders' Agreement also contains a voting agreement pursuant to which the Mitchell Group agrees to vote their shares of common stock to elect certain designees of Cypress to our board of directors.

Under the Stockholders' Agreement, after the six-month period following this offering, Cypress, subject to a number of conditions and limitations, may require us to file a registration statement under the Securities Act to register the sale of shares of our common stock held by them. We may be required to file up to three registration statements. The Stockholders' Agreement also provides, subject to a number of conditions and limitations, that Cypress and the Mitchell Group have piggy-back registration rights in connection with registered offerings of our shares that we initiate after the six-month period following this offering. Under the Stockholders' Agreement, the selling stockholder will be required to pay all registration expenses. In addition, we are required to indemnify Cypress and the Mitchell Group, and they in turn are required to indemnify us with respect to any information they provide, against certain liabilities in respect of any registration statement or offering covered by the Stockholders' Agreement.

Cypress and the Mitchell Group have preemptive rights to cause us to offer them a pro rata share of certain of our future offerings. In addition, the Stockholders' Agreement provides for certain rights and obligations among the stockholders related to share transfers by stockholders, including rights of first offer, tag-along rights and drag-along rights. If Cypress or the Mitchell Group receives an offer to purchase all or any part of their shares of our common stock, they must first offer to sell such common stock to us and each other on substantially the same terms and conditions. In addition, if the Mitchell Group proposes to transfer their shares of our common stock, Cypress may require that the third party purchaser purchase a pro rata portion of Cypress' shares of our common stock. If the Mitchell Group receive a bona fide written offer from a third party purchaser to purchase all of their shares of our common stock, and Cypress chooses not to exercise its first offer rights, the Mitchell Group may require Cypress affiliates to sell all of their shares of our common stock to the third party purchaser.

The Mitchell Group also agreed that in the event any corporate opportunity is presented to the Mitchell Group to acquire or enter into any significant business transaction involving the motion picture exhibition business, the Mitchell Group would submit such opportunity to our board of directors before taking any action.

DESCRIPTION OF CAPITAL STOCK

At the time of the offering, our authorized capital stock will consist of (1) 50,000,000 shares of preferred stock, par value $0.001 per share; (2) 350,000,000 shares of Class A common stock, par value $0.001 per share; and (3) 150,000,000 shares of Class B common stock, par value $0.001 per share. Upon completion of this offering, there will be 30,663,280 shares of Class A common stock issued and outstanding, 20,949,280 shares of Class B common stock issued and outstanding and no shares of preferred stock issued and outstanding. Under the Stockholders' Agreement, among the Mitchell Group, Cypress and us, Cypress will have the right to exchange all of their shares of our Class A common stock for an equal number of our Class B common stock. The following summary of our capital stock is qualified in its entirety by reference to our certificate of incorporation and our bylaws filed as exhibits to this registration statement and the Delaware General Corporate Law.

COMMON STOCK

Our Class A and Class B common stockholders are entitled to vote together as a class on all matters submitted to a vote of our stockholders, except that the holders of Class A common stock are entitled to one vote for each share held and the holders of Class B common stock are entitled to ten votes for each share held. Other than these voting rights, the holders of Class A common stock and Class B common stock have identical rights and privileges in every respect. Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder or automatically upon a transfer of the holder's Class B common stock, other than to certain transferees. Our common stockholders do not have cumulative voting rights. Subject to the rights of holders of any then outstanding shares of our preferred stock, our common stockholders are entitled to any dividends that may be declared by our board of directors. Holders of our common stock are entitled to share ratably in our net assets upon our dissolution or liquidation after payment or provision for all liabilities and any preferential liquidation rights of our preferred stock then outstanding. Other than the Mitchell Group and Cypress to whom we have granted preemptive rights under the Stockholders' Agreement, our common stockholders have no preemptive rights to purchase shares of our stock. The shares of our common stock are not subject to any redemption provisions and, other than the Class B common stock, are not convertible into any other shares of our capital stock. All outstanding shares of our common stock are, and the shares of common stock to be issued in the offering will be, upon payment therefor, fully paid and nonassessable. The rights, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may issue in the future.

PREFERRED STOCK

Our board of directors may from time to time authorize the issuance of one or more classes or series of preferred stock without stockholder approval. Subject to the provisions of our certificate of incorporation and limitations prescribed by law, our board of directors is authorized to adopt resolutions to issue shares, establish the number of shares, change the number of shares constituting any series, and provide or change the voting powers, designations, preferences and relative rights, qualifications, limitations or restrictions on shares of our preferred stock, including dividend rights, terms of redemption, conversion rights and liquidation preferences, in each case without any action or vote by our stockholders.

One of the effects of undesignated preferred stock may be to enable our board of directors to discourage an attempt to obtain control of our company by means of a tender offer, proxy contest, merger or otherwise. The issuance of preferred stock may adversely affect the rights of our common stockholders by, among other things:

- restricting dividends on the common stock;

- diluting the voting power of the common stock;

- impairing the liquidation rights of the common stock;

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- delaying or preventing a change in control without further action by the stockholders; or

- decreasing the market price of Class A common stock.

EFFECTS OF AUTHORIZED BUT UNISSUED STOCK

Upon consummation of the offering there will be 500,000,000 authorized shares of our common stock, 446,100,760 of which will be unissued and unreserved for specific purposes, and 50,000,000 shares of preferred stock available for our future issuance without stockholder approval. Of the shares of common stock available for future issuance, 2,154,680 shares have been reserved for issuance under our Long Term Incentive Plan and 132,000 shares have been reserved for issuance under our director option agreements.

Shares of common stock and preferred stock available for future issuance may be utilized for a variety of corporate purposes, including facilitating acquisitions or future public offerings to raise additional capital. We do not currently have any plans to issue additional shares of common stock or preferred stock, other than shares of common stock issuable under our stock option plan and restricted stock plan and our employee stock purchase plan.

OPTIONS

We have reserved 2,154,680 shares of our Class A common stock for issuance under our Long Term Incentive Plan, of which 1,279,300 shares of Class A common stock are issuable upon exercise of options granted as of March 31, 2002, including options to purchase 573,980 shares exercisable as of March 31, 2002 or that will become exercisable within 60 days after March 31, 2002. We have reserved 132,000 shares of Class A common stock for issuance under our director option agreements.

ANTI-TAKEOVER CONSIDERATIONS AND SPECIAL PROVISIONS OF THE CERTIFICATE OF INCORPORATION, BYLAWS AND DELAWARE LAW

Certificate of Incorporation and Bylaws. A number of provisions of our certificate of incorporation and bylaws concern matters of corporate governance and the rights of our stockholders. Provisions such as those that provide for the classification of our board of directors and that grant our board of directors the ability to issue shares of preferred stock and to set the voting rights, preferences and other terms thereof may have an anti-takeover effect by discouraging takeover attempts not first approved by our board of directors, including takeovers which may be considered by some stockholders to be in their best interests. To the extent takeover attempts are discouraged, temporary fluctuations in the market price of our common stock, which may result from actual or rumored takeover attempts, may be inhibited. Such provisions also could delay or frustrate the removal of incumbent directors or the assumption of control by stockholders, even if such removal or assumption would be beneficial to our stockholders. These provisions also could discourage or make more difficult a merger, tender offer or proxy contest, even if they could be favorable to the interests of stockholders, and could potentially depress the market price of our common stock. Our board of directors believes that these provisions are appropriate to protect our interests and the interests of our stockholders.

Classified Board of Directors. Our certificate of incorporation divides our board of directors into three classes. The directors in each class serve in terms of three years and until their successors are duly elected and qualified. The terms of directors are staggered by class. The classification system of electing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of our company and may maintain the incumbency of our board of directors, as this structure generally increases

the difficulty of, or may delay, replacing a majority of the directors. At any time that the outstanding shares of Class B common stock represents less than 50% of the combined voting power of the common stock, directors may not be removed by vote of the stockholders except for cause. A majority of the directors then in office may elect a successor to fill any vacancies or newly created directorships.

Meetings of Stockholders. Our bylaws provide that annual meetings of our stockholders may take place at the time and place established by our board of directors. A special meeting of our stockholders may be

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called by the chairman of the board or our president and will be called by our president or secretary upon written request by a majority of our board of directors.

Stockholder Action by Written Consent. Except as provided in the following sentence, pursuant to the Delaware General Corporation Law, our bylaws and the requirements of the New York Stock Exchange, any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of such holders, and may not be effected by any consent in writing by such holders. Any action required or permitted to be taken at a special stockholders' meeting may be taken without a meeting, without prior notice and without a vote, if (1) the outstanding shares of our Class B common stock represents greater than 50% of the combined voting power of the outstanding shares of our common stock and (2) the action is taken by persons who would be entitled to vote at a meeting and who hold shares having voting power equal to not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by the stockholders entitled to take action without a meeting, and delivered to us in the manner prescribed by the Delaware General Corporation Law.

Advance Notice Provisions. Our bylaws provide that nominations for directors may not be made by stockholders at any annual or special meeting thereof unless the stockholder intending to make a nomination notifies us of its intention a specified number of days in advance of the meeting and furnishes to us certain information regarding itself and the intended nominee. Our bylaws also require a stockholder to provide to our secretary advance notice of business to be brought by such stockholder before any annual or special meeting of our stockholders, as well as certain information regarding the stockholder and any material interest the stockholder may have in the proposed business. These provisions could delay stockholder actions that are favored by the holders of a majority of our outstanding stock until the next stockholders' meeting.

Filling of Board Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of our directors then in office. Whenever the holders of any class or classes of our stock or series thereof are entitled to elect one or more directors, vacancies and newly created directorships of such class or classes or series may be filled by the affirmative vote of a majority of our directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Each such director will hold office until the next election of directors of that director's class, and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal. Stockholders are not permitted to fill vacancies.

Amendment of the Bylaws. Our bylaws may be altered, amended, repealed or replaced by our board of directors or our stockholders at any annual or regular meeting, or at any special meeting if notice of the alteration, amendment, repeal or replacement is given in the notice of the meeting.

Delaware Anti-Takeover Law. We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents certain Delaware corporations, under certain circumstances, from engaging in a "business combination" with:

- a stockholder who owns 15% or more of our outstanding voting stock (otherwise known as an "interested stockholder"),

- an affiliate of an interested stockholder, or

- an associate of an interested stockholder,

for three years following the date that the stockholder became an "interested stockholder." A "business combination" includes a merger or sale of more than 10% of our assets.

However, the above provisions of Section 203 do not apply if:

- our board approves the transaction that made the stockholder an "interested stockholder," prior to the date of that transaction;

- after the completion of the transaction that resulted in the stockholder becoming an "interested stockholder," that stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding shares owned by our officers and directors; or

- on or subsequent to the date of the transaction, the business combination is approved by our board and authorized at a meeting of our stockholders by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the "interested stockholder."

This statute could prohibit or delay mergers or other change in control attempts, and thus may discourage attempts to acquire us.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, to the fullest extent permitted by Delaware law.

Our certificate of incorporation and bylaws provide that:

- we must indemnify our directors, officers, employees and agents to the fullest extent permitted by applicable law; and

- we must advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the fullest extent permitted by Delaware law, subject to very limited exceptions.

Prior to the consummation of this offering, we intend to obtain directors' and officers' insurance for our directors, officers and some employees for specified liabilities.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. They may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though an action of this kind, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholders' investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. However, we believe that these indemnification provisions are necessary to attract and retain qualified directors and officers.

TRANSFER AGENT AND REGISTRAR

We intend to retain The Bank of New York as the transfer agent and registrar for our Class A common stock.

LISTING

Our Class A common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the trading symbol CNK.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

GENERAL

The following summary discusses the material U.S. federal income and estate tax consequences of the ownership of our Class A common stock by a Non-U.S. Holder (as defined below) as of the date hereof. This discussion assumes that a Non-U.S. Holder holds shares of our Class A common stock as a capital asset (generally property held for investment). This discussion does not address all aspects of U.S. federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to Non-U.S. Holders in light of their personal circumstances. Special rules that may apply to certain Non-U.S. Holders, such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies," individuals who are U.S. expatriates, partnerships or other pass-through entities, and corporations that accumulate earnings to avoid U.S. federal income tax, that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), are not described herein. Those individuals or entities should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. PERSONS CONSIDERING THE PURCHASE, OWNERSHIP OR DISPOSITION OF OUR CLASS A COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

If a partnership holds our Class A common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of

the partnership. Persons who are partners of partnerships holding our Class A common stock should consult their tax advisors.

As used herein, a Non-U.S. Holder of our Class A common stock means a beneficial owner that is an individual or entity other than (1) a citizen or resident of the United States, (2) a corporation or business entity treated as a corporation created or organized in or under the laws of the United States or any state, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust (A) that is subject to the primary supervision of a court within the United States and one or more U.S. persons has the authority to control all substantial decisions of the trust, or (B) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

DIVIDENDS

As previously discussed, we do not intend to declare or pay any cash dividends on our Class A common stock in the foreseeable future. See "Dividend Policy." In the event we do declare or pay cash dividends, however, dividends paid to a Non-U.S. Holder of our Class A common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States and, where a tax treaty applies, are attributable to a U.S. permanent establishment of the Non-U.S. Holder, are not subject to the withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable graduated individual or corporate rates. Certain Internal Revenue Service certification and disclosure requirements must be complied with in order for effectively connected income to be exempt from withholding. Any such effectively connected dividends received by a foreign corporation may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or a lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. Holder of our Class A common stock who wishes to claim an exemption from, or reduction in, withholding under the benefit of an applicable treaty rate (and avoid backup withholding as discussed below) for dividends, will be required to (a) complete Internal Revenue Service Form W-8BEN (or successor form) and satisfy certain relevant certification requirements of applicable Treasury regulations. Special certification and other requirements apply to certain Non-U.S. Holders that are entities rather than individuals.

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A Non-U.S. Holder of our Class A common stock eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service, or the IRS, on a timely basis.

GAIN ON DISPOSITION OF COMMON STOCK

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain recognized on a sale or other disposition of our Class A common stock unless (1) the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States, and, where a tax treaty applies, is attributable to a U.S. permanent establishment of the Non-U.S. Holder, (2) in the case of a Non-U.S. Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, or (3) the company is or has been a U.S. real property holding corporation for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition and the Non-U.S. Holder's holding period for the common stock.

An individual Non-U.S. Holder described in clause (1) above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. An individual Non-U.S. Holder described in clause (2) above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses (even though the individual is not considered a resident of the United States). If a Non-U.S. Holder that is a foreign corporation falls under clause (1) above, it will be subject to tax on its gain under regular graduated U.S. federal income tax rates and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

The determination of whether a corporation is a "U.S. real property holding corporation" for U.S. federal income tax purposes involves a complex factual analysis, including a valuation of the corporation's assets. We have not determined at this time whether we are a U.S. real property holding corporation, although there is a possibility that we are or will become a U.S. real property holding corporation. If we are or become a U.S. real property holding corporation, then assuming our Class A common stock is regularly traded on an established securities market, only a Non-U.S. Holder who holds or held (at any time during the shorter of the five-year period end on the date of disposition and the Non-U.S. Holder's holding period for the common stock) more than 5% of our Class A common stock will be subject to the U.S. federal income tax on the disposition of the common stock under these rules.

U.S. ESTATE TAX

Class A common stock held by an individual Non-U.S. Holder at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Our company must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to that holder and the tax withheld with respect to those dividends, regardless of whether withholding was required. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provision of an applicable income tax treaty.

A Non-U.S. Holder will be subject to backup withholding unless applicable

certification requirements are met.

Proceeds of a sale of our Class A common stock paid within the United States or through certain U.S. related financial intermediaries are subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a Non-U.S. Holder (and the payor does not have actual knowledge that the beneficial owner is a U.S. person), or the holder establishes another exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability if the required information is furnished to the Internal Revenue Service.

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SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our Class A common stock in the public market could adversely affect the market price of our Class A common stock and could impair our future ability to raise capital through the sale of our equity securities.

Upon the completion of this offering, we will have 30,663,280 shares of our Class A common stock and 20,949,280 shares of our Class B common stock issued and outstanding which are convertible at the holder's option into Class A common stock on a one-for-one basis, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of the outstanding shares, all of the shares sold in this offering will be freely tradable, except that any shares held by our "affiliates," as that term is defined in Rule 144 promulgated under the Securities Act, may only be sold in compliance with the limitations described below. The remaining shares of our common stock will be deemed "restricted securities" as defined under Rule 144. Restricted shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 promulgated under the Securities Act, which are summarized below. Subject to the lock-up agreements described below and other lock-up agreements and the provisions of Rules 144, additional shares will be available for sale in the public market as follows:

LOCK-UP AGREEMENTS

Our executive officers, directors and certain other stockholders, have agreed not to sell or otherwise dispose of any shares of our common stock or any securities which may be converted into or exchanged or exercised for any common stock for a period of 180 days after the date of this prospectus, without the prior written consent of Lehman Brothers Inc.

REGISTRATION RIGHTS

The stockholders which are parties to the Stockholders' Agreement have

rights to cause us to register under the Securities Act the sale of all or part of the shares of our capital stock owned by them.

We have granted our partners in our Brazilian operations an option to exchange all of their shares in Cinemark Brasil S.A. into shares of our Class A common stock upon completion of this offering. We have granted them piggyback registration rights with respect to those shares of Class A common stock.

RULE 144

In general, under Rule 144, a person, or group of persons whose shares are aggregated, who has beneficially owned restricted shares for at least one year following the later of the date of the acquisition of such shares from the issuer or an affiliate of the issuer would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding; or

- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale.

Sales under Rule 144 are subject to certain manner of sale provisions and notice requirements and the availability of current public information about us.

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RULE 144(k)

Under Rule 144(k), a person who is not deemed to have been an affiliate of us at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years following the later of the date of the acquisition of such shares from the issuer or an affiliate of the issuer, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

STOCK OPTIONS

Following expiration of the 180 day lock-up period described above, we intend to file a registration statement on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock option plans. Shares of Class A common stock registered under any registration statement will, subject to Rule 144 volume limitations applicable to affiliates, be available for sale in the open market.

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UNDERWRITING

Under the underwriting agreement, which is filed as an exhibit to the registration statement relating to this prospectus, each of the underwriters named below, for whom Lehman Brothers Inc. and Salomon Smith Barney Inc. are acting as representatives, has agreed to purchase from us the respective number of shares of Class A common stock shown opposite its name below. Subject to the

terms and conditions of the underwriting agreement, the underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

UNDERWRITERS	NUMBER OF SHARES
Lehman Brothers Inc.	
Salomon Smith Barney Inc.	
Bear, Stearns & Co. Inc.	
Credit Suisse First Boston Corporation	
Goldman, Sachs & Co.	
Total	11,100,000

The underwriting agreement provides that the underwriters' obligations to purchase our Class A common stock depend on the satisfaction of the conditions contained in the underwriting agreement, which includes:

- the representations and warranties made by us to the underwriters are true;

- there is no material change in the financial markets; and

- we deliver customary closing documents to the underwriters.

COMMISSIONS AND EXPENSES

The representatives have advised us that the underwriters propose to offer the Class A common stock directly to the public at the public offering price presented on the cover page of this prospectus, and to selected dealers, that may include the underwriters, at the public offering price less a selling concession not in excess of $ per share. The underwriters may allow, and the selected dealers may reallow, a concession not in excess of $ per share to brokers and dealers. After the offering, the underwriters may change the offering price and other selling terms.

