CINEMARK INC
Form S-1
May 17, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 17, 2002

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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
1700 PACIFIC AVENUE, SUITE 4100	425 LEXINGTON AVENUE
DALLAS, TEXAS 75201	NEW YORK, NEW YORK 10017
TELEPHONE: (214) 969-2800	TELEPHONE: (212) 455-2000

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. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF SHARES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)(2)	AMOUNT OF REGI
Class A Common Stock, par value $0.001 per share..	$230,000,000	$21,

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended.

(2) Includes shares that the underwriters have the option to purchase solely to cover over-allotments, if any.

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 MAY 17, 2002

PROSPECTUS

[CINEMARK LOGO]

CINEMARK, INC.

SHARES

CLASS A COMMON STOCK

This is our initial public offering of our Class A common stock. We are offering shares. No public market for our Class A common stock currently exists.

We anticipate that the initial public offering price will be between $ and $ per share. We intend to apply to list our Class A common stock on the New York Stock Exchange under the symbol " ".

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 % 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 % 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 additional shares of 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.

TABLE OF CONTENTS

	PAGE
Prospectus Summary	1
Risk Factors	9
Cautionary Statement Regarding Forward-Looking Statements	16
Use of Proceeds	17
Dividend Policy	17
Capitalization	18
Dilution	20
Selected Consolidated Financial Data	21
Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Business	40
Management	52
Principal Stockholders	59
Certain Relationships and Related Party Transactions	61
Description of Capital Stock	63
Material U.S. Federal Income Tax Considerations To Non-U.S. Holders	67
Shares Eligible for Future Sale	69
Underwriting	71
Legal Matters	74
Experts	75
Where You Can Find More Information	75
Index to Consolidated Financial Statements	F-1

You should rely only on the information contained in this document or 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.

In connection with this offering, on May 16, 2002, we were 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, respectively, of our common stock. 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. Specifically, all share and per share amounts have been adjusted to retroactively reflect the share exchange for the periods presented.

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 the notes to Summary Consolidated Financial and Operating Data, and other financial information to help us describe our operating and financial performance.

CINEMARK, INC.

We are one of the world's 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 twelve months ended March 31, 2002, we had revenues of $884.3 million and EBITDA of $184.9 million, representing a 20.9% EBITDA margin, and generated $67.6 million of free cash flow. 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.

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. Our geographic diversity within North America and internationally has allowed us to maintain consistent revenue and EBITDA growth. 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.

COMPETITIVE STRENGTHS

We believe the following strengths differentiate us from our competitors:

FOCUSED PHILOSOPHY RESULTING IN INDUSTRY LEADING FINANCIAL PERFORMANCE. Our operating philosophy is to generate the highest returns for our stockholders. 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. We also produced an EBITDA per screen of approximately $61,339 for the twelve months ended March 31, 2002, which we believe to be among the highest in the industry.

SUPERIOR 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 superior performance and has navigated our organization through many industry cycles. Between 1999 and 2001, we were the only one of the five largest motion picture exhibitors in the U.S. that did not file for bankruptcy protection or require a significant equity investment to meet financial covenants. We believe this 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. We also decreased our ratio of net debt to EBITDA from 6.0x as of December 31, 1999 to 3.9x as of March 31, 2002.

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 the predominant Pan American motion picture exhibition company.

STRONG BALANCE SHEET WITH SIGNIFICANT CASH FLOW. We believe that we will have a conservative capital structure. As of March 31, 2002, on a pro forma basis giving effect to this offering, we had $ million of total debt outstanding and $ million in cash and cash equivalents, resulting in a ratio of net debt to EBITDA of . Our high EBITDA margin and capital structure allowed us to generate $67.6 million of free cash flow (EBITDA after interest expense, taxes paid, capital expenditures and changes in working capital) during the twelve months ended March 31, 2002. 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 % 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.

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 were the only one of the five largest motion picture exhibitors in the U.S. that did not file for bankruptcy protection or require a significant equity investment in recent years.

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 national, regional or local coverage in a variety of formats to reach our patrons, which numbered approximately 159 million during the twelve months ended March 31, 2002. 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 five films grossing over $100 million 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 the primary factor 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 increased from 4.5x to 5.3x between 1991 and 2001. Additionally, the teenage segment, defined as 12-17 year olds, represented 19% of admissions in 2001, up from 14% in 1997. During 2001, 51% of teenagers attended movies 12x per year or more, 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 leverage their fixed cost base throughout the year.

CONVENIENT AND AFFORDABLE FORM OF OUT-OF-HOME ENTERTAINMENT. Moviegoing continues to be the most convenient and affordable form 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 $18.86 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. You should refer to the section entitled "Risk Factors" for an explanation of the material 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......................	shares
Common stock to be outstanding after the offering	
Class A....................	shares
Class B....................	25,710,480 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 additional shares of Class A common stock to cover over-allotments.
Proposed New York Stock Exchange symbol..............	" ".

The outstanding share information is based upon 24,009,480 shares of our Class A common stock and 25,710,480 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:

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

- approximately 994,410 to 1,988,820 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.;

- 1,732,050 shares of Class A common stock issuable upon the exercise of outstanding stock options; and

- an aggregate of 1,