The following table summarizes the underwriting discounts and commissions we will pay. The underwriting discounts and commissions are equal to the public offering price per share, less the amount paid to us per share. The underwriting discounts and commissions equal % of the initial public offering price.

	TOTAL	
PER SHARE	WITHOUT OVER-ALLOTMENT	WITH OVER-ALLOTMENT

Underwriting discounts and commissions to be paid to the underwriters by us..............	$	$	$

We estimate that the total expenses of the offering, including approximately $319,660 in filing fees, $750,000 in professional fees and expenses and $430,340 for other fees and expenses, excluding underwriting discounts and commissions, will be approximately $1,500,000.

OVER-ALLOTMENT OPTION

We have granted to the underwriters an option to purchase up to an aggregate of 1,665,000 shares of Class A common stock, exercisable to cover over-allotments, if any, at the public offering price less the underwriting discounts and commissions shown on the cover page of this prospectus. The underwriters may exercise this option at any time until 30 days after the date of the underwriting agreement. To the extent the underwriters exercise this option, each underwriter will be committed, so long as the conditions of the

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underwriting agreement are satisfied, to purchase a number of additional shares proportionate to that underwriter's initial commitment as indicated in the preceding table.

LOCK-UP AGREEMENTS

We have agreed that, without the prior written consent of Lehman Brothers Inc., we will not, directly or indirectly, offer, sell or dispose of any common stock or any securities which may be converted into or exchanged for any common stock for a period of 180 days from the date of this prospectus. All of our executive officers, directors and certain other stockholders, holding in the aggregate 40,221,500 shares of our common stock, have agreed under lock-up agreements not to, without the prior written consent of Lehman Brothers Inc., directly or indirectly, offer, sell or otherwise dispose of any common stock or any securities which may be converted into or exchanged or exercised for any common stock for a period of 180 days from the date of this prospectus.

OFFERING PRICE DETERMINATION

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price has been negotiated between the representatives and us. In determining the initial public offering price of our Class A common stock, the representatives considered:

- prevailing market conditions;

- our historical performance and capital structure;

- estimates of our business potential and earnings prospects;

- an overall assessment of our management; and

- the consideration of these factors in relation to market valuation of companies in related businesses.

INDEMNIFICATION

We have agreed to indemnify the underwriters against liabilities relating to the offering, including liabilities under the Securities Act and liabilities arising from breaches of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriters may be required to make for these liabilities. We have further agreed to indemnify against liabilities related to the directed share program referred to below, including liabilities under the Securities Act.

STABILIZATION, SHORT POSITIONS AND PENALTY BIDS

The representatives may engage in over-allotment, stabilizing transactions, syndicate short covering transactions, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the Class A common stock, in accordance with Regulation M under the Securities Exchange Act of 1934:

- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option, in whole or in part, or purchasing shares in the open market.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum.

- Syndicate short covering transactions involve purchases of the Class A common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among

other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the Class A common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our Class

A common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Class A common stock. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

LISTING

Our Class A common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol CNK. In connection with that listing, the underwriters have undertaken to sell the minimum number of shares to the minimum number of beneficial owners necessary to meet the New York Stock Exchange listing requirements.

STAMP TAXES

Purchasers of the shares of our Class A common stock offered by this prospectus may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover of this prospectus.

OFFERS AND SALES IN CANADA

This prospectus is not, and under no circumstances is it to be construed as, an advertisement or a public offering of shares in Canada or any province or territory thereof. Any offer or sale of shares in Canada will be made only under an exemption from the requirements to file a prospectus or prospectus supplement with the relevant Canadian securities regulations and only by a registered dealer or, alternatively pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

DIRECTED SHARE PROGRAM

At our request, the underwriters have reserved up to 555,000 shares, or 5% of our Class A common stock offered by this prospectus, for sale under a directed share program to specified business associates and have agreed to permit them to buy the reserved shares at the initial public offering price. All of the persons purchasing the reserved shares must agree not to, directly or indirectly, offer, sell or otherwise dispose of shares of our Class A common stock for a period of up to 60 days from the date of this prospectus. The number of shares available for sale to the general public will be reduced to the extent these persons purchase the reserved shares. Shares committed to be purchased by directed share participants which are not so purchased will be reallocated for sale to the general public in the offering.

DISCRETIONARY SALES

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares of our Class A common stock offered by them.

ELECTRONIC DISTRIBUTION

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by an underwriter or selling group member is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

NASD

This offering is being conducted pursuant to Rule 2710(c)(8) of the Conduct Rules of the National Association of Securities Dealers, Inc. (the "NASD"), as a result we will appoint a qualified independent underwriter in connection with this offering. Salomon Smith Barney Inc. will act as our qualified independent underwriter and in this role it has performed due diligence investigations and has recommended a maximum price for the securities. We and the other underwriters have agreed to indemnify Salomon Smith Barney Inc. in its capacity as qualified independent underwriter against certain liabilities including liabilities under the Securities Act, or to contribute to payments Salomon Smith Barney Inc. in its capacity as qualified independent underwriter, may be required to make in respect to those liabilities. We intend to use approximately $77.0 million of the proceeds from this offering to repay debt outstanding under the Cinema Properties, Inc. $77.0 million term loan evidenced by a $77.0 million note made payable to Lehman Brothers Bank, FSB.

OTHER

Some of the underwriters or their affiliates have provided investment banking and financial advisory services for us from time to time for which they have received customary fees and reimbursements of expenses and may in the future provide additional services. Lehman Brothers Bank, FSB, an affiliate of Lehman Brothers Inc., is the payee under our $77 million promissory note dated December 15, 2000. A portion of the net proceeds from this offering will be used to repay this promissory note. An affiliate of Lehman Brothers Inc. will be the arranger and administrative agent for the new senior secured credit facility, for which it will receive customary fees and reimbursements of expenses.

LEGAL MATTERS

The validity of the shares of Class A common stock offered by this prospectus will be passed upon for our company by Akin, Gump, Strauss, Hauer & Feld, L.L.P., Dallas, Texas. Certain legal matters in connection with shares of

Class A common stock offered in this prospectus will be passed upon for the underwriters by Simpson Thacher & Bartlett, New York, New York.

EXPERTS

The financial statements as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion and includes explanatory paragraphs referring to a restatement of our 2001 financial statements and the adoption of SOP 98-5 in 1999), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act for the Class A common stock sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and the accompanying exhibits and schedules. For further information about us and our Class A common stock, we refer you to the registration statement and the accompanying exhibits and schedules. Statements contained in this prospectus regarding the contents of any contract or any other document to which we refer are not necessarily complete. In each instance, reference is made to the copy of the contract or document filed as an exhibit to the registration statement, and each statement is qualified in all respects by that reference. Copies of the registration statement and the accompanying exhibits and schedules may be inspected without charge at the public reference facilities maintained by the Securities and Exchange Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Securities and Exchange Commission located at the Northeast Regional Office located at 233 Broadway, New York, New York 10279 and the Midwest Regional Office located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of these materials may be obtained at prescribed rates from the Public Reference Room of the Securities and Exchange Commission Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission. The address of the site is http://www.sec.gov.

After this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act. As a result, we will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. After completion of this offering we intend to provide access to these reports on our web site, www.cinemark.com. These reports may be accessed electronically with the Securities and Exchange Commission, free of charge, at www.freeedgar.com. You may request paper copies of the filings, at no cost, by telephone at (972) 665-1000 or by mail at: Cinemark, Inc., 3900 Dallas Parkway, Suite 500, Plano, Texas 75093.

CINEMARK, INC. AND SUBSIDIARIES

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CINEMARK, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cinemark, Inc. and Subsidiaries
Plano, TX

We have audited the accompanying consolidated balance sheets of Cinemark Inc. and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these

financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cinemark, Inc. and subsidiaries as of December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17, the Company restated stockholders' equity at December 31, 2001 to reflect additional unearned compensation related to stock options.

As discussed in Note 1 to the consolidated financial statements, in 1999 the Company changed its method of accounting for start-up activities and organizational costs to conform with AICPA Statement of Position 98-5.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas

February 8, 2002 (June 27, 2002, as to the restatement of stockholders' equity described in Note 17 and the effects of the stock exchange and reverse stock split described in Note 1)

CINEMARK, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 2001

	2000	2001
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,839,994	$ 50,199,223
Inventories	3,734,955	3,322,032
Accounts receivable	8,246,024	11,049,648
Income tax receivable	1,462,721	1,438,794
Prepaid expenses and other	3,591,666	3,246,829

Total current assets	36,875,360	69,256,526
Theatre properties and equipment		
Land	67,645,774	63,463,978
Buildings	306,634,606	314,423,663
Leasehold interests and improvements	343,347,473	352,294,695
Theatre furniture and equipment	460,891,679	466,953,793
Theatres under construction	14,987,487	4,198,208
Total	1,193,507,019	1,201,334,337
Less accumulated depreciation and amortization	243,372,299	334,927,920
Theatre properties and equipment -- net	950,134,720	866,406,417
Other assets		
Goodwill -- net	16,826,740	15,124,954
Investments in and advances to affiliates	6,932,208	4,447,003
Deferred tax asset	--	3,716,206
Deferred charges and other -- net	49,807,442	37,592,644
Total other assets	73,566,390	60,880,807
Total	$1,060,576,470	$ 996,543,750
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$ 32,767,581	$ 21,853,742
Accounts payable	28,438,827	31,109,661
Accrued film rentals	24,597,474	23,581,478
Accrued interest	19,856,463	16,167,137
Accrued payroll	10,597,640	13,142,023
Accrued property taxes	15,219,543	14,028,991
Accrued other current liabilities	17,778,916	19,472,236
Total current liabilities	149,256,444	139,355,268
Long-term liabilities		
Long-term debt, less current portion	777,555,162	759,102,424
Deferred income taxes	14,831,678	--
Deferred lease expenses	20,475,247	22,832,388
Deferred gain on sale leasebacks	5,104,461	4,738,540
Deferred revenues and other long-term liabilities	16,752,114	9,824,212
Total long-term liabilities	834,718,662	796,497,564
Commitments and contingencies (Note 10)		
Minority interests in subsidiaries	27,691,527	35,353,662
Stockholders' equity (as restated, see Note 17)		
Class A Common Stock, $.001 par value: 350,000,000 shares authorized, 18,438,860 and 19,563,280 shares issued and outstanding, respectively	18,439	19,563
Class B Common Stock, $.001 par value: 150,000,000 shares authorized, 20,949,280 shares issued and outstanding	20,949	20,949
Additional paid-in-capital	38,464,668	40,367,749
Unearned compensation -- stock options	(1,956,944)	(4,226,004)
Retained earnings	48,717,567	44,696,299
Accumulated other comprehensive loss	(36,354,842)	(55,541,300)
Total stockholders' equity	48,909,837	25,337,256
Total	$1,060,576,470	$ 996,543,750

See notes to consolidated financial statements

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CINEMARK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001

	1999	2000	2001
Revenues			
Admissions	$459,334,408	$511,305,524	$548,920,177
Concession	221,083,945	235,691,321	257,603,165
Other	32,185,843	39,267,012	47,135,126
Total	712,604,196	786,263,857	853,658,468
Costs and expenses			
Cost of operations:			
Film rentals and advertising	246,393,817	271,048,793	288,110,760
Concession supplies	38,180,316	41,993,761	44,924,307
Salaries and wages	82,870,409	86,680,128	90,808,558
Facility leases	89,808,343	108,488,605	114,736,525
Utilities and other	96,228,905	104,796,196	108,125,244
Total cost of operations	553,481,790	613,007,483	646,705,394
General and administrative expenses	34,833,403	39,012,924	42,689,638
Depreciation and amortization	53,268,575	66,110,555	73,543,846
Asset impairment loss	3,720,390	3,872,126	20,723,274
Loss on sale of assets and other	2,419,511	912,298	12,407,696
Total	647,723,669	722,915,386	796,069,848
Operating income	64,880,527	63,348,471	57,588,620
Other income (expense)			
Interest expense	(58,836,739)	(72,977,272)	(68,368,292)
Amortization of debt issue cost and debt discount	(1,030,339)	(1,059,949)	(2,562,328)
Interest income	1,980,743	1,044,835	1,492,492
Foreign currency exchange loss	(186,077)	(467,154)	(1,976,979)
Equity in income (loss) of affiliates	241,218	(7,493)	(4,471,983)
Minority interests in (income) loss of subsidiaries	662,456	(52,802)	162,573
Total	(57,168,738)	(73,519,835)	(75,724,517)
Income (loss) before income taxes and cumulative effect of an accounting change	7,711,789	(10,171,364)	(18,135,897)
Income taxes (benefit)	3,707,717	251,721	(14,114,629)
Income (loss) before cumulative effect of an accounting change	4,004,072	(10,423,085)	(4,021,268)
Cumulative effect of a change in accounting principle, net of tax benefit of $417,570	(2,968,637)	--	--
Net income (loss)	$ 1,035,435	$(10,423,085)	$ (4,021,268)
Earnings (loss) per share -- Basic			
Income (loss) before accounting change	$ 0.10	$ (0.27)	$ (0.10)
Cumulative effect of a change in accounting			

principle..................................	(0.07)	--	--
Net income (loss)..............................	$ 0.03	$ (0.27)	$ (0.10)
Earnings (loss) per share -- Diluted			
Income (loss) before accounting change...........	$ 0.09	$ (0.27)	$ (0.10)
Cumulative effect of a change in accounting principle..................................	(0.07)	--	--
Net income (loss)..............................	$ 0.02	$ (0.27)	$ (0.10)

See notes to consolidated financial statements

CINEMARK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001

	CLASS A COMMON STOCK		CLASS B COMMON STOCK		ADDITION PAID-I CAPITA
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT	
Balance January 1, 1999................	18,282,880	$18,283	20,949,280	$20,949	$39,073,
Net income............................					
Unearned compensation from stock options granted.....................					17,
Unearned compensation from stock options forfeited...................					(57,
Amortization of unearned compensation........................					
Foreign currency translation adjustment..........................					
Balance December 31, 1999..............	18,282,880	$18,283	20,949,280	$20,949	$39,032,
Net loss..............................					
Unearned compensation from stock options forfeited...................					(362,
Amortization of unearned compensation........................					
Shares repurchased by stockholder......					103,
Repurchase of options.................					(67,
Repurchase of stock...................					(34,
Stock options exercised, including tax benefit............................	155,980	156			(207,
Foreign currency translation adjustment..........................					
Balance December 31, 2000..............	18,438,860	$18,439	20,949,280	$20,949	$38,464,
Net loss..............................					
Unearned compensation from stock options granted (as restated, see Note 17)...........................					3,423,

Unearned compensation from stock options forfeited..................					(143,
Amortization of unearned compensation........................					
Stock options exercised, including tax benefit............................	1,124,420	1,124			(1,376,
Foreign currency translation adjustment..........................					
Balance December 31, 2001 (as restated, see Note 17)..........................	19,563,280	$19,563	20,949,280	$20,949	$40,367,

	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL	COMPREHENSIVE INCOME (LOSS)
Balance January 1, 1999................	$(17,196,698)	$ 75,799,616	
Net income............................		1,035,435	$ 1,035,435
Unearned compensation from stock options granted.....................		--	
Unearned compensation from stock options forfeited..................		(4,792)	
Amortization of unearned compensation........................		1,053,968	
Foreign currency translation adjustment..........................	(14,033,681)	(14,033,681)	(14,033,681)
Balance December 31, 1999..............	$(31,230,379)	$ 63,850,546	$(12,998,246)
Net loss..............................		(10,423,085)	(10,423,085)
Unearned compensation from stock options forfeited..................		(193,816)	
Amortization of unearned compensation........................		1,006,254	
Shares repurchased by stockholder......		103,584	
Repurchase of options.................		(67,575)	
Repurchase of stock...................		(34,000)	
Stock options exercised, including tax benefit............................		(207,608)	
Foreign currency translation adjustment..........................	(5,124,463)	(5,124,463)	(5,124,463)
Balance December 31, 2000..............	$(36,354,842)	$ 48,909,837	$(15,547,548)
Net loss..............................		(4,021,268)	(4,021,268)
Unearned compensation from stock options granted (as restated, see Note 17)............................		--	
Unearned compensation from stock options forfeited..................		--	
Amortization of unearned compensation........................		1,010,655	
Stock options exercised, including tax benefit............................		(1,375,510)	
Foreign currency translation adjustment..........................	(19,186,458)	(19,186,458)	(19,186,458)

Balance December 31, 2001 (as restated, see Note 17)	$(55,541,300)	$ 25,337,256	$(23,207,726)

See notes to consolidated financial statements

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CINEMARK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001

	1999	2000	2001
Operating activities			
Net income (loss)	$ 1,035,435	$ (10,423,085)	$ (4,021,268)
Noncash items in net income (loss):			
Depreciation	51,960,793	63,943,131	70,978,308
Amortization of goodwill and other assets	2,163,621	3,052,873	2,565,538
Amortization of gain on sale leasebacks	(218,920)	(365,920)	(365,921)
Amortization of foreign advanced rents	1,275,689	2,523,076	2,345,095
Amortization of debt discount and premium	(28,508)	(28,507)	(28,508)
Amortization of debt issue costs	855,839	885,449	2,387,828
Amortized compensation -- stock options	1,049,176	916,022	1,010,655
Loss on impairment of assets	3,720,390	3,872,126	20,723,274
Loss on sale of assets and other	2,419,511	912,298	12,407,696
Deferred lease expenses	1,610,053	4,286,447	2,357,141
Deferred income tax expenses	1,973,662	(3,256,326)	(18,547,884)
Equity in (income) loss of affiliates	(241,218)	7,493	4,471,983
Minority interests in income (loss) of subsidiaries	(662,456)	52,802	(162,573)
Common Stock issued for options exercised, including tax benefit	--	(207,608)	(1,375,510)
Cumulative effect of an accounting change	3,386,207	--	--
Change in assets and liabilities:			
Inventories	(1,142,815)	999,565	412,923
Accounts receivable	346,817	3,821,447	(2,803,624)
Prepaid expenses and other	(5,050,770)	3,917,056	344,837
Other assets	(13,986,786)	1,905,257	4,746,176
Advances with affiliates	7,691,402	430,185	(1,671,098)
Accounts payable	24,790,961	(24,647,978)	2,670,834
Accrued liabilities	8,157,069	1,626,445	(11,347,641)
Income tax receivable	996,496	573,425	23,927
Net cash provided by operating activities	92,101,648	54,795,673	87,122,188
Investing activities			
Additions to theatre properties and equipment	(248,370,598)	(113,080,618)	(40,351,680)
Sale of theatre properties and equipment	23,867,262	23,275,239	6,867,953
Investment in affiliates	(47,017)	(5,233,333)	(379,373)
Dividends/capital returned from affiliates	1,506,377	153,000	63,693
Net cash used for investing activities	(223,043,976)	(94,885,712)	(33,799,407)
Financing activities			

Increase in long-term debt....................	180,750,458	210,453,907	93,236,439
Reductions of long-term debt..................	(51,676,027)	(178,515,735)	(122,574,508)
Costs of debt financing.......................	(375,000)	(4,607,226)	--
Increase in deferred revenues.................	1,250,000	26,224,423	--
Increase in minority investment in subsidiaries...............................	9,584,770	2,500,102	11,429,373
Decrease in minority investment in subsidiaries...............................	(24,606,921)	(4,673,720)	(3,604,665)
Repurchase of options.........................	--	(67,575)	--
Repurchase of stock...........................	--	(34,000)	--
Net cash provided by (used for) financing activities...........................	114,927,280	51,280,176	(21,513,361)
Effect of exchange rate changes on cash and cash equivalents..................................	(758,663)	(222,300)	(1,450,191)
Increase (decrease) in cash and cash equivalents..................................	(16,773,711)	10,967,837	30,359,229
Cash and cash equivalents:			
Beginning of period...........................	25,645,868	8,872,157	19,839,994
End of period.................................	$ 8,872,157	$ 19,839,994	$ 50,199,223

Supplemental information (Note 5)

See notes to consolidated financial statements

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization -- On May 16, 2002, Cinemark, Inc. was formed as the Delaware holding company of Cinemark USA, Inc. Each outstanding share, and each outstanding option to purchase shares, of Cinemark USA, Inc. were exchanged for shares, and options to purchase shares, of Cinemark, Inc. The accompanying financial statements have been revised to reflect the historical financial data of Cinemark USA, Inc. as though it were the financial data of Cinemark, Inc. All share and per share amounts have been adjusted to retroactively reflect the share exchange and reverse stock split in June 2002 for the periods presented.

Business -- Cinemark, Inc. and its subsidiaries (the "Company") is a leader in the motion picture exhibition industry that owns or leases and operates 276 motion picture theatres (3,000 screens) in 33 states, Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica and Colombia as of December 31, 2001. The Company also manages an additional four theatres (27 screens) in the United States ("U.S.") and provides management services for one theatre (13 screens) in Taiwan at December 31, 2001.

Principles of Consolidation -- The consolidated financial statements include the accounts of Cinemark, Inc. and its subsidiaries. Majority-owned subsidiaries that the Company has control of are consolidated while those subsidiaries of which the Company owns between 20% and 50% and does not control

are accounted for as affiliates under the equity method. The results of these subsidiaries and affiliates are included in the financial statements effective with their formation or from their dates of acquisition. Significant intercompany balances and transactions are eliminated in consolidation. Certain reclassifications have been made to December 31, 1999 and 2000 amounts to conform to the 2001 presentation.

Inventories -- Concession and theatre supplies inventories are stated at the lower of cost (first-in, first-out method) or market.

Theatre Properties and Equipment -- Theatre properties and equipment are stated at cost less accumulated depreciation and amortization. Property additions include $4,312,499, $613,614 and $215,704 of interest incurred during the development and construction of theatres capitalized in 1999, 2000 and 2001, respectively. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows: buildings -- 18 to 40 years; theatre furniture and equipment -- 5 to 15 years. Amortization of leasehold interests and improvements is provided using the straight-line method over the lesser of the lease period or the estimated useful lives of the leasehold interests and improvements.

Goodwill -- The excess of cost over the fair values of the net assets of theatre businesses acquired, less accumulated amortization ($4,582,726 and $6,284,512 at December 31, 2000 and 2001, respectively) is recorded as goodwill. For financial reporting purposes through December 31, 2001, these amounts were being amortized primarily over 10 to 20 year periods, which approximates the remaining lease terms of the businesses acquired. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and other Intangible Assets", beginning January 1, 2002, goodwill will no longer be amortized, but instead be tested for impairment at least annually. See note 2 for disclosure of the impact in 2002 upon adoption of this new accounting pronouncement.

Deferred Charges and Other -- Deferred charges and other primarily consist of debt issue costs, foreign advanced rents, capitalized licensing fees, construction advances and other deposits, equipment to be placed in service, an interest rate cap agreement and other intangible assets. Debt issue costs are amortized using the straight-line method over the primary financing terms ending February 2003 to July 2008. Capitalized licensing fees are amortized using the straight-line method over fifteen years reflecting the estimated economic life of the asset being licensed. Foreign advanced rents represent advance payments of long-term foreign leases which are expensed to facility lease expense generally over 10 to 20 years as leased facilities are utilized. For financial reporting purposes through December 31, 2001, other intangible assets have been amortized over the respective lives of the trademarks, noncompete agreements or other intangible asset

agreements. In accordance with SFAS No. 142, "Goodwill and other Intangible Assets", beginning January 1, 2002, other intangible assets with indefinite useful lives will no longer be amortized, but instead be tested for impairment at least annually. See note 2 for disclosure of the impact in 2002 upon adoption of this new accounting pronouncement.

Deferred Revenues -- Advances collected on long-term screen advertising and concession contracts are recorded as deferred revenues. The advances collected on screen advertising contracts are recognized as other revenues when earned based primarily on the Company's attendance counts or screening depending on the agreements. The advances collected on concession contracts are recognized as a reduction to concession supplies expense when earned.

Revenue and Expense Recognition -- Revenues are recognized when admissions and concession sales are received at the box office and screen advertising is shown at the theatres. Film rental costs are accrued based on the applicable box office receipts and either the mutually agreed upon firm terms or estimates of the final settlement depending upon the film licensing arrangement. Estimates are made based on the expected success of a film over the length of its run. The success of a film can typically be determined a few weeks after a film is released when initial box office performance of the film is known. Accordingly, final settlements typically approximate estimates since box office receipts are known at the time the estimate is made and the expected success of a film over the length of its run can typically be estimated early in the film's run. The final film settlement amount is negotiated at the conclusion of the film's run based upon how a film actually performs. If actual settlements are higher than those estimated, additional film rental costs are recorded at the time of settlement. Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 1999, 2000, and 2001 totaled $18,374,600, $17,931,796 and $14,622,336, respectively.

Statement of Cash Flows -- For purposes of reporting cash flows, cash and cash equivalents consist of operating funds held in financial institutions, petty cash held by the theatres and highly liquid investments with remaining maturities of three months or less when purchased.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates.

Fair Values of Financial Instruments -- Fair values of financial instruments are estimated by the Company using available market information and other valuation methods. The estimated fair value amounts for specific groups of financial instruments are presented in note 8. Values are based on available market quotes or estimates using a discounted cash flow approach based on the interest rates currently available for similar debt. The fair value of financial instruments for which estimated fair value amounts are not specifically presented is estimated to approximate the related recorded value.

Start-Up Activities and Organization Costs -- On January 1, 1999, the Company adopted Statement of Position (SOP) 98-5 requiring start-up activities and organization costs to be expensed as incurred. The Company's practice had been to capitalize organization costs associated with the organization of new entities as well as costs associated with forming international joint ventures as deferred charges and amortize them over the anticipated life of the respective entity or venture. The adoption of this new accounting pronouncement resulted in the aggregate write-off of the unamortized organization costs of $3,386,207 on

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

January 1, 1999. This charge was recorded as a cumulative effect of a change in accounting principle as a one-time non cash charge to income of $2,968,637 (net of tax benefit) in the first quarter of 1999 as follows:

U.S. operations	$ 152,966
Argentina operations	603,166
Brazil operations	552,488
Other foreign operations	1,660,017
	$2,968,637

2. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", which, as amended, is effective for fiscal years beginning after June 15, 2000. Therefore, the Company adopted SFAS No. 133 for its fiscal year beginning January 1, 2001. SFAS No. 133 establishes accounting and reporting standards for derivative instruments that require every derivative to be recorded on the balance sheet as an asset or liability measured at its fair value. The statement also defines the accounting for the change in the fair value of derivatives depending on their intended use. The Company's derivative activity primarily relates to an interest rate cap agreement as described in note 8 that has not been designated as a hedge and therefore does not qualify for hedge accounting. The Company previously recorded the fair value of the interest rate cap agreement as an asset when acquired in December 2000. Therefore, no transition adjustment was necessary upon adoption of SFAS No. 133. The decrease in the fair value of the interest rate cap agreement during 2001 of approximately $0.6 million has been recorded in the statement of operations as interest expense.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets". This statement requires that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. This statement is effective for all fiscal years beginning after December 15, 2001. The statement became effective for the Company on January 1, 2002.

The Company's goodwill at December 31, 2001 is as follows:

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET GOODWILL AMOUNT
Goodwill			
U.S. operations	$ 9,313,165	$(4,004,427)	$ 5,308,738
Argentina operations	5,162,418	(893,308)	4,269,110
Chile operations	3,663,883	(732,777)	2,931,106
Peru operations	3,270,000	(654,000)	2,616,000
	$21,409,466	$(6,284,512)	$15,124,954

The Company has recorded amortization expense on goodwill of $1,322,869, $1,792,975 and $1,701,786 in 1999, 2000 and 2001, respectively.

The amount of amortization expense that would have been recorded in future years if SFAS No. 142 was not adopted on January 1, 2002 is as follows:

2002	$ 1,402,275
2003	1,402,275
2004	1,402,275
2005	1,353,148
2006	1,328,703
2007	1,328,703
2008	1,328,703
2009	1,282,873
2010	1,069,955
2011	1,069,955
2012	1,069,955
2013	946,960
2014	139,174
	$15,124,954

The adoption of this accounting pronouncement will result in the aggregate write down of goodwill to fair value as a cumulative effect of a change in accounting principle on January 1, 2002 as follows:

U.S. operations	$ 27,226
Argentina operations	3,298,385
	$3,325,611

The Company's intangible assets (included in deferred charges and other) are $87,858 at December 31, 2001. The adoption of this accounting pronouncement will result in a $64,168 write down of intangible assets with indefinite useful lives to fair value as a cumulative effect of a change in accounting principle on January 1, 2002.

Had we adopted SFAS No. 142 in previous years, the impact on net income (loss) and earnings (loss) per share would have been as follows:

	1999	2000	2001

Reported net income (loss)	$1,035,435	$(10,423,085)	$(4,021,268)
Add back: Goodwill amortization	1,322,869	1,792,975	1,701,786
Add back: Other intangible asset amortization	42,097	33,527	33,528
Adjusted net income (loss)	$2,400,401	$ (8,596,583)	$(2,285,954)
Basic earnings (loss) per share:			
Reported net income (loss)	$ 0.03	$ (0.27)	$ (0.10)
Add back: Goodwill amortization	0.03	0.05	0.04
Add back: Other intangible asset amortization	--	--	--
Adjusted net income (loss)	$ 0.06	$ (0.22)	$ (0.06)

	1999	2000	2001
Diluted earnings (loss) per share:			
Reported net income (loss)	$ 0.02	$ (0.27)	$ (0.10)
Add back: Goodwill amortization	0.04	0.05	0.04
Add back: Other intangible asset amortization	--	--	--
Adjusted net income (loss)	$ 0.06	$ (0.22)	$ (0.06)

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement requires the establishment of a liability for an asset retirement obligation. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company is currently considering the impact, if any, that this statement will have on the consolidated financial statements.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets", which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and of Long-Lived Assets to be Disposed Of", and portions of APB No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", and amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements". This statement generally conforms, among other things, impairment accounting for assets to be disposed of including those in discontinued operations and eliminates the exception to consolidation for which control is likely to be temporary. This statement became effective for the

Company on January 1, 2002. The adoption of this statement did not have a material effect on the consolidated financial statements.

3. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share are computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each period. The following table sets forth the computation of basic and diluted earnings per share:

	1999	2000	2001
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net income (loss)	$ 1,035	$(10,423)	$(4,021)
Basic:			
Weighted average Common shares outstanding	39,240	39,329	39,497
Earnings (loss) per Common share	$ 0.03	$ (0.27)	$ (0.10)
Diluted:			
Weighted average Common shares outstanding	39,240	39,329	39,497
Common equivalent shares for stock options	2,946	--	--
Weighted average shares outstanding	42,186	39,329	39,497
Earnings (loss) per Common and Common equivalent share	$ 0.02	$ (0.27)	$ (0.10)

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of Common Stock of all classes outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of Common Stock and potential issuable Common Stock using the treasury stock method. The dilutive effect of

the options to purchase Common Stock are excluded from the computation of diluted net income (loss) per share if their effect is antidilutive. At December 31, 2000 and 2001, 2,747,800 and 2,338,600 options to purchase Common Stock (calculated on a weighted average for the year basis) have been excluded from the diluted net income (loss) per share calculation, respectively, as their effect would have been antidilutive. See note 12 for additional disclosures regarding the Company's capital stock and related stock option plans.

4. FOREIGN CURRENCY TRANSLATION

The accumulated other comprehensive loss account in stockholders' equity of $36,354,842 and $55,541,300 at December 31, 2000 and 2001, respectively, primarily relates to the cumulative foreign currency adjustments from translating the financial statements of Cinemark Argentina, S.A., Cinemark Brasil S.A., Cinemark de Mexico, S.A. de C.V. and Cinemark Chile, S.A. into U.S. dollars.

In 1999, the economy of Mexico became non-highly inflationary and the functional currency of Cinemark de Mexico, S.A. de C.V. changed from the U.S. dollar to the peso. Thus, assets and liabilities of Cinemark de Mexico, S.A. de C.V. are now translated at year-end exchange rates and income and expense accounts are now translated at the average rates prevailing during the year (consistent with other non-highly inflationary consolidated foreign subsidiaries). Accordingly, changes in the peso have been recorded in the accumulated other comprehensive loss account as a reduction of stockholders' equity in 2000 and 2001. At December 31, 2001, the total assets of Cinemark de Mexico, S.A. de C.V., were approximately U.S.$93 million.

In 1999 and a portion of 2000, the Company was required to utilize the U.S. dollar as the functional currency of Cinemark del Ecuador, S.A. for U.S. reporting purposes in place of the sucre due to the highly inflationary economy of Ecuador. Devaluations in the sucre during 1999 and a portion of 2000 that affected the Company's investment were charged to foreign currency exchange gain (loss) rather than to the accumulated other comprehensive loss account as a reduction of stockholders' equity. A foreign currency exchange gain of $74,078 and $32,300 was recognized in 1999 and 2000, respectively, and is included in other income (expense). In September 2000, the country of Ecuador officially switched to the U.S. dollar as its official currency, thereby eliminating any foreign currency exchange gain (loss) from operations in Ecuador on a going forward basis. At December 31, 2001, the total assets of Cinemark del Ecuador, S.A. were approximately U.S.$4 million.

In 1999, 2000 and for the majority of 2001, the country of Argentina utilized the peso as its functional currency with it pegged at a rate of 1.0 peso to the U.S. dollar. As a result of economic turmoil which began in December 2001, the Argentine government announced several restrictions on currency conversions and transfers of funds abroad in early January 2002. The Argentine government ended the peso-dollar parity regime and established a dual exchange rate system, with a "commercial rate" and a "market rate". The commercial rate of 1.4 pesos to the U.S. dollar was to be utilized to settle all exports and certain essential imports. The market rate traded for the first time on January 11, 2002 and closed at a rate of 1.7 pesos to the U.S. dollar. As a result, the effect of translating the December 31, 2001 peso balances for assets as of January 11, 2002 (1.7 pesos to the U.S. dollar) is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as a reduction of shareholders' equity in the amount of $19.1 million at December 31, 2001. Income and expense accounts from January through November 2001 were converted into U.S. dollars at the exchange rate of 1.0 peso to the U.S. dollar and income and expense accounts in December 2001 were converted into U.S. dollars at the exchange rate of 1.7 pesos to the U.S. dollar. On January 14, 2002, the Argentine government unified the commercial rate and the market rate into one floating rate which is presently in use.

In 1999, 2000 and 2001, the remaining countries where the Company operates

were deemed non-highly inflationary. Any fluctuation in the currency results in the Company recording a cumulative foreign currency

translation adjustment to the accumulated other comprehensive loss account as a reduction of stockholders' equity.

5. SUPPLEMENTAL CASH FLOW INFORMATION

The following is provided as supplemental information to the consolidated statement of cash flows:

	1999	2000	2001
Interest paid	$61,253,543	$71,569,114	$71,359,828
Income taxes paid (net of refunds)	$ 3,170,041	$ 2,462,369	$ 3,287,018
Noncash investing and financing activities:			
Issued note payable in Argentine acquisition	$11,000,000		

6. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Company has the following investments in and advances to affiliates at December 31:

	2000	2001
Entertainment Amusement Enterprises, Inc. -- investment, at equity	$1,051,065	$1,052,279
Brainerd Ltd. -- investment, at equity	407,264	312,289
Cinemark Theatres Alberta, Inc. -- investment, at equity	285,266	267,136
Fandango, Inc. -- investment, at equity	4,233,333	171,000
Cinemark -- Core Pacific, Ltd. (Taiwan) -- investment, at equity	--	697,082
Other	955,280	1,947,217
Total	$6,932,208	$4,447,003

The Company recorded a write-down in its investment in Fandango, Inc. of $4,062,333 in 2001 as the investment was written down to estimated market value. At December 31, 2000 the Company owned approximately 300,000 shares of Fandango, Inc. (a privately held on-line movie ticketing company with no public market for its stock) at a value of $4,233,333. In 2001, an independent third party capital

injection was made to Fandango, Inc. that was valued at $0.57 per share. Based on this third party capital injection, the Company's stock in Fandango was determined to have a value of $171,000 (300,000 shares X $.57 per share), which was considered to be an impairment that was other than temporary. As a result, the Company recorded a write-down of $4,062,333 in its investment.

7. DEFERRED CHARGES AND OTHER

Deferred charges and other at December 31 consist of the following:

	2000	2001
Debt issue costs	$12,649,373	$12,649,373
Capitalized licensing fees	4,500,000	9,000,000
Other intangible assets	389,438	389,438
Total	17,538,811	22,038,811
Less accumulated amortization	3,751,855	6,504,447
Net	13,786,956	15,534,364
Foreign advanced rents	23,261,266	13,512,149
Construction advances and other deposits	5,124,088	1,645,613
Equipment to be placed in service	2,712,016	1,699,339
Interest rate cap agreement	1,694,000	1,136,457
Other	3,229,116	4,064,722
Total	$49,807,442	$37,592,644

8. LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

	2000	2001
Series B Senior Subordinated Notes due 2008, discussed below	$199,435,042	$199,509,542
Series D Senior Subordinated Notes due 2008, discussed below	76,539,473	76,336,465
Series B Senior Subordinated Notes due 2008, discussed below	104,241,667	104,341,667
Cinemark USA, Inc. Revolving credit line of $350,000,000, discussed below	260,000,000	258,000,000
Cinemark Investments Corporation, Revolving credit line of $20,000,000, discussed below	20,000,000	--
Cinemark Mexico (USA), Revolving credit line of $30,000,000, discussed below	30,000,000	29,000,000

Cinema Properties, Inc. Note Payable with Lehman Brothers Bank, FSB, discussed below	77,000,000	77,000,000
Cinemark Chile, S.A. Notes Payable with Bank, discussed below	15,293,556	10,763,393
Cinemark Brasil S.A. Notes Payable with Bank, discussed below	13,352,486	14,202,549
Other long-term debt	14,460,519	11,802,550
Total long-term debt	810,322,743	780,956,166
Less current portion	32,767,581	21,853,742
Long-term debt, less current portion	$777,555,162	$759,102,424

In August 1996, the Company issued $200 million principal amount of 9 5/8% Series A Senior Subordinated Notes (the "Series A Notes") to qualified institutional buyers in reliance on Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"). The Series A Notes were issued at 99.553% of the principal face amount (a discount of $4.47 per $1,000 principal amount). The net proceeds to the Company from the issuance of the Series A Notes (net of discount, fees and expenses) were approximately

$193.2 million. In November 1996, the Company completed an offer to exchange $200 million principal amount of 9 5/8% Series B Senior Subordinated Notes (the "Series B Notes") due 2008 which were registered under the Securities Act for a like principal amount of the Series A Notes. Interest on the Series B Notes is payable semi-annually on February 1 and August 1 of each year.

In June 1997, the Company issued $75 million principal amount of 9 5/8% Series C Senior Subordinated Notes (the "Series C Notes") to qualified institutional buyers in reliance on Rule 144A of the Securities Act. The Series C Notes were issued at 103% of the principal face amount. The net proceeds to the Company from the issuance of the Series C Notes (net of fees and expenses) were approximately $77.1 million. In October 1997, the Company completed an offer to exchange $75 million principal amount of 9 5/8% Series D Senior Subordinated Notes (the "Series D Notes") due 2008 which were registered under the Securities Act for a like principal amount of the Series C Notes. Interest on the Series D Notes is payable semi-annually on February 1 and August 1 of each year.

In January 1998, the Company issued $105 million principal amount of 8 1/2% Series A Senior Subordinated Notes (the "Series A Notes") to qualified institutional buyers in reliance on Rule 144A of the Securities Act. The Series A Notes were issued at 99.0% of the principal face amount. The net proceeds to the Company from the issuance of the Series A Notes (net of discount, fees and expenses) were approximately $103.8 million. In March 1998, the Company completed an offer to exchange $105 million principal amount of 8 1/2% Series B Senior Subordinated Notes (the "Series B Notes") due 2008 which were registered under the Securities Act for a like principal amount of the Series A Notes. Interest on the Series B Notes is payable semi-annually on February 1 and August 1 of each year.

In February 1998, the Company replaced its existing credit facility with a reducing, revolving credit agreement (the "Credit Facility") through a group of

banks for which Bank of America National Trust and Savings Association acts as Administrative Agent. The Credit Facility provides for loans to the Company of up to $350 million in the aggregate. The Credit Facility is a reducing revolving credit facility, with commitments automatically reduced each calendar quarter by 2.5%, 3.75%, 5.0%, 6.25% and 6.25% of the aggregate $350 million in calendar year 2001, 2002, 2003, 2004 and 2005, respectively, until the Credit Facility matures in 2006. As of December 31, 2001, the aggregate commitment available to the Company is $315.0 million. The Company is required to prepay all loans outstanding under the Credit Facility in excess of the aggregate commitment as reduced pursuant to the terms of the Credit Facility. Borrowings are secured by a pledge of a majority of the issued and outstanding capital stock of the Company. The Credit Facility requires the Company to maintain certain financial ratios; restricts the payment of dividends, payment of subordinated debt prior to maturity and issuance of preferred stock and other indebtedness; and contains other restrictive covenants typical for agreements of this type. Funds borrowed pursuant to the Credit Facility currently bear interest at a rate per annum equal to the Offshore Rate (as defined in the Credit Facility) or the Base Rate (as defined in the Credit Facility), as the case may be, plus the Applicable Margin (as defined in the Credit Facility). The effective interest rate on such borrowing as of December 31, 2001 is 4.5% per annum.

In September 1998, Cinemark Investments Corporation borrowed $20 million under the Cinemark Investments Credit Agreement, the proceeds of which were used to purchase fixed rate notes issued by Cinemark Brasil S.A. which currently bear interest at 14.0%. In September 2001, Cinemark Investments Corporation repaid the $20 million Cinemark Investments Credit Agreement at maturity.

In November 1998, Cinemark Mexico executed a credit agreement with Bank of America National Trust and Savings Association (the "Cinemark Mexico Credit Agreement"). The Cinemark Mexico Credit Agreement is a revolving credit facility and provides for a loan to Cinemark Mexico of up to $30 million in the aggregate. The Cinemark Mexico Credit Agreement is secured by a pledge of 65% of the stock of Cinemark de Mexico, S.A. de C.V. and an unconditional guaranty by the Company. Pursuant to the terms of the Cinemark Mexico Credit Agreement, funds borrowed bear interest at a rate per annum equal to the

Offshore Rate (as defined in the Cinemark Mexico Credit Agreement) or the Base Rate (as defined in the Cinemark Mexico Credit Agreement), as the case may be, plus the Applicable Margin (as defined in the Cinemark Mexico Credit Agreement). Cinemark Mexico borrowed $30 million under the Cinemark Mexico Credit Agreement, the proceeds of which were used to repay an intercompany loan of Cinemark Mexico from Cinemark International. Cinemark International used the proceeds of such repayment to repay all outstanding indebtedness under its then existing credit facility. In September 2000, Cinemark Mexico and the banks party to the Cinemark Mexico Credit Agreement executed an amendment which, among other things, extended the maturity date of the Cinemark Mexico Credit Agreement and increased the rate of interest paid on borrowings thereunder. Pursuant to the amendment, Cinemark Mexico is required to make principal payments of $1.5 million per quarter in 2002 with the remaining principal outstanding of $23.0 million due in January 2003. The effective interest rate on such borrowing as of December 31, 2001 is 4.6% per annum.

In December 2000, Cinema Properties, Inc., a wholly-owned Unrestricted Subsidiary (as those terms are defined in the Credit Facility and the Senior

Subordinated Note Indentures), completed a $77 million loan transaction with Lehman Brothers Bank, FSB (the "Cinema Properties Facility"). The Cinema Properties Facility is a term loan maturing on December 31, 2003. Cinema Properties, Inc. has the unilateral ability to extend the maturity date two times for one year each by paying extension fees of 1.5% and 3.0% of the outstanding borrowing, respectively. At the lender's discretion, Cinema Properties, Inc. may be required to make principal payments of $1.5 million in the third and fourth quarters of 2002 with the remaining principal outstanding in December 2003. Funds borrowed pursuant to the Cinema Properties Credit Facility currently bear interest at a rate per annum equal to LIBOR (as defined in the Cinema Properties Facility) plus 5.75%. Borrowings are secured by, among other things, a mortgage placed on six of Cinema Properties, Inc.'s theatres and certain equipment leases. The Cinema Properties Facility requires Cinema Properties, Inc. to comply with certain interest coverage ratios and contains other restrictive covenants typical of agreements of this type. The net proceeds from the loan (net of fees and expenses) were $70.9 million. The proceeds were distributed to the Company, and the Company used such funds to complete the Company's domestic construction program and to reduce outstanding debt under the Company's existing Credit Facility. Cinema Properties, Inc. has a separate legal existence, separate assets, separate creditors and separate financial statements. The assets of Cinema Properties, Inc. are not available to satisfy the debts of any of the other entities consolidated with the Company. Cinema Properties, Inc. purchased from Lehman Brothers Derivative Products, Inc. an Interest Rate Cap Agreement with a notional amount equal to $77 million with a five year term and a strike rate equal to the excess of three month LIBOR over the strike price of 6.58% (See note 2). Three month LIBOR as of the date of closing was 6.58%. The interest rate cap agreement is recorded at its fair value of approximately $1.1 million at December 31, 2001. The effective interest rate on such borrowing as of December 31, 2001 is 7.6% per annum.

Cinemark Chile, S.A. executed four senior note payable agreements with a local bank for the U.S. dollar equivalent of $6.0 million, $3.0 million, $4.5 million and $3.5 million in December 1997, July 1998, November 1998 and December 1998, respectively. These notes were each in Chilean pesos, adjusted for inflation, at the respective borrowing dates. Interest is assessed for three notes at the 90-day TAB rate (Chile's Central Bank interbank rate) plus 1.5% per annum, adjusted for inflation, and for the other note (December 1998) at the 180-day TAB rate plus 1.5% per annum, adjusted for inflation, and is paid quarterly for three of the notes and semi-annually for the December 1998 note. The term on all four notes is five years with a two-year grace period on principal. Cinemark International directly or indirectly guarantees all four notes. The effective interest rate on the four notes as of December 31, 2001 is approximately 7.7% per annum.

Cinemark Brasil S.A. currently has the following outstanding types of loans: 1) BNDES automatic (a government sourced loan issued through local banks for development financing) in the amount of U.S.$5.9 million maturing at the end of 2006 at a BNDES basket rate (which is a multiple currency rate based on the rate at which the bank borrows) amounting to 11.2%, 2) Import financings executed through five local and international banks in the amount of U.S.$6.8 million maturing on the basis of 360 or 365 days at

interest rates varying from 6.8% to 11.8%, 3) Project developer financing executed between September 2000 through December 2000 in the amount of U.S.$1.6

million, maturing December 2005 at a rate of 10% based on a spread over the "TJLP", a locally issued bank rate. Each of these sources have varying guarantees including comfort letters from Cinemark International, promissory notes, a revenue reserve account and equipment collateral. The effective interest rate on these notes at December 31, 2001 is approximately 12.9% per annum.

Long-term debt at December 31, 2001, matures as follows: $21,853,742 in 2002; $173,305,029 in 2003; $91,381,073 in 2004; $95,600,833 in 2005; $18,365,940 in 2006 and $380,449,549 thereafter.

The estimated fair value of the Company's long-term debt of $781.0 million at December 31, 2001, was approximately $800 million. Such amounts do not include prepayment penalties which would be incurred upon the early extinguishment of certain debt issues.

Debt Issue Costs -- Debt issue costs of $12,649,373 and $12,649,373, net of accumulated amortization of $3,346,706 and $5,636,201 at December 31, 2000 and 2001, respectively, related to the Subordinated Notes, the Credit Facility, the Cinemark Investments Credit Agreement, the Cinemark Mexico Credit Agreement, the Note Payable with Lehman Brothers Bank, FSB and other debt agreements are included in deferred charges and other.

9. INCOME TAXES

Income tax expense (benefit) below includes benefits from the cumulative effect of a change in accounting principle in 1999 of $417,570 and consists of the following:

	1999	2000	2001
Income (loss) before income taxes and cumulative effect of an accounting change:			
U.S.	$ 1,650,202	$(19,346,190)	$(19,205,463)
Foreign	6,061,587	9,174,826	1,069,566
Total	7,711,789	(10,171,364)	(18,135,897)
Current:			
Federal	(1,173,611)	(195,831)	(2,958,614)
Foreign income taxes	2,274,967	3,798,679	4,568,671
State	215,129	(94,801)	59,860
Total current expense	1,316,485	3,508,047	1,669,917
Deferred:			
Temporary differences			
Federal	(1,314,858)	(5,630,239)	(2,638,940)
Foreign	3,586,790	2,439,635	(11,298,230)
State	(298,270)	(65,722)	(1,847,376)
Total deferred expense	1,973,662	(3,256,326)	(15,784,546)
Income tax expense (benefit)	$ 3,290,147	$ 251,721	$(14,114,629)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A reconciliation between income tax expense (benefit) and taxes computed by applying the applicable statutory federal income tax rate to income before income taxes follows:

	1999	2000	2001
Computed normal tax expense	$ 2,699,126	$(3,559,977)	$ (6,347,564)
Goodwill amortization, not deductible for tax purposes	353,069	284,389	375,616
Foreign inflation adjustments -- depreciation, exchange gain/loss, interest	(796,699)	(24,208)	(242,526)
Inflation adjustment of foreign assets	--	--	(10,339,018)
State and local income taxes, net of federal income tax benefit	89,940	(185,248)	(1,787,517)
Undistributed foreign earnings	33,243	--	--
Adoption of APB 23 on prior undistributed earnings	(2,167,642)	--	--
Foreign subsidiaries losses not benefited	1,858,930	1,201,608	2,963,052
Foreign tax rate differential	1,366,220	1,091,943	1,812,838
Jobs tax credits	(56,569)	23,441	46,467
Other -- net	(89,471)	1,419,773	(595,977)
Income tax expense (benefit)	$ 3,290,147	$ 251,721	$(14,114,629)

Deferred income taxes are provided in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109. Taxes are provided under the liability method for temporary differences between revenue and expenses that are recognized for tax return and financial reporting purposes. The tax effects of significant temporary differences and tax loss and tax credit carryforwards comprising the net long-term deferred income tax (asset) liability at December 31, 2000 and 2001, consist of the following:

	2000	2001
Deferred liabilities:		
Fixed assets	$46,694,060	$ 37,409,581
Basis difference of assets acquired	84,835	84,835
FAS 52 adjustment	2,803,678	2,803,678
Other	3,536,756	2,197,431
Total	53,119,329	42,495,525

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	2000	2001
Deferred assets:		
Deferred lease expenses	6,292,645	8,501,387
Section 263(a) inventory adjustment	2,722,495	3,091,756
Amortization of unearned compensation	2,311,818	845,025
Self-insurance accruals	645,615	757,793
Asset impairment loss	7,105,860	14,377,386
Sale/leasebacks gain	2,545,710	2,405,746
Deferred screen advertising	4,715,733	2,859,497
Foreign tax loss carryforward	6,416,083	11,111,559
Federal tax loss carryforward	3,901,180	7,111,399
AMT credit carryforward	6,027,625	4,383,646
Other expenses, not currently deductible for tax purposes	1,852,238	2,588,026
Total	44,537,002	58,033,220
Net long-term deferred income tax (asset) liability before valuation allowance	8,582,327	(15,537,695)
Valuation allowance	6,249,351	11,821,489
Net long-term deferred income tax (asset) liability	$14,831,678	$ (3,716,206)

In 2001, the Company recorded $2,763,338 of income tax benefit as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as a reduction of stockholders' equity.

In 2001, management concluded the operations of Mexico would continue to be profitable for the Company. As a result, the Company reviewed its deferred tax assets and liabilities for amounts that would have previously been subject to a valuation allowance and thus not reflected within its inventory of deferred tax assets and liabilities. Mexico requires the tax basis of non-monetary assets be annually adjusted for inflation. Accordingly, the Mexican tax basis of non-monetary assets has been adjusted for inflation and the valuation allowance associated with the deferred tax asset has been removed. These revisions resulted in a 2001 benefit to income taxes of $10,339,018.

The Company's AMT credit carryforward may be carried forward indefinitely. The foreign net operating losses will expire beginning in 2002; however, some losses may be carried forward indefinitely. The federal net operating loss will expire in 2020.

In March 2002, the Job Creation and Worker Assistance Act (the "Act") was signed into law. Among the many provisions of this Act, the Company will be allowed to carryback the tax loss incurred in 2001 to 1996 to recover regular taxes paid. The impact of this Act has not been reflected in the calculation of deferred taxes.

Beginning January 1, 1999, management plans to reinvest the undistributed earnings of its foreign subsidiaries located in Mexico, Peru, Argentina and Honduras. As a result, for years beginning after 1998, deferred U.S. federal income taxes are not provided on the undistributed earnings of these foreign subsidiaries in accordance with Accounting Principles Board Opinion No. 23.

The cumulative amount of undistributed earnings of these foreign subsidiaries on which the Company has not recognized income taxes is approximately $26 million.

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CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company's valuation allowance increased from $6,249,351 at December 31, 2000 to $11,821,489 at December 31, 2001. This change was primarily due to foreign tax loss carryforwards and unearned compensation that was previously recognized for U.S. GAAP purposes that the Company does not believe they have a more likely than not opportunity to utilize.

10. COMMITMENTS AND CONTINGENCIES

Leases -- The Company conducts a significant part of its theatre operations in leased premises under noncancelable operating leases with terms of 5 to 30 years. In addition to the minimum annual lease payments, most of these leases provide for contingent rentals based on operating results and require the payment of taxes, insurance and other costs applicable to the property. Generally, these leases include renewal options for various periods at stipulated rates. Some leases also provide for escalating rent payments throughout the lease term. Deferred lease expenses of $20,475,247 and $22,832,388 at December 31, 2000 and 2001, respectively, have been provided to account for lease expenses on a straight-line basis, where lease payments are not made on such basis. Rent expense for the years ended December 31 is as follows:

	1999	2000	2001
Fixed rent expense	$74,191,987	$ 86,226,132	$ 91,095,537
Contingent rent expense	15,616,356	22,262,473	23,640,988
Facility lease expense	$89,808,343	$108,488,605	$114,736,525
Corporate office rent expense	122,681	1,410,087	1,400,166
Total rent expense	$89,931,024	$109,898,692	$116,136,691

In February 1998, the Company completed a sale leaseback transaction with affiliates of Primus Capital, L.L.C. (the "Sale Leaseback"). Pursuant to the Sale Leaseback, the Company sold the land, buildings and site improvements of twelve theatre properties to third party special purpose entities formed by Primus Capital, L.L.C. for an aggregate purchase price equal to approximately $131.5 million resulting in a gain on disposal of the properties of $3,790,759. In October 1998, the Company completed a second sale leaseback transaction with affiliates of Primus Capital, L.L.C. (the "Second Sale Leaseback"). Pursuant to the Second Sale Leaseback, the Company sold the land, building and site improvements of one theatre property to a third party special purpose entity for an aggregate purchase price equal to approximately $13.9 million resulting in a gain on disposal of the property of $700,000. In December 1999, the Company completed a third sale leaseback transaction (the "Third Sale Leaseback") pursuant to which the Company sold the land, building and site improvements of its corporate office to a third party special purpose entity for an aggregate

purchase price equal to approximately $20.3 million resulting in a gain on disposal of the property of $1,470,000. The Company deferred the entire gain of $5,960,759 from all three sale leaseback transactions and is recognizing them evenly over the lives of the leases (ranging from 10 to 20 years). As of December 31, 2001, $1,222,219 of the deferred gain has been recognized leaving an aggregate deferred gain of $4,738,540 remaining to be amortized. Future minimum payments under these leases are due as follows: $16,175,438 in 2002, $16,175,438 in 2003, $16,175,438 in 2004, $16,175,438 in 2005, $16,175,438 in 2006 and $171,534,940 thereafter.

Future minimum payments under noncancelable capital leases (recorded in accrued other current liabilities) and operating leases (including leases under the aforementioned sale leaseback transactions) with initial or remaining terms in excess of one year at December 31, 2001, are due as follows:

	CAPITAL LEASES	OPERATING LEASES	TOTALS
2002	$243,007	$ 102,479,712	$ 102,722,719
2003	220,401	105,040,090	105,260,491
2004	--	104,934,013	104,934,013
2005	--	105,326,588	105,326,588
2006	--	104,835,470	104,835,470
Thereafter	--	1,044,733,379	1,044,733,379
Total	$463,408	$1,567,349,252	$1,567,812,660

Employment Agreements -- Pursuant to the terms of the agreements, the Company's two employment agreements with a principal officer and a stockholder expired on December 31, 2001. The principal officer and that stockholder continue to be employed by the Company.

Retirement Savings Plan -- The Company has a 401(k) profit sharing plan for the benefit of all employees and makes contributions as determined annually by the Board of Directors. Contribution payments of $935,666 and $697,848 were made in 2000 (for plan year 1999) and 2001 (for plan year 2000), respectively. A liability of $1,067,671 has been recorded at December 31, 2001 for contribution payments to be made in 2002 (for plan year 2001).

Letters of Credit and Collateral -- The Company had outstanding letters of credit of $996,438 and $448,888 in connection with property and liability insurance coverage, sales tax and other environmental matters at December 31, 2000 and 2001, respectively.

Litigation and Litigation Settlements -- The Company currently is a defendant in certain litigation proceedings alleging certain violations of the Americans with Disabilities Act of 1990 (the "ADA") relating to accessibility of movie theatres for handicapped and deaf patrons.

In March 1999, the Department of Justice filed suit in the U.S. District

Court, Northern District of Ohio, Eastern Division, against the Company alleging certain violations of the ADA relating to the Company's wheelchair seating arrangements and seeking remedial action. An Order granting Summary Judgment to the Company was issued in November 2001. The Department of Justice has filed a Notice of Appeal with the Sixth Circuit Court of Appeals. If the Company loses this litigation, its financial position, results of operations and cash flows may be materially and adversely affected. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

In February 2000, Barbara Cornilles, Edwin Cornilles, Dorothy Johnson, Damara Paris, Stephen Purvis, George Scheler, Susan Teague and Jackie Woltring filed suit in the U.S. District Court for the District of Oregon against the Company, Regal Cinemas, Inc., Century Theatres, Inc., and Carmike Cinemas, Inc. alleging certain violations of the ADA relating to accessibility of movie theatres for deaf patrons. An Order granting Summary Judgement to the Company was issued by a federal magistrate judge in December 2001 which was ratified by the federal district judge in March 2002. In April 2002, the plaintiffs agreed not to appeal the summary judgement ruling.

In August 2001, David Wittie, Rona Schnall, Ron Cranston, Jennifer McPhail, Peggy Garaffa and ADAPT of Texas filed suit in the 201st Judicial District Court of Travis County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at two theatres located in the Austin, Texas market. The plaintiffs are seeking remedial action and unspecified damages. The Company has filed an answer denying the allegations and is vigorously defending this suit. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

In July 2001, Sonia-Rivera-Garcia and Valley Association for Independent Living filed suit in the 93rd Judicial District Court of Hidalgo County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at one theatre located in the Mission, Texas market. The plaintiffs are seeking remedial action and unspecified damages. The Company has filed an answer denying the allegations and is vigorously defending this suit. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not

material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

From time to time, the Company is involved in other various legal proceedings arising from the ordinary course of its business operations, such as personal injury claims, employment matters and contractual disputes, most of which are covered by insurance. The Company believes its potential liability with respect to proceedings currently pending is not material in the aggregate to the Company's financial position, results of operations and cash flows.

11. MINORITY INTERESTS IN SUBSIDIARIES

Common Stockholders' Equity -- Minority ownership interests in subsidiaries of the Company are as follows at December 31:

	2000	2001
Cinemark Brasil S.A. -- 47.2% interest	$16,625,590	$23,014,621
Cinemark Partners II -- 49.2% interest	5,822,593	5,954,244
Cinemark Equity Holdings Corp. (Central America) -- 49.9% interest	2,490,476	2,627,419
Cinemark Colombia, S.A. -- 49.0% interest	1,551,712	1,343,431
Cinemark del Ecuador, S.A. -- 40.0% interest	605,924	685,872
Cinemark de Mexico, S.A. de C.V. -- 5.0% interest	17,880	1,188,022
Others	577,352	540,053
Total	$27,691,527	$35,353,662

12. CAPITAL STOCK

Common and Preferred Stocks -- Our Class A and Class B common stockholders are entitled to vote together as a class on all matters submitted to a vote of our stockholders, except that the holders of Class A common stock are entitled to one vote for each share held and the holders of Class B common stock are entitled to ten votes for each share held. Other than these voting rights, the holders of Class A common stock

and Class B common stock have identical rights and privileges in every respect. Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder or automatically upon a transfer of the holder's Class B common stock, other than to certain transferees. Our common stockholders do not have cumulative voting rights. Subject to the rights of holders of any then outstanding shares of our preferred stock, our common stockholders are entitled to any dividends that may be declared by our board of

directors. Holders of our common stock are entitled to share ratably in our net assets upon our dissolution or liquidation after payment or provision for all liabilities and any preferential liquidation rights of our preferred stock then outstanding. Other than the Mitchell Group and Cypress to whom we have granted preemptive rights under the Stockholders' Agreement, our common stockholders have no preemptive rights to purchase shares of our stock. The shares of our common stock are not subject to any redemption provisions and, other than the Class B common stock, are not convertible into any other shares of our capital stock. All outstanding shares of our common stock are, and the shares of common stock to be issued in the offering will be, upon payment therefor, fully paid and nonassessable. The rights, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may issue in the future.

The Company has 50,000,000 shares of preferred stock, $0.001 par value, authorized with none issued or outstanding. The rights and preferences of preferred stock will be determined by the Board of Directors at the time of issuance.

Our ability to pay dividends is effectively limited by the Company's status as a holding company and the terms of our indentures and certain of our other debt instruments, which significantly restrict the ability of certain of the Company's subsidiaries to pay dividends directly or indirectly to the Company. Furthermore, certain of the Company's foreign subsidiaries currently have a deficit in retained earnings which prevents the Company from declaring and paying dividends from those subsidiaries.

Employee Stock Option Plan -- Under terms of the Company's 1991 Nonqualified Stock Option Plan, nonqualified options to purchase up to 2,350,700 shares of the Company's Class A Common Stock may be granted to key employees. All options vest and are exercisable over a period of five years from the date of grant and expire ten years from the date of grant. A summary of the Company's 1991 Nonqualified Stock Option Plan activity and related information for the years ended December 31, 1999, 2000 and 2001 is as follows:

	1999		2000		2001	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	EXE
Outstanding at January 1..........	1,566,620	$0.0045	1,566,620	$0.0045	1,350,360	
Granted............	--	--	--	--	56,760	
Forfeited..........	--	--	(25,300)	0.0045	(326,700)	
Exercised..........	--	--	(155,980)	0.0045	(1,080,420)	
Repurchased........	--	--	(34,980)	0.0045	--	
Outstanding at December 31........	1,566,620	$0.0045	1,350,360	$0.0045	--	
Options exercisable at December 31.....	1,418,780..	$0.0045	1,272,040	$0.0045	--	

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The Company repurchased options to purchase 34,980 shares of Class A Common Stock held by an employee in February 2000. The aggregate purchase price for such options was $266,166, of which $198,432

is included in salaries and wages expense. The Company believes that the market value of a share of Class A Common Stock on the date of grant for the 56,760 shares granted in October 2001 exceeded the option price by approximately $1.50. These options were immediately vested and exercised which resulted in $84,882 of compensation expense being recorded at that time. In October 2001, all remaining unvested options under this Plan were vested with additional compensation expense of approximately $185,000 recorded for this accelerated vesting.

Independent Director Stock Options -- The Company has granted the unaffiliated directors of the Company options to purchase up to an aggregate of 176,000 shares of the Company's Class A Common Stock at an exercise price of $0.0045 per share (the "Director Options"). The options vest five years from the date of grant and expire ten years from the date of grant. A director's options are forfeited if the director resigns or is removed from the Board of Directors of the Company.

A summary of the Company's Independent Directors Stock Options activity and related information for the years ended December 31, 1999, 2000 and 2001 is as follows:

	1999		2000		2001	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIG AVER EXERCIS
Outstanding at January 1	176,000	$0.0045	176,000	$0.0045	176,000	$0.0
Granted	--	--	--	--	--	
Forfeited	--	--	--	--	--	
Exercised	--	--	--	--	(44,000)	$0.0
Outstanding at December 31	176,000	$0.0045	176,000	$0.0045	132,000	$0.0
Options exercisable at December 31	132,000	$0.0045	132,000	$0.0045	88,000	$0.0

The weighted average remaining contractual life of the 132,000 options outstanding at December 31, 2001 is three years.

Long-Term Incentive Plan -- In November 1998, the Board approved a Long-Term Incentive Plan (the "Long Term Incentive Plan") under which the Compensation Committee of the Board of Directors, in its sole discretion, may grant employees incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, performance units, performance shares or phantom stock up to an aggregate of 2,154,680 shares of the Company's Class A Common Stock. The Compensation Committee has the discretion to set the exercise price and the term (up to ten years) of the options. All awards under the Long Term Incentive Plan vest at the rate of one-fifth of the total award per year beginning one year from the date of grant, subject to acceleration by the Compensation Committee. An employee's award under the Long Term Incentive Plan is forfeited if the employee is terminated for cause. Upon termination of the employee's employment with the Company, the Company has the option to repurchase the award at the fair market value of the shares of Class A Common Stock vested under such award as determined in accordance with the Long Term Incentive Plan.

A summary of the Company's Long Term Incentive Plan activity and related information for the years ended December 31, 1999, 2000 and 2001 is as follows:

	1999		2000		2001	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	W A EXER
Outstanding at January 1..........	1,199,000	$7.61	1,180,300	$7.61	1,059,300	
Granted............	8,800	7.61	11,000	7.61	335,500	
Forfeited..........	(27,500)	7.61	(132,000)	7.61	(115,500)	
Exercised..........	--	--	--	--	--	
Outstanding at December 31........	1,180,300	$7.61	1,059,300	$7.61	1,279,300	
Options exercisable at December 31.....	179,520	$7.61	421,520	$7.61	570,020	

The weighted average remaining contractual life of the 1,279,300 options outstanding at December 31, 2001 is seven years.

The Company believes that the market value of a share of Class A Common Stock on the date of grant for the 8,800 options granted in January 1999 exceeded the option price by approximately $1.94. As a result, the Company accrued $17,040 for unearned compensation and has been amortizing this non-cash expense at a rate of $3,408 per year during the five year vesting period for the options granted. The Company believes the market value of a share of Class A Common Stock on the date of grant for the 11,000 options granted in January 2000 did not exceed the option price of $7.61 and thus no compensation expense was recorded. The Company believed the market value on the date of grant of the options granted in December 2001 did not exceed the option price of $1.50 per share and thus no compensation expense was recorded. As discussed in Note 17, the Company restated its 2001 financial statements to recognize additional unearned compensation related to options granted in December 2001. In connection with the Company's initial public offering of Class A common stock and Staff Accounting Bulletin Topic 4.D., the Company revised the market value per share for the 335,500 options granted in December 2001 to $11.45 per share which exceeded the option price of $1.50 by $9.95 per share. As a result, the Company accrued $3,338,225 for additional unearned compensation and will begin amortizing this noncash expense in January 2002 at a rate of $667,645 per year during the five year vesting period of the options granted. The long-term incentive options expire ten years from the date of grant.

For all options, the excess of the estimated fair market value of the stock at the dates of the grant over the exercise price is accounted for as additional paid-in-capital and as unearned compensation, which is amortized to operations over the vesting period. As a result of the above grants, unearned compensation of $17,040, $0 and $3,423,107 was recorded in 1999, 2000 and 2001, respectively. Compensation expense under these stock option plans was $1,049,176, $1,114,454 and $1,010,655 in 1999, 2000 and 2001, respectively, of which, $198,432 of the compensation expense recorded in 2000 reflected actual compensation expense (as opposed to non-cash amortization) paid out to an employee upon the repurchase of options by the Company.

The Company applies APB Opinion 25 and related interpretations in accounting for the Company's stock option plans. Had compensation costs for the Company's stock option plans been determined based on the fair value at the date of grant for awards under the plans consistent with the method of Statement of

Financial Accounting Standards ("SFAS") No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		1999	2000	2001
Net income (loss)	As reported............	$1,035,435	$(10,423,085)	$(4,021,268)
	Pro forma..............	635,505	(10,823,866)	(4,422,475)
Earnings (loss) per share:				
Basic	As reported............	$ 0.03	$ (0.27)	$ (0.10)
	Pro forma..............	0.02	(0.28)	(0.11)
Diluted	As reported............	$ 0.02	$ (0.27)	$ (0.10)
	Pro forma..............	0.02	(0.28)	(0.11)

The weighted average fair value per share of these stock options granted in 1999, 2000 and 2001 was $4.63 (all of which had exercise prices less than market value at the date of grant), $2.69 (all of which had an exercise price that equaled the market value at the date of grant) and $10.55 (all of which had exercise prices less than market value at the date of grant), respectively. The following assumptions were used in the calculation of fair value: dividend yield of 0 percent; an expected life of 10 years; expected volatility of 45 percent; and risk-free interest rates of 4.4 percent.

During 2000 and 2001, we experienced actual tax deductible compensation that was less than the compensation amounts recorded for book purposes. The income tax effect of this difference was recorded as a reduction of stockholders' equity only to the extent of previous increases in accordance with paragraph 17 of APB No. 25 as follows:

2000...	$ 207,764
2001...	$1,376,634

13. OTHER RELATED PARTY TRANSACTIONS

In addition to transactions discussed in other notes to the financial statements, the following transactions with related companies are included in the Company's financial statements:

	1999	2000	2001
Facility lease expense -- theatre and equipment leases with stockholder affiliates............	$ 295,171	$ 268,101	$ 272,341
Video game machine revenues -- a subsidiary of an affiliate....................................	2,679,490	2,714,817	2,558,693
Management fee revenues for property and theatre management:			

Equity investees..............................	184,781	136,926	148,798
Other related parties.........................	--	27,955	50,714

The Company manages one theatre with 12 screens for Laredo Theatre, Ltd. Lone Star Theatres, Inc. owns 25% of the limited partnership interests in Laredo. The Company is the sole general partner and owns the remaining limited partnership interests. Lone Star Theatres, Inc. is owned 100% by Mr. David Roberts, who is Mr. Mitchell's son-in-law. Under the agreement, management fees are paid by Laredo to the Company at a rate of 5% of theatre revenues in each year up to $50,000,000 and 3% of theater revenues in each year in excess of $50,000,000. The Company received $180,366 of management fee revenues and dividends of $487,500 from Laredo in 2001. In 2001, Laredo distributed dividends of $162,500 to Lone Star Theatres in

accordance with the terms of the limited partnership agreement. All such amounts are included in the Company's consolidated financial statements with the intercompany amounts eliminated in consolidation.

The Company managed two theatres with 11 screens for Westward Ltd. in 2001. Westward is a Texas limited partnership of which Cinemark of Utah, Inc. is the general partner and owns a 1% interest in Westward. Cinemark of Utah, Inc. is 100% owned by Mr. Mitchell. Mr. Mitchell also owns a 48.425% limited partner interest in Westward. Under the agreement, management fees are paid to us by Westward at a rate of 3% of theatre revenues. The Company recorded $29,325 of management fee revenues from Westward in 2001. The term ends in November 2002. However, we have the option to renew for one or more five-year periods. One of the two theatres managed by the Company was closed by Westward in February 2002.

The Company managed one theatre with eight screens for Mitchell Theatres. Mitchell Theatres is 100% owned by members of Mr. Mitchell's family. Under the agreement, management fees are paid to us by Mitchell Theatres at a rate of 5% of theatre revenues. The Company recorded $21,389 of management fee revenues from Mitchell Theatres in 2001. The term ends in November 2003. However, we have the option to renew for one or more five-year periods.

The Company leases one theatre with 7 screens from Plitt Plaza joint venture. Plitt Plaza is indirectly owned by Lee Roy Mitchell. The term of the lease expires in July 2003, however we have 2 five-year renewal options. The annual rent is approximately $264,000 plus certain taxes, maintenance expenses, insurance, and a percentage of gross admission and concession receipts in excess of certain amounts. The Company recorded $272,341 of facility lease expense payable to Plitt Plaza joint venture during 2001.

During 2001, Cinemark Brasil S.A. received additional capital from its Brazilian shareholders in an aggregate amount equal to approximately $11.0 million (US dollar equivalent) in exchange for shares of common stock of Cinemark Brasil S.A. The contributions were made in July in the aggregate amount of $5.0 million (US dollar equivalent) and in November in the aggregate amount of $6.0 million (US dollar equivalent). The additional capital will be used to fund development in Brazil and to reduce Cinemark Brasil S.A.'s outstanding indebtedness. After giving effect to the additional issuance of common stock, Cinemark International's ownership interest was diluted to approximately 53%. As part of the additional capitalization, the Company agreed to give the Brazilian partners an option to exchange shares they own in Cinemark Brasil S.A. for shares of the class of the Company's common stock which is registered in an initial public offering under the Securities Act of 1933, as amended, occurring at any time prior to December 31, 2007. If the Brazilian partners exercise their exchange option, the Company will obtain appraisals from independent investment banks of the fair market value of the Company and of Cinemark Brasil S.A. The number of shares to be issued will be determined by multiplying the number of shares of common stock owned by each Brazilian partner by a fraction, the numerator of which is equal to the appraised value per share of Cinemark Brasil S.A. and the denominator of which is equal to the appraised value per share of the Company's common stock.

The Company entered into a profit participation agreement with its President, Alan Stock, pursuant to which Mr. Stock receives a profit interest in two recently built theatres after the Company recovered its capital investment in these theatres plus its borrowing costs. Under this agreement, operating losses and disposition losses for any year are allocated 100% to the Company. Operating profits and disposition profits for these theatres for any fiscal year are allocated first to the Company to the extent of total operating losses and losses from any disposition of these theatres. Thereafter, net cash from operations from these theatres or from any disposition of these theatres is paid first to the Company until such payments equal the Company's investment in these theatres, plus interest, and then 51% to the Company and 49% to Mr. Stock. In the event that Mr. Stock's employment is terminated without cause, profits will be distributed according to this formula without first allowing the Company to recoup our investment plus interest thereon. No amounts have been paid to Mr. Stock to date pursuant to the profit participation agreement. Upon completion of this offering, the Company will have the option to purchase Mr. Stock's interest in the theatres for a price equal to the fair market value of the profit interest, as determined by an independent appraiser. The Company does not

anticipate exercising this option in connection with this offering. The Company does not intend to enter into similar arrangements with its executive officers in the future.

The Company entered into the Stockholders' Agreement dated May 17, 2002 with the Mitchell Group and Cypress. Among other things, the Stockholders' Agreement provides that, subject to certain conditions and exceptions, the Company must obtain the consent of Cypress for certain corporate acts including, but not limited to, amendments to the Company's certificate of incorporation,

approval of annual budgets under certain circumstances, asset dispositions or acquisitions in excess of specified amounts, merger, sale of substantially all assets or consolidation, incurrence of indebtedness over specified amounts, certain stock redemptions or non pro rata dividends, transactions with affiliates over specified amounts, certain management changes or new compensation plans, financing theatres through limited partnerships, settlements of litigation over specified amounts and issuance of common stock by private placement. The above-described provisions terminate on the earlier of (1) the public owning 25% or more of the Company's common stock, (2) a merger with and into any publicly traded company or (3) four years after the date of the Stockholders' Agreement. The Stockholders' Agreement also provides that Cypress will have the right to exchange their shares of the Company's Class A common stock for an equal number of shares of the Company's Class B common stock. The Stockholders' Agreement also contains a voting agreement pursuant to which the Mitchell Group agrees to vote their shares of common stock to elect certain designees of Cypress to the Company's board of directors.

14. FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The Company operates in a single business segment as a motion picture exhibitor. The Company is a multinational corporation with consolidated operations in the U.S., Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica and Colombia as of December 31, 2001. Revenues in the U.S. and Canada, Mexico, Brazil and other foreign countries for the years ended December 31 are as follows:

REVENUES	1999	2000	2001
U.S. and Canada	$556,592,053	$597,913,928	$644,095,881
Mexico	56,123,717	61,907,651	77,266,984
Brazil	39,971,020	60,740,586	62,188,321
Other foreign countries	60,601,933	66,593,322	71,101,287
Eliminations	(684,527)	(891,630)	(994,005)
Total	$712,604,196	$786,263,857	$853,658,468

Long-lived assets in the U.S. and Canada, Mexico, Brazil and other foreign countries as of December 31 are as follows:

LONG-LIVED ASSETS	1999	2000	2001
U.S. and Canada	$746,317,091	$735,698,077	$667,881,369
Mexico	61,202,181	69,110,248	78,036,408
Brazil	60,792,003	68,294,098	62,080,875
Other foreign countries	65,647,784	77,032,297	58,407,765
Total	$933,959,059	$950,134,720	$866,406,417

15. ASSET IMPAIRMENT LOSS

The Company reviews long-lived assets, including goodwill, for impairment in conjunction with the preparation of the Company's quarterly consolidated financial statements and whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable. The Company considers actual theatre level cash flow, future years budgeted theatre level cash flow, theatre property and equipment values, goodwill values, competitive theatres in the marketplace, theatre operating cash flows

compared to annual long-term lease payments, the sharing of a market with other Company theatres, the age of a recently built theatre and other factors in its assessment of impairment of individual theatre assets. The impairment evaluation is based on the estimated cash flows from theatres from continuing use through the remainder of the theatre's useful life. The remainder of the useful life correlates with the available remaining lease period for leased properties and a period of twenty years for fee owned properties.

The Company wrote down the assets of certain properties to be held and used to their fair value by recording impairment charges of $3,720,390, $3,872,126 and $20,723,274 in 1999, 2000 and 2001, respectively. The impairment charges were recognized in the third and fourth quarters of 1999, the first, second, third, and fourth quarters of 2000 and the first and fourth quarters of 2001, respectively. All of the impairment charges recorded were in the U.S. except for an impairment charge of $1,712,750 recorded in Brazil in the fourth quarter of 2001.

16. LOSS ON SALE OF ASSETS AND OTHER

The Company recorded a loss on sale of assets and other in the amount of $2,419,511, $912,298 and $12,407,696 in 1999, 2000, and 2001, respectively. Included in loss on sale of assets and other in 2001 is a charge of $7,217,975 to write down one property to be disposed of in the U.S. to fair value and a charge of $1,471,947 to write down one property to be disposed of in Argentina to fair value.

17. RESTATEMENT

Subsequent to the issuance of the Company's 2001 consolidated financial statements, the Company's management determined that it should revise the fair value of employee stock options granted during December 2001. This determination was based in part on the timing between the original valuation and the proposed initial public offering of the Company's Class A common stock. The Company's management believed that on the date of grant the common stock had a fair value of $1.50 per share. In connection with the Company's public offering of common stock and Staff Accounting Bulletin Topic 4.D., the Company revised this fair value to $11.45 per share. As a result, the 2001 financial statements have been restated from amounts previously reported to record additional unearned compensation of $3,338,225 as of December 31, 2001.

The amounts shown below as previously reported give effect to the reverse stock split discussed in Note 1. A summary of the significant effects of the restatement, including the effect of the reverse stock split, is as follows:

	AS OF DECEMBER 31, 2001	
	AS PREVIOUSLY REPORTED	AS RESTATED
Balance Sheet Data:		
Additional paid-in-capital	$37,029,524	$40,367,749
Unearned compensation -- stock options	(887,779)	(4,226,004)

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2001				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER(1)	FULL YEAR
Revenues	$196,070,072	$202,358,859	$240,020,565	$215,208,972	$853,658,468
Operating income	16,518,623	16,778,470	29,030,293	(4,738,766)	57,588,620
Net income (loss)	(2,662,518)	(2,326,525)	5,567,970	(4,600,195)	(4,021,268
Net income (loss) per share:					
Basic	$ (0.07)	$ (0.06)	$ 0.15	$ (0.11)	$ (0.10
Diluted	(0.07)	(0.06)	0.14	(0.11)	(0.10

	2000				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
Revenues	$174,865,578	$187,978,703	$220,079,923	$203,339,653	$786,263,857
Operating income	9,544,274	13,617,913	25,764,363	14,421,921	63,348,471
Net income (loss)	(5,561,686)	(3,850,413)	4,324,925	(5,335,911)	(10,423,085

Net income (loss) per share:					
Basic................	$ (0.15)	$ (0.10)	$ 0.11	$ (0.14)	$ (0.27
Diluted..............	(0.15)	(0.10)	0.10	(0.14)	(0.27

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(1) During the fourth quarter of 2001, the Company recorded approximately $20 million of impairment charges as described in Note 15 and approximately $8 million of loss on sale of assets and other as described in Note 16.

CINEMARK, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	MARCH 31, 2002	DECEMBER 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents..................................	$ 59,437,502	$ 50,199,223
Inventories..	3,433,246	3,322,032
Accounts receivable..	10,886,318	11,049,648
Income tax receivable......................................	7,890,977	1,438,794
Prepaid expenses and other.................................	3,224,980	3,246,829
Total current assets.....................................	84,873,023	69,256,526
Theatre properties and equipment...........................	1,196,315,287	1,201,334,337
Less accumulated depreciation and amortization............	(349,849,591)	(334,927,920)
Theatre properties and equipment -- net................	846,465,696	866,406,417
Other assets		
Goodwill -- net..	11,240,945	15,124,954
Investments in and advances to affiliates................	3,210,382	4,447,003
Deferred tax asset...	--	3,716,206
Deferred charges and other -- net.........................	32,239,269	37,592,644
Total other assets.....................................	46,690,596	60,880,807
Total..	$ 978,029,315	$ 996,543,750
LIABILITIES AND STOCKHOLDERS' EQUITY (AS RESTATED, SEE NOTE 12)		
Current liabilities		
Current portion of long-term debt.........................	$ 59,126,699	$ 21,853,742
Accounts payable and accrued expenses.....................	92,064,347	117,501,526

Total current liabilities	151,191,046	139,355,268
Long-term liabilities		
Senior credit agreements	344,244,081	378,914,750
Senior subordinated notes	380,180,547	380,187,674
Deferred lease expenses	23,286,590	22,832,388
Deferred gain on sale leasebacks	4,647,060	4,738,540
Deferred income taxes	6,634,491	--
Deferred revenues and other long-term liabilities	8,877,575	9,824,212
Total long-term liabilities	767,870,344	796,497,564
Minority interests in subsidiaries	36,442,960	35,353,662
Stockholders' equity		
Class A Common Stock, $.001 par value: 350,000,000 shares authorized, 19,563,280 shares issued and outstanding	19,563	19,563
Class B Common Stock, $.001 par value: 150,000,000 shares authorized, 20,949,280 shares issued and outstanding	20,949	20,949
Additional paid-in-capital	40,367,749	40,367,749
Unearned compensation -- stock options	(3,948,724)	(4,226,004)
Retained earnings	51,537,242	44,696,299
Accumulated other comprehensive loss	(65,471,814)	(55,541,300)
Total stockholders' equity	22,524,965	25,337,256
Total	$ 978,029,315	$ 996,543,750

See Notes to Condensed Consolidated Financial Statements

CINEMARK, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(AS RESTATED, SEE NOTE 12)	
Revenues		
Admissions	$146,411,564	$127,838,738
Concession	69,286,218	57,843,747
Other	11,004,324	10,387,587
Total	226,702,106	196,070,072
Costs and expenses		
Cost of operations:		
Film rentals and advertising	74,962,492	65,308,423

Concession supplies	11,981,820	10,272,880
Salaries and wages	22,550,434	21,478,604
Facility leases	29,149,610	28,791,406
Utilities and other	28,607,876	26,687,718
Total cost of operations	167,252,232	152,539,031
General and administrative expenses	10,643,017	9,842,940
Depreciation and amortization	17,166,781	16,608,564
Asset impairment loss	558,398	450,000
Loss on sale of assets and other	539,192	110,914
Total	196,159,620	179,551,449
Operating income	30,542,486	16,518,623
Other income (expense)		
Interest expense	(14,740,312)	(19,262,230)
Amortization of debt issue cost and debt discount	(634,795)	(643,128)
Interest income	483,339	369,644
Foreign currency exchange loss	(220,997)	(1,152,129)
Equity in income (loss) of affiliates	116,741	(37,678)
Minority interests in (income) loss of subsidiaries	(876,471)	119,890
Total	(15,872,495)	(20,605,631)
Income (loss) before income taxes and cumulative effect of an accounting change	14,669,991	(4,087,008)
Income taxes (benefit)	4,439,269	(1,424,490)
Income (loss) before cumulative effect of an accounting change	10,230,722	(2,662,518)
Cumulative effect of a change in accounting principle, net of income tax benefit of $0	(3,389,779)	--
Net income (loss)	$ 6,840,943	$ (2,662,518)
Earnings (loss) per share:		
Basic:		
Income (loss) before accounting change	$ 0.25	$ (0.07)
Cumulative effect of an accounting change	(0.08)	--
Net income (loss)	$ 0.17	$ (0.07)
Diluted:		
Income (loss) before accounting change	$ 0.25	$ (0.07)
Cumulative effect of an accounting change	(0.08)	--
Net income (loss)	$ 0.17	$ (0.07)

See Notes to Condensed Consolidated Financial Statements

CINEMARK, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(AS RESTATED, SEE NOTE 12)	
Operating activities		
Net income (loss)	$ 6,840,943	$ (2,662,518)
Noncash items in net income (loss):		
Depreciation	16,957,553	15,918,706
Amortization of goodwill and other assets	209,228	689,858
Amortization of foreign advanced rents	497,963	690,048
Amortized compensation -- stock options	277,280	206,860
Amortization of gain on sale leasebacks	(91,480)	(91,481)
Amortization of debt discount and premium	(7,127)	(7,127)
Amortization of debt issue costs	591,170	599,503
Loss on impairment of assets	558,398	450,000
Loss on sale of assets and other	539,192	110,914
Deferred lease expenses	454,202	554,281
Deferred income tax expenses	10,350,697	(2,139,418)
Equity in (income) loss of affiliates	(116,741)	37,678
Minority interests in income (loss) of subsidiaries	876,471	(119,890)
Cumulative effect of an accounting change	3,389,779	--
Change in assets and liabilities:		
Inventories	(111,214)	287,591
Accounts receivable	163,330	(1,988,336)
Prepaid expenses and other	21,849	134,048
Other assets	3,990,846	3,001,396
Advances with affiliates	853,362	405,539
Accounts payable and accrued expenses	(26,383,816)	(37,280,920)
Income tax receivable/payable	(6,452,183)	(223,595)
Net cash provided by (used for) operating activities	13,409,702	(21,426,863)
Investing activities		
Additions to theatre properties and equipment	(8,656,770)	(6,604,114)
Sale of theatre properties and equipment	1,504,441	3,159,517
Dividends/capital returned from affiliates	500,000	--
Net cash used for investing activities	(6,652,329)	(3,444,597)
Financing activities		
Increase in long-term debt	17,772,828	34,192,808
Decrease in long-term debt	(15,170,540)	(2,220,484)
Increase in minority investment in subsidiaries	421,855	226,117
Decrease in minority investment in subsidiaries	(209,028)	(2,093,286)
Net cash provided by financing activities	2,815,115	30,105,155
Effect of exchange rate changes on cash and cash equivalents	(334,209)	(151,653)
Increase in cash and cash equivalents	9,238,279	5,082,042
Cash and cash equivalents:		
Beginning of period	50,199,223	19,839,994
End of period	$ 59,437,502	$ 24,922,036

See Notes to Condensed Consolidated Financial Statements

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. THE COMPANY AND BASIS OF PRESENTATION

On May 16, 2002, Cinemark, Inc. was formed as the Delaware holding company of Cinemark USA, Inc. Each outstanding share, and each outstanding option to purchase shares, of Cinemark USA, Inc. were exchanged for shares, and options to purchase shares, of Cinemark, Inc. The accompanying financial statements have been revised to reflect the historical financial data of Cinemark USA, Inc. as though it were the financial data of Cinemark, Inc. All share and per share amounts have been adjusted to retroactively reflect the share exchange and reverse stock split in June 2002 for the periods presented.

Cinemark, Inc. and its subsidiaries (the "Company") is a leader in the motion picture exhibition industry and owns or leases and operates motion picture theatres in 33 states, Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Colombia and the United Kingdom. The Company operates 3,014 screens in 278 theatres and manages an additional 7 theatres (58 screens) at March 31, 2002.

The condensed consolidated financial statements have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these interim financial statements reflect all adjustments (which, except for the cumulative effect of an accounting change include only normal recurring adjustments) necessary to state fairly the financial position and results of operations as of and for the periods indicated. The condensed consolidated financial statements include the accounts of Cinemark, Inc. and its subsidiaries. Majority-owned subsidiaries that the Company controls are consolidated while those subsidiaries of which the Company owns between 20% and 50% and does not control are accounted for as affiliates under the equity method. The results of these subsidiaries and affiliates are included in the financial statements effective with their formation or from their dates of acquisition. Significant intercompany balances and transactions are eliminated in the consolidation. Certain reclassifications have been made to March 31, 2001 and December 31, 2001 amounts to conform to the March 31, 2002 presentation.

These financial statements should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2001, included on pages F-3 through F-30 of this Registration Statement on Form S-1. Operating results for the three month period ended March 31, 2002 are not necessarily indicative of the results to be achieved for the full year.

2. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share are computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each period. The following table sets forth the computation of basic and diluted earnings (loss) per share.

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Income (loss) before cumulative effect of an accounting change	$10,230,722	$(2,662,518)
Basic:		
Weighted average Common shares outstanding	40,512,560	39,388,140
Income (loss) before cumulative effect of an accounting change per Common share	$ 0.25	$ (0.07)
Diluted:		
Weighted average Common shares outstanding	40,512,560	39,388,140
Common equivalent shares for stock options	740,300	--
Weighted average Common and Common equivalent shares outstanding	41,252,860	39,388,140
Income (loss) before cumulative effect of an accounting change per Common and Common equivalent share	$ 0.25	$ (0.07)

Basic income (loss) per share is computed by dividing the income (loss) by the weighted average number of shares of Common Stock of all classes outstanding during the period. Diluted income (loss) per share is computed by dividing the income (loss) by the weighted average number of shares of Common Stock and potential issuable Common Stock using the treasury stock method. The dilutive effect of the options to purchase Common Stock is excluded from the computation of diluted income (loss) per share if their effect is antidilutive. At March 31, 2001, 2,585,660 options to purchase Common Stock have been excluded from the diluted income (loss) per share calculation as their effect would have been antidilutive.

3. COMPREHENSIVE INCOME (LOSS)

Statement of Financial Accounting Standards (SFAS) No. 130 establishes standards for reporting and display of comprehensive income (loss) and its components in the financial statements. The following components are reflected in the Company's comprehensive income (loss):

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Net income (loss)...	$ 6,840,943	$(2,662,518)
Foreign currency translation adjustment...................	(9,930,514)	(3,063,383)
Comprehensive loss..	$(3,089,571)	$(5,725,901)

4. FOREIGN CURRENCY TRANSLATION

The accumulated other comprehensive loss in stockholders' equity of $65,471,814 and $55,541,300 at March 31, 2002 and December 31, 2001, respectively, primarily relates to the unrealized adjustments from translating the financial statements of Cinemark Argentina, S.A., Cinemark Brasil S.A., Cinemark Chile, S.A. and Cinemark de Mexico, S.A. de C.V. into U.S. dollars.

For the majority of 2001, the country of Argentina utilized the peso as its functional currency with it pegged at a rate of 1.0 peso to the U.S. dollar. As a result of economic turmoil which began in December 2001, the Argentine government announced several restrictions on currency conversions and transfers of funds abroad in early January 2002. The Argentine government ended the peso-dollar parity regime and established a dual exchange rate system, with a "commercial rate" and a "market rate". The commercial rate of 1.4 pesos to the U.S. dollar was to be utilized to settle all exports and certain essential imports. The market rate traded for the first time on January 11, 2002 and closed at a rate of 1.7 pesos to the U.S. dollar. As a result, the effect of translating the December 31, 2001 peso balances for assets and liabilities into U.S. dollars at the first known free-floating market rate as of January 11, 2002 (1.7 pesos to the U.S. dollar) is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as a reduction of stockholders' equity in the amount of $19.1 million at December 31, 2001. Income and expense accounts from January through November 2001 were converted into U.S. dollars at the exchange rate of 1.0 peso to the U.S. dollar and income and expense accounts in December 2001 were converted into U.S. dollars at the exchange rate of 1.7 pesos to the U.S. dollar. On January 14, 2002, the Argentine government unified the commercial rate and the market rate into one floating rate which is presently in use. At March 31, 2002, the floating rate was 3.0 pesos to the U.S. dollar. As a result, the effect of translating the March 31, 2002 peso balances for assets and liabilities into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as an additional reduction of stockholder's equity in the amount of $11.1 million at March 31, 2002. Income and expense accounts from January through March 2002 were converted into U.S. dollars at the prevailing average floating rate for each of those three months.

In 2001 and 2002, all foreign countries where the Company has operations, including Argentina, were deemed non-highly inflationary. Thus, any fluctuation in the currency results in the Company recording a cumulative foreign currency translation adjustment to the accumulated other comprehensive loss account as an increase or reduction to stockholders' equity.

5. SUPPLEMENTAL CASH FLOW INFORMATION

The following is provided as supplemental information to the condensed consolidated statements of cash flows:

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Cash paid for interest	$23,270,639	$28,295,479
Cash paid for income taxes	764,884	796,030

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The Company operates in a single business segment as a motion picture exhibitor. The Company is a multinational corporation with consolidated operations in the United States, Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Colombia and the United Kingdom. Revenues in the United States and Canada, Mexico, Brazil and other foreign countries for the three months ended March 31 are as follows:

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Revenues		
U.S. and Canada	$169,061,159	$143,422,703
Mexico	22,051,762	16,750,662
Brazil	19,328,049	17,550,195
Other foreign countries	16,547,126	18,560,844
Eliminations	(285,990)	(214,332)
Total	$226,702,106	$196,070,072

Long-lived assets in the United States and Canada, Mexico, Brazil and other foreign countries as of March 31 are as follows:

	MARCH 31, 2002	MARCH 31, 2001
Long-Lived Assets		
U.S. and Canada	$656,610,712	$723,090,096
Mexico	77,439,104	70,836,242
Brazil	63,085,245	62,468,150
Other foreign countries	49,330,635	77,793,479
Total	$846,465,696	$934,187,967

7. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company's condensed consolidated balance sheets as of March 31, 2002 and December 31, 2001 include an interest rate cap agreement recorded at its fair value of $0.9 million and $1.1 million, respectively. This derivative asset is recorded as a component of deferred charges and other on the Company's condensed consolidated balance sheets. For the three month periods ended March 31, 2002 and 2001, a loss of $0.2 million and $0.7 million, respectively, has been recorded as a component of interest expense in the condensed consolidated statements of operations to recognize the decrease in the fair value of the derivative asset.

8. ACCOUNTING FOR AMORTIZATION OF GOODWILL AND OTHER INTANGIBLE ASSETS

On January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets". This statement requires that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually.

The Company's goodwill at December 31, 2001 was as follows:

GOODWILL	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET GOODWILL AMOUNT
U.S. operations	$ 9,313,165	$(4,004,427)	$ 5,308,738
Argentina operations	5,162,418	(893,308)	4,269,110
Chile operations	3,663,883	(732,777)	2,931,106
Peru operations	3,270,000	(654,000)	2,616,000
	$21,409,466	$(6,284,512)	$15,124,954

The adoption of this accounting pronouncement resulted in the aggregate write down of goodwill to fair value as a cumulative effect of a change in accounting principle on January 1, 2002 as follows:

U.S. operations	$ 27,226
Argentina operations	3,298,385
	$3,325,611

The Company has recorded an additional impairment of goodwill in the amount of $558,398 in the three month period ended March 31, 2002 (recorded as a component of asset impairment loss in the condensed consolidated statement of operations). The additional impairment of goodwill relates to a further write-down of goodwill to fair value associated with the Company's Argentina operations which continue to be impacted by the economic turmoil in the country. Fair value for this goodwill reporting unit was estimated based on a multiple of estimated cash flows for each of the individual Argentina properties. No additional goodwill was acquired in the three month period ended March 31, 2002.

The Company's other intangible assets (included in deferred charges and other on the Company's condensed consolidated balance sheet) at December 31, 2001 were as follows:

OTHER INTANGIBLE ASSETS	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLE ASSET AMOUNT
Capitalized licensing fees	$9,000,000	$ (566,666)	$8,433,334
Trademarks	147,919	(83,751)	64,168
Non-compete fee	72,403	(64,876)	7,527
Other intangible assets	40,406	(24,243)	16,163
	$9,260,728	$ (739,536)	$8,521,192

The adoption of this accounting pronouncement resulted in the aggregate write down of other intangible assets with indefinite useful lives to fair value as a cumulative effect of a change in accounting principle on January 1, 2002 as follows:

Trademarks	$64,168
	$64,168

The Company's other intangible assets have indefinite useful lives remaining but were not written down on January 1, 2002 since they are presently recorded at or below their fair value. The Company's capitalized licensing fees have a definite useful life and thus are continuing to be amortized over the remaining useful life period. The Company's non-compete fee has a definite useful life and thus is continuing to be amortized over the remaining useful life period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company's other intangible assets at March 31, 2002 are as follows:

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLE ASSET AMOUNT
Other Intangible Assets			
Amortized Intangible Assets:			
Capitalized licensing fees..............	$9,000,000	$(691,666)	$8,308,334
Non-compete fee.........................	72,403	(68,103)	4,300
	$9,072,403	$(759,769)	$8,312,634
Unamortized Intangible Assets:			
Trademarks..............................	$ 147,919	$(147,919)	$ --
Other intangible assets.................	40,406	(24,243)	16,163
	$ 188,325	$(172,162)	$ 16,163
Aggregate Amortization Expense:			
For the three month period ended March 31, 2002...................................		$ 209,228	

Aggregate amortization expense for the three month period ended March 31, 2002 consists of $128,227 of amortization of other intangible assets and $81,001 of amortization of other assets (both of which are included in deferred charges and other on the Company's condensed consolidated balance sheet).

Estimated Amortization Expense:	
For the year ended December 31, 2002.....................	$507,527
For the year ended December 31, 2003.....................	500,000
For the year ended December 31, 2004.....................	500,000
For the year ended December 31, 2005.....................	500,000
For the year ended December 31, 2006.....................	500,000

The Company's non-compete fee will be fully amortized by December 31, 2002.

CINEMARK, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The impact on net income (loss) and earnings (loss) per share related to the adoption of this accounting pronouncement is as follows:

	THREE MONTHS ENDED MARCH 31,	
	2002	2001

Reported net income (loss)	$ 6,840,943	$(2,662,518)
Add back: Cumulative effect of an accounting change	3,389,779	--
Add back: Goodwill amortization	--	359,046
Add back: Other intangible asset amortization	--	8,382
Adjusted net income (loss)	$10,230,722	$(2,295,090)
Basic earnings (loss) per share:		
Reported net income (loss)	$ 0.17	$ (0.07)
Add back: Cumulative effect of an accounting change	0.08	--
Add back: Goodwill amortization	--	0.01
Add back: Other intangible asset amortization	--	--
Adjusted net income (loss)	$ .25	$ (0.06)
Diluted earnings (loss) per share:		
Reported net income (loss)	$ 0.17	$ (0.07)
Add back: Cumulative effect of an accounting change	0.08	--
Add back: Goodwill amortization	--	0.01
Add back: Other intangible asset amortization	--	--
Adjusted net income (loss)	$ 0.25	$ (0.06)

9. NEW ACCOUNTING PRONOUNCEMENTS

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations". This statement requires the establishment of a liability for an asset retirement obligation. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company is currently considering the impact, if any, that this statement will have on the consolidated financial statements.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets", which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and of Long-Lived Assets to be Disposed Of", and portions of APB No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", and amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements". This statement generally conforms, among other things, impairment accounting for assets to be disposed of including those in discontinued operations and eliminates the exception to consolidation for which control is likely to be temporary. This statement became effective for the Company on January 1, 2002. The adoption of this statement did not have a material effect on the consolidated financial statements.

In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement requires, among other things, that gains and losses on the early extinguishment of debt be

classified as extraordinary only if they meet the criteria for extraordinary treatment set forth in Accounting Principles Board Opinion No. 30. The provisions of this statement related to classification of gains and losses on the early extinguishment of debt are effective for fiscal years beginning after May 15, 2002. The Company is currently considering the impact, if any, that this statement will have on the consolidated financial statements.

10. RELATED PARTY TRANSACTIONS

During 2001, Cinemark Brasil S.A. received additional capital from its Brazilian shareholders in an aggregate amount equal to approximately $11.0 million (US dollar equivalent) in exchange for shares of common stock of Cinemark Brasil S.A. The contributions were made in July in the aggregate amount of $5.0 million (US dollar equivalent) and in November in the aggregate amount of $6.0 million (US dollar equivalent). The additional capital will be used to fund development in Brazil and to reduce Cinemark Brasil S.A.'s outstanding indebtedness. After giving effect to the additional issuance of common stock, Cinemark International's ownership interest was diluted to approximately 53%. As part of the additional capitalization, the Company agreed to give the Brazilian partners an option to exchange shares they own in Cinemark Brasil S.A. for shares of the class of the Company's common stock which is registered in an initial public offering under the Securities Act of 1933, as amended, occurring at any time prior to December 31, 2007. If the Brazilian partners exercise their exchange option, the Company will obtain appraisals from independent investment banks of the fair market value of the Company and of Cinemark Brasil S.A. The number of shares to be issued will be determined by multiplying the number of shares of common stock owned by each Brazilian partner by a fraction, the numerator of which is equal to the appraised value per share of Cinemark Brasil S.A. and the denominator of which is equal to the appraised value per share of the Company's common stock.

11. LITIGATION AND LITIGATION SETTLEMENTS

The Company currently is a defendant in certain litigation proceedings alleging certain violations of the Americans with Disabilities Act of 1990 (the "ADA") relating to accessibility of movie theatres for handicapped and deaf patrons.

In March 1999, the Department of Justice filed suit in the U.S. District Court, Northern District of Ohio, Eastern Division, against the Company alleging certain violations of the ADA relating to the Company's wheelchair seating arrangements and seeking remedial action. An Order granting Summary Judgment to the Company was issued November 2001. The Department of Justice has filed a Notice of Appeal with the Sixth Circuit Court of Appeals. If the Company loses this litigation, its financial position, results of operations and cash flows may be materially and adversely affected. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

In February 2000, Barbara Cornilles, Edwin Cornilles, Dorothy Johnson, Damara Paris, Stephen Purvis, George Scheler, Susan Teague and Jackie Woltring filed suit in the U.S. District Court for the District of Oregon against the Company, Regal Cinemas, Inc., Century Theatres, Inc., and Carmike Cinemas, Inc. alleging certain violations of the ADA relating to accessibility of movie theatres for deaf patrons. An Order granting Summary Judgment to the Company was issued by a federal magistrate judge in December 2001 which was ratified by the federal district judge in March 2002. In April 2002, the plaintiffs agreed not to appeal the summary judgment ruling.

In August 2001, David Wittie, Rona Schnall, Ron Cranston, Jennifer McPhail, Peggy Garaffa and ADAPT of Texas filed suit in the 201st Judicial District Court of Travis County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at two theatres located in the Austin, Texas market. The plaintiffs are seeking remedial action and unspecified damages. The Company has filed an answer denying the allegations and is vigorously defending this suit. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

In July 2001, Sonia-Rivera-Garcia and Valley Association for Independent Living filed suit in the 93rd Judicial District Court of Hidalgo County, Texas alleging certain violations of the Human Resources Code, the Texas Architectural Barriers Act, the Texas Accessibility Standards and the Deceptive Trade Practices Act relating to accessibility of movie theatres for patrons using wheelchairs at one theatre located in the Mission, Texas market. The plaintiffs are seeking remedial action and unspecified damages. The Company has filed an answer denying the allegations and is vigorously defending this suit. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, management believes that based upon current precedent the Company's potential liability with respect to such proceeding is not material in the aggregate to the Company's financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

On May 23, 2002, Robert Todd on behalf of Robert Preston Todd, his minor child, and "all individuals who are deaf or are severely hearing impaired" brought this case in the United States District Court for the Southern District of Texas, Houston Division against several movie operators including, AMC Entertainment, Inc., Regal Entertainment, Inc., the Company and Century Theaters as well as eight movie production companies. The lawsuit alleges violation of Title III of the ADA and the First Amendment to the Constitution of the United States. Plaintiffs seek unspecified injunctive relief, unspecified declaratory relief, unspecified monetary damages (both actual and punitive) and unspecified attorneys' fees. The answer is not yet due. The Company plans to deny any

violation of law and to vigorously defend against all claims. The Company is unable to predict the outcome of this litigation or the range of potential loss, however, the Company believes that based upon current precedent its potential liability with respect to such proceeding is not material in the aggregate to its financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with this proceeding.

From time to time, the Company is involved in other various legal proceedings arising from the ordinary course of its business operations, such as personal injury claims, employment matters and contractual disputes, most of which are covered by insurance. The Company believes its potential liability with respect to proceedings currently pending is not material in the aggregate to the Company's financial position, results of operations and cash flows.

12. RESTATEMENT

Subsequent to the issuance of the Company's condensed consolidated financial statements for the quarter ended March 31, 2002, the Company's management determined that it should revise the fair value of employee stock options granted during December 2001. This determination was based in part on the timing between the original valuation and the proposed initial public offering of the Company's Class A common stock. The Company's management believed that on the date of grant the common stock had a fair value of $1.50 per share. In connection with the Company's public offering of common stock and Staff Accounting Bulletin Topic 4.D., the Company revised this fair value to $11.45 per share. As a result, the condensed

consolidated balance sheet at December 31, 2001 has been restated from amounts previously reported to record additional unearned compensation of $3,338,225 at that date. The unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2002 have been restated to record unearned compensation of $3,948,724 as of March 31, 2002 and additional compensation expense of $166,911 and a related income tax benefit of $65,680 for the three months ended March 31, 2002.

The amounts shown below as previously reported give effect to the reverse stock split discussed in Note 1. A summary of the significant effects of the restatement, including the effect of the reverse stock split, is as follows:

AS OF
DECEMBER 31, 2001

	AS PREVIOUSLY REPORTED	AS RESTATED
Balance Sheet Data:		
Additional paid-in capital	$37,029,524	$40,367,749
Unearned compensation -- stock options	(887,779)	(4,226,004)

	AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2002	
	AS PREVIOUSLY REPORTED	AS RESTATED
Balance Sheet Data:		
Deferred income taxes liability	$ 6,700,171	$ 6,634,491
Additional paid-in capital	37,029,524	40,367,749
Unearned compensation -- stock options	(777,410)	(3,948,724)
Statement of Operations Data:		
Operating income	$30,709,397	$30,542,486
Income taxes	4,504,949	4,439,269
Net income	6,942,174	6,840,943
Earnings per share -- basic	0.17	0.17
Earnings per share -- diluted	0.17	0.17

[CINEMARK LOGO]

Lo Mejor En Cines

Description of artwork:

Miscellaneous interior and exterior photographs of Cinemark theatres.

11,100,000 SHARES

[CINEMARK LOGO]

CINEMARK, INC.

CLASS A COMMON STOCK

PROSPECTUS

, 2002

LEHMAN BROTHERS

SALOMON SMITH BARNEY

BEAR, STEARNS & CO. INC.

CREDIT SUISSE FIRST BOSTON

GOLDMAN, SACHS & CO.

LOGO

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, to be paid by the Registrant in connection with the issuance and distribution of the shares of common stock being registered hereby. All amounts are estimates except for the Securities and Exchange Commission registration fee, the NASD filing fee and the New York Stock Exchange listing fee.

Securities and Exchange Commission registration fee.........	$ 21,160
NASD filing fee..	$ 23,500
New York Stock Exchange listing fee........................	$ 275,000
Accounting fees and expenses...............................	$ 250,000
Legal fees and expenses....................................	$ 500,000
Printing and engraving expenses............................	$ 300,000
Blue Sky qualification fees and expenses...................	$ 7,500
Transfer agent and registrar fees and expenses.............	$ 1,900
Miscellaneous expenses.....................................	$ 120,940
Total..	$1,500,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law permits a corporation, under specified circumstances, to indemnify its directors, officers, employees or agents against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties by reason of the fact that they were or are directors, officers, employees or agents of the corporation, if such directors, officers, employees or agents acted in good faith and in a manner they reasonably believed to be in or not

opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, i.e., one by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors, officers, employees or agents in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors, officers, employees or agents are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Section 102(b)(7) of the Delaware General Corporation Law provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director provided that such provision shall not eliminate or limit the liability of a director

(1) for any breach of the director's duty of loyalty to the corporation or its stockholders,

(2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,

(3) under Section 174 (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) of the Delaware General Corporation Law, or

(4) for any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation provides that we shall, to the fullest extent permitted by Delaware General Corporation Law, indemnify all persons whom it may indemnify under Delaware law and contains provisions permitted by Section 102(b)(7) of the Delaware General Corporation Law.

Our certificate of incorporation and bylaws provide that:

- we are required to indemnify our directors and officers, subject to very limited exceptions;

- we may indemnify other employees and agents, subject to very limited exceptions;

- we are required to advance expenses, as incurred, to our directors and officers in connection with a legal proceeding, subject to very limited exceptions; and

- we may advance expenses, as incurred, to our employees and agents in connection with a legal proceeding.

We have obtained an insurance policy providing for indemnification of officers and directors and certain other persons against liabilities and expenses incurred by any of them in certain stated proceedings and conditions. We have entered into separate indemnification agreements with each of our directors which may require us, among other things, to indemnify such directors

against certain liabilities that may arise by reason of their status or service as directors to the maximum extent permitted under applicable law.

The indemnification provisions in our certificate of incorporation and bylaws and the Indemnity Agreements entered into between us and each of our directors and officers may be sufficiently broad to permit indemnification of our directors and officers for liabilities arising under the Securities Act.

Pursuant to the Stockholders' Agreement, we have agreed to indemnify each of Lee Roy Mitchell, CGI Equities, Inc., Cypress Merchant Banking Partners L.L.C., Cypress Pictures Ltd., The Mitchell Special Trust, the Mitchell Grandchildren's Trust for each of Crystal Lee Roberts, Cassie Ann Roberts, Lacey Marie Lee, Ashley Ann Lee and Skyler Kay Mitchell and each of their directors, officers, partners (general and limited, and their directors, officers, affiliates and controlling persons), members, agents and controlling persons to the extent permitted by law against any losses, claims, damages, liabilities or expenses to which such person may become subject under the Securities Act of 1933 (or state securities or blue-sky laws, common law or otherwise) that arise out of any untrue or alleged untrue statement of material fact or any omission or alleged omission of a material fact required to be contained in a registration statement, prospectus, application or other documentation to be filed with the Securities and Exchange Commission.

Reference is also made to the form of Underwriting Agreement, filed with this Registration Statement, which provides for the indemnification of our officers, directors and controlling persons against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

In connection with this offering on May 17, 2002, Cinemark, Inc. was formed as a Delaware holding company of Cinemark USA, Inc. Pursuant to a Share Exchange Agreement, an aggregate of (i) 182,648 shares of Class B common stock, (ii) 1,500 shares of Class A common stock and (iii) options to purchase 6,415 shares of Class B common stock was exchanged for an aggregate of 19,563,280 shares of Class A common stock, 20,949,280 shares of Class B common stock and options to purchase 1,411,300 shares of Class A common stock, respectively.

The sales and issuances of securities in the transactions described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act or Regulation D promulgated thereunder. The recipients of securities in each transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in such transactions. All recipients had adequate access, through their relationship with Cinemark, to information about us.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following exhibits are filed herewith:

NUMBER	EXHIBIT TITLE
*1	Form of Underwriting Agreement.

*2	Share Exchange Agreement, dated as of May 17, 2002, by and among Cinemark, Inc., Cinemark USA, Inc. and the shareholders signatory thereto.
*3.1	Amended and Restated Certificate of Incorporation of Cinemark, Inc. filed with the Delaware Secretary of State on June 25, 2002.
3.2	Bylaws of Cinemark, Inc. dated May 17, 2002 (incorporated by reference from Exhibit 3.2 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed May 17, 2002).
*4.1(a)	Form of Class A common stock certificate.
*4.1(b)	Form of Class B common stock certificate.
4.2	Indenture dated August 15, 1996 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series B Note attached (incorporated by reference from Exhibit 4.2 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
4.3	Indenture dated June 26, 1997 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series C Note attached (incorporated by reference from Exhibit 4.1 to Cinemark USA, Inc.'s Registration Statement on Form S-4 (File No. 333-32949) filed August 6, 1997).
4.4	First Supplemental Indenture dated June 26, 1997 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. (incorporated by reference to Exhibit 4.4 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
4.5	Indenture, dated as of January 14, 1998, between the Company and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series A Note attached (incorporated by reference from Exhibit 4.1 to the Company's Registration Statement on Form S-4 (File No. 333-45417) filed February 2, 1998).
*4.6	Amended and Restated Stockholders' Agreement, dated as of June 27, 2002, by and among Cinemark, Inc. and certain stockholders party thereto.
*5.1	Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
10.1(a)	Management Agreement, dated as of July 28, 1993, between Cinemark USA, Inc. and Cinemark Mexico (USA) (incorporated by reference to Exhibit 10.1(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(b)	Management Agreement, dated as of September 10, 1992, between Cinemark USA, Inc. and Cinemark de Mexico S.A. de C.V. (incorporated by reference to Exhibit 10.1(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(c)	Management Agreement, dated as of December 10, 1993, between Laredo Theatre, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.1(c) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(d)	Management Agreement, dated as of September 1, 1994, between Cinemark Partners II, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.1(d) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(e)	Management Services Agreement, dated as of December 15, 2000, between Cinemark USA, Inc. and Cinema Properties, Inc. (incorporated by reference to Exhibit 10.1(e) to Cinemark,

	Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
*10.1(f)	Management Services Agreement, effective as of November 23, 1999, between Westward, Ltd. and Cinemark USA, Inc.
*10.1(g)	Management Services Agreement, effective as of March 28, 2001, between Mitchell Theatres and Cinemark USA, Inc.
*10.2	Amended and Restated Agreement to Participate in Profits and Losses, dated as of June 19, 2002, between Cinemark USA, Inc. and Alan W. Stock.

NUMBER	EXHIBIT TITLE
*10.3	Amended and Restated Cinemark, Inc. Long Term Incentive Plan, effective May 17, 2002.
10.4(a)	License Agreement, dated as of December 10, 1993, between Laredo Theatre, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.4(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.4(b)	License Agreement, dated as of September 1, 1994, between Cinemark Partners II, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.4(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.5(a)	Tax Sharing Agreement, dated as of June 10, 1992, between Cinemark USA, Inc. and Cinemark II, Inc. (incorporated by reference to Exhibit 10.5(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.5(b)	Tax Sharing Agreement, dated as of July 28, 1993, between Cinemark USA, Inc. and Cinemark Mexico (USA), Inc. (incorporated by reference from Exhibit 10.5(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.6	Form of Indemnification Agreement (incorporated by reference from Exhibit 10.6 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.7	Intercompany Subordination Agreement, dated November 16, 1998 (incorporated by reference from Exhibit 10.9(s) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.8(a)	Form of Letter Agreement with directors of Cinemark USA, Inc. regarding stock options (incorporated by reference from Exhibit 10.8(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.8(b)	Form of Letter Agreement with directors of Cinemark USA, Inc. amending stock options (incorporated by reference from Exhibit 10.8(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.8(c)	Letter Agreement with directors of Cinemark USA, Inc. regarding stock options (incorporated by reference from Exhibit 10.10(c) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).

10.9(a)	Credit Agreement, dated as of November 16, 1998, by and among Cinemark Mexico (USA), Inc., Bank of America National Trust and Savings Association, as Administrative Agent, and the other financial institutions party thereto (incorporated by reference from Exhibit 10.11(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.9(b)	Guaranty of Cinemark Mexico (USA) by Cinemark USA, Inc. (incorporated by reference from Exhibit 10.11(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.9(c)	Intercompany Subordination Agreement, dated as of November 16, 1998 (incorporated by reference from Exhibit 10.11(c) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.10(d)	First Amendment to Credit Agreement, dated as of September 29, 2000, by and among Cinemark Mexico (USA), Inc., Bank of America, N.A. and the other financial institutions party thereto (incorporated by reference from Exhibit 10.11(d) to Cinemark USA Inc.'s Annual Report on Form 10-K, filed March 26, 2001).
10.11(a)	Senior Secured Credit Agreement, dated as of December 4, 1995, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. incorporated by reference from Exhibit 10.11(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.11(b)	First Amendment to Senior Secured Credit Agreement, dated as of September 30, 1996, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.11(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.11(c)	Second Amendment to Senior Secured Credit Agreement, dated as of September 28, 2000, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. incorporated by reference as Exhibit 10.11(c) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).

NUMBER	EXHIBIT TITLE
10.12(a)	Loan Agreement, dated as of December 15, 2000, between Cinema Properties, Inc. and Lehman Brothers Bank FSB (incorporated by reference from Exhibit 10.15(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 26, 2001).
10.12(b)	Promissory Note of Cinema Properties, Inc., dated December 15, 2000, in the original principal amount of $77,000,000 payable to the order of Lehman Brothers Bank FSB (incorporated by reference from Exhibit 10.15(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 26, 2001).
10.13(a)	Second Amended and Restated Credit Agreement, dated as of

	February 12, 1998, by and among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(b)	First Amendment to Second Amended and Restated Credit Agreement, dated as of August 31, 1998, among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(q) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(c)	Second Amendment to Second Amended and Restated Credit Agreement, dated as of November 16, 1998, among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(r) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.13(d)	Third Amendment to Second Amended and Restated Credit Agreement, dated as of February 24, 1999, among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(t) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.13(e)	Guaranty, dated as of February 12, 1998, by Cinemark Properties, Inc. (incorporated by reference from Exhibit 10.13(e) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.13(f)	Supplement to the Guarantee, dated as of November 16, 1998, by Cinemark Mexico (USA), Inc. (incorporated by reference from Exhibit 10.13(f) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.13(g)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $50,000,000 payable to the order of Bank of America National Trust and Savings Association (incorporated by reference from Exhibit 10.9(c) to Cinemark USA's Annual Report on Form 10-K, filed March 31, 1998).
10.13(h)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $50,000,000 payable to the order of NationsBank of Texas, N.A. (incorporated by reference from Exhibit 10.9(d) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(i)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of BankBoston, N.A. (incorporated by reference from Exhibit 10.9(e) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(j)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of Fleet Bank, N.A. (incorporated by reference from Exhibit 10.9(f) to the Company's Annual Report on Form 10-K, filed March 31, 1998).
10.13(k)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Fuji Bank, Limited (incorporated by reference from Exhibit 10.9(g) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(l)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Bank of New York (incorporated by reference from Exhibit 10.9(h) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(m)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of CIBC, Inc. (incorporated by reference from

	Exhibit 10.9(I) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(n)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of The Bank of Nova Scotia (incorporated by reference from Exhibit 10.9(j) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).

NUMBER	EXHIBIT TITLE
10.13(o)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $25,000,000 payable to the order of Comerica Bank-Texas (incorporated by reference from Exhibit 10.9(k) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(p)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of First Hawaiian Bank (incorporated by reference from Exhibit 10.9(l) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(q)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of Bank of Montreal (incorporated by reference from Exhibit 10.9(m) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(r)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of PNC Bank (incorporated by reference from Exhibit 10.9(n) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(s)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Sumitoto Bank, Limited (incorporated by reference from Exhibit 10.9(o) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(t)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of Union Bank of California, N.A. (incorporated by reference from Exhibit 10.9(p) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(u)	Pledge Agreement, dated as of February 12, 1998, executed by the pledgors listed on the signature page thereto for the benefit of the Agent and the Banks (incorporated by reference from Exhibit 10.9(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(v)	Pledge Agreement dated as of January 27, 1999, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(u) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(w)	First Amendment to Pledge Agreement, dated as of May 30, 2001, between Cinemark Mexico (USA), Inc. and the Banks,

	with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(v) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(x)	Second Amendment to Pledge Agreement, dated as of September 26, 2001, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(w) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(y)	Pledge Agreement, dated as of September 28, 2001, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark Holdings Mexico, S. de R.L. de C.V. (incorporated by reference from Exhibit 10.9(x) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
*10.14(a)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Lee Roy Mitchell.
*10.14(b)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Alan Stock.
*10.14(c)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Tim Warner.
*10.14(d)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Robert Copple.
*10.14(e)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Robert Carmony.
*10.14(f)	Employment Agreement, dated as of June 19, 2002, between Cinemark, Inc. and Tandy Mitchell.
*10.15	Exchange Option Agreement, dated as of November 13, 2001, among Cinemark USA, Inc., NN Participacoes' Ltda, Venture II Equity Holdings Corporation, Inc. and Kristal Holdings Limited.

NUMBER	EXHIBIT TITLE
**10.16	Credit Agreement, dated as of [ ], 2002, by and among Cinemark, Inc., Cinemark USA, Inc., Lehman Brothers Inc., as arranger and sole bookrunner, [ ], as syndication agent, Lehman Commercial Paper Inc., as administrative agent, and the other lenders party thereto.
**10.17	Guarantee and Collateral Agreement, dated as of [ ], 2002, by and among Cinemark, Inc., Cinemark USA, Inc., Lehman Brothers Inc., [ ], Lehman Commercial Paper Inc., and the other subsidiaries of Cinemark, Inc. party thereto.
21	Subsidiaries of the Registrant (incorporated by reference from Exhibit 21 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002.)
*23.1	Consent of Deloitte & Touche LLP and opinion on financial statement schedule.
*23.2	Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (incorporated in Exhibit 5.1).
24	Power of Attorney (incorporated by reference from the

signature page to Cinemark Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed May 17, 2002).

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* Filed herewith.

** To be filed by amendment.

(b) The following financial statement schedule is filed herewith:

PAGE NUMBER	DESCRIPTION
S-1	-- Schedule II -- Valuation and Qualifying Accounts

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Plano, State of Texas, on June 28, 2002.

CINEMARK, INC.

By: /s/ LEE ROY MITCHELL

Lee Roy Mitchell
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

NAME	TITLE	DA
/s/ LEE ROY MITCHELL Lee Roy Mitchell	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	June 2
/s/ TANDY MITCHELL* Tandy Mitchell	Director	June 2
/s/ ALAN W. STOCK* Alan W. Stock	Director	June 2
/s/ ROBERT COPPLE Robert Copple	Senior Vice President; Treasurer and Chief Financial Officer; Director (principal financial and accounting officer)	June 2
/s/ JAMES A. STERN* James A. Stern	Director	June 2
/s/ WILLIAM SPIEGEL* William Spiegel	Director	June 2
/s/ DENNY RYDBERG* Denny Rydberg	Director	June 2

*By: /s/ ROBERT COPPLE

Robert Copple
Attorney-in-fact

CINEMARK, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001

	VALUATION ALLOWANCE DEFERRED TAX ASSETS
Balance January 1, 1999	$ 3,137,927
Additions	2,692,250
Deductions	(966,880)
Balance December 31, 1999	$ 4,863,297
Additions	1,694,048
Deductions	(307,994)
Balance December 31, 2000	$ 6,249,351
Additions	5,596,219
Deductions	(24,081)
Balance December 31, 2001	$11,821,489

EXHIBIT INDEX

NUMBER	EXHIBIT TITLE
*1	Form of Underwriting Agreement.
*2	Share Exchange Agreement, dated as of May 17, 2002, by and among Cinemark, Inc., Cinemark USA, Inc. and the

	shareholders signatory thereto.
*3.1	Amended and Restated Certificate of Incorporation of Cinemark, Inc. filed with the Delaware Secretary of State on June 25, 2002.
3.2	Bylaws of Cinemark, Inc. dated May 17, 2002 (incorporated by reference from Exhibit 3.2 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed May 17, 2002).
*4.1(a)	Form of Class A common stock certificate.
*4.1(b)	Form of Class B common stock certificate.
4.2	Indenture dated August 15, 1996 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series B Note attached (incorporated by reference from Exhibit 4.2 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
4.3	Indenture dated June 26, 1997 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series C Note attached (incorporated by reference from Exhibit 4.1 to Cinemark USA, Inc.'s Registration Statement on Form S-4 (File No. 333-32949) filed August 6, 1997).
4.4	First Supplemental Indenture dated June 26, 1997 between Cinemark USA, Inc. and U.S. Trust Company of Texas, N.A. (incorporated by reference to Exhibit 4.4 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
4.5	Indenture, dated as of January 14, 1998, between the Company and U.S. Trust Company of Texas, N.A. governing the Notes, with a form of Series A Note attached (incorporated by reference from Exhibit 4.1 to the Company's Registration Statement on Form S-4 (File No. 333-45417) filed February 2, 1998).
*4.6	Amended and Restated Stockholders' Agreement, dated as of June 27, 2002, by and among Cinemark, Inc. and certain stockholders party thereto.
*5.1	Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
10.1(a)	Management Agreement, dated as of July 28, 1993, between Cinemark USA, Inc. and Cinemark Mexico (USA) (incorporated by reference to Exhibit 10.1(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(b)	Management Agreement, dated as of September 10, 1992, between Cinemark USA, Inc. and Cinemark de Mexico S.A. de C.V. (incorporated by reference to Exhibit 10.1(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(c)	Management Agreement, dated as of December 10, 1993, between Laredo Theatre, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.1(c) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(d)	Management Agreement, dated as of September 1, 1994, between Cinemark Partners II, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.1(d) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.1(e)	Management Services Agreement, dated as of December 15, 2000, between Cinemark USA, Inc. and Cinema Properties, Inc. (incorporated by reference to Exhibit 10.1(e) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).

*10.1(f)	Management Services Agreement, effective as of November 23, 1999, between Westward, Ltd. and Cinemark USA, Inc.
*10.1(g)	Management Services Agreement, effective as of March 28, 2001, between Mitchell Theatres and Cinemark USA, Inc.
*10.2	Amended and Restated Agreement to Participate in Profits and Losses, dated as of June 19, 2002, between Cinemark USA, Inc. and Alan W. Stock.
*10.3	Amended and Restated Cinemark, Inc. Long Term Incentive Plan, effective May 17, 2002.

NUMBER	EXHIBIT TITLE
10.4(a)	License Agreement, dated as of December 10, 1993, between Laredo Theatre, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.4(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.4(b)	License Agreement, dated as of September 1, 1994, between Cinemark Partners II, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.4(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.5(a)	Tax Sharing Agreement, dated as of June 10, 1992, between Cinemark USA, Inc. and Cinemark II, Inc. (incorporated by reference to Exhibit 10.5(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.5(b)	Tax Sharing Agreement, dated as of July 28, 1993, between Cinemark USA, Inc. and Cinemark Mexico (USA), Inc. (incorporated by reference from Exhibit 10.5(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.6	Form of Indemnification Agreement (incorporated by reference from Exhibit 10.6 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.7	Intercompany Subordination Agreement, dated November 16, 1998 (incorporated by reference from Exhibit 10.9(s) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.8(a)	Form of Letter Agreement with directors of Cinemark USA, Inc. regarding stock options (incorporated by reference from Exhibit 10.8(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.8(b)	Form of Letter Agreement with directors of Cinemark USA, Inc. amending stock options (incorporated by reference from Exhibit 10.8(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.8(c)	Letter Agreement with directors of Cinemark USA, Inc. regarding stock options (incorporated by reference from Exhibit 10.10(c) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.9(a)	Credit Agreement, dated as of November 16, 1998, by and among Cinemark Mexico (USA), Inc., Bank of America National Trust and Savings Association, as Administrative Agent, and the other financial institutions party thereto (incorporated

	by reference from Exhibit 10.11(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.9(b)	Guaranty of Cinemark Mexico (USA) by Cinemark USA, Inc. (incorporated by reference from Exhibit 10.11(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.9(c)	Intercompany Subordination Agreement, dated as of November 16, 1998 (incorporated by reference from Exhibit 10.11(c) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.10(d)	First Amendment to Credit Agreement, dated as of September 29, 2000, by and among Cinemark Mexico (USA), Inc., Bank of America, N.A. and the other financial institutions party thereto (incorporated by reference from Exhibit 10.11(d) to Cinemark USA Inc.'s Annual Report on Form 10-K, filed March 26, 2001).
10.11(a)	Senior Secured Credit Agreement, dated as of December 4, 1995, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. incorporated by reference from Exhibit 10.11(a) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.11(b)	First Amendment to Senior Secured Credit Agreement, dated as of September 30, 1996, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.11(b) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.11(c)	Second Amendment to Senior Secured Credit Agreement, dated as of September 28, 2000, by and among Cinemark II, Inc., Cinemark Mexico (USA), Inc. and Cinemark de Mexico, S.A. de C.V. incorporated by reference as Exhibit 10.11(c) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.12(a)	Loan Agreement, dated as of December 15, 2000, between Cinema Properties, Inc. and Lehman Brothers Bank FSB (incorporated by reference from Exhibit 10.15(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 26, 2001).

NUMBER	EXHIBIT TITLE
10.12(b)	Promissory Note of Cinema Properties, Inc., dated December 15, 2000, in the original principal amount of $77,000,000 payable to the order of Lehman Brothers Bank FSB (incorporated by reference from Exhibit 10.15(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 26, 2001).
10.13(a)	Second Amended and Restated Credit Agreement, dated as of February 12, 1998, by and among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(a) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(b)	First Amendment to Second Amended and Restated Credit Agreement, dated as of August 31, 1998, among Cinemark USA,

	Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(q) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(c)	Second Amendment to Second Amended and Restated Credit Agreement, dated as of November 16, 1998, among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(r) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.13(d)	Third Amendment to Second Amended and Restated Credit Agreement, dated as of February 24, 1999, among Cinemark USA, Inc., the Banks and the Agent (incorporated by reference from Exhibit 10.9(t) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1999).
10.13(e)	Guaranty, dated as of February 12, 1998, by Cinemark Properties, Inc. (incorporated by reference from Exhibit 10.13(e) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.13(f)	Supplement to the Guarantee, dated as of November 16, 1998, by Cinemark Mexico (USA), Inc. (incorporated by reference from Exhibit 10.13(f) to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002).
10.13(g)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $50,000,000 payable to the order of Bank of America National Trust and Savings Association (incorporated by reference from Exhibit 10.9(c) to Cinemark USA's Annual Report on Form 10-K, filed March 31, 1998).
10.13(h)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $50,000,000 payable to the order of NationsBank of Texas, N.A. (incorporated by reference from Exhibit 10.9(d) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(i)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of BankBoston, N.A. (incorporated by reference from Exhibit 10.9(e) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(j)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of Fleet Bank, N.A. (incorporated by reference from Exhibit 10.9(f) to the Company's Annual Report on Form 10-K, filed March 31, 1998).
10.13(k)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Fuji Bank, Limited (incorporated by reference from Exhibit 10.9(g) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(l)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Bank of New York (incorporated by reference from Exhibit 10.9(h) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(m)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of CIBC, Inc. (incorporated by reference from Exhibit 10.9(I) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(n)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $30,000,000 payable to the order of The Bank of Nova Scotia (incorporated by reference from Exhibit 10.9(j) to Cinemark USA, Inc.'s

	Annual Report on Form 10-K, filed March 31, 1998).
10.13(o)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $25,000,000 payable to the order of Comerica Bank-Texas (incorporated by reference from Exhibit 10.9(k) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(p)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of First Hawaiian Bank (incorporated by reference from Exhibit 10.9(l) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).

NUMBER	EXHIBIT TITLE
10.13(q)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of Bank of Montreal (incorporated by reference from Exhibit 10.9(m) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(r)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of PNC Bank (incorporated by reference from Exhibit 10.9(n) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(s)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of The Sumitoto Bank, Limited (incorporated by reference from Exhibit 10.9(o) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(t)	Note of Cinemark USA, Inc., dated as of February 12, 1998, in the original principal amount of $15,000,000 payable to the order of Union Bank of California, N.A. (incorporated by reference from Exhibit 10.9(p) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(u)	Pledge Agreement, dated as of February 12, 1998, executed by the pledgors listed on the signature page thereto for the benefit of the Agent and the Banks (incorporated by reference from Exhibit 10.9(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 31, 1998).
10.13(v)	Pledge Agreement dated as of January 27, 1999, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(u) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(w)	First Amendment to Pledge Agreement, dated as of May 30, 2001, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(v) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(x)	Second Amendment to Pledge Agreement, dated as of September 26, 2001, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark de Mexico, S.A. de C.V. (incorporated by reference from Exhibit 10.9(w) to Cinemark

	USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
10.13(y)	Pledge Agreement, dated as of September 28, 2001, between Cinemark Mexico (USA), Inc. and the Banks, with the acknowledgment of Cinemark Holdings Mexico, S. de R.L. de C.V. (incorporated by reference from Exhibit 10.9(x) to Cinemark USA, Inc.'s Annual Report on Form 10-K, filed March 27, 2002).
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**10.17	Guarantee and Collateral Agreement, dated as of [ ], 2002, by and among Cinemark, Inc., Cinemark USA, Inc., Lehman Brothers Inc., [ ], Lehman Commercial Paper Inc., and the other subsidiaries of Cinemark, Inc. party thereto.

NUMBER	EXHIBIT TITLE
21	Subsidiaries of the Registrant (incorporated by reference from Exhibit 21 to Cinemark, Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed on May 17, 2002.)
*23.1	Consent of Deloitte & Touche LLP and opinion on financial statement schedule.
*23.2	Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (incorporated in Exhibit 5.1).
24	Power of Attorney (incorporated by reference from the signature page to Cinemark Inc.'s Registration Statement on Form S-1 (File No. 333-88618) filed May 17, 2002).

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* Filed herewith.

** To be filed by amendment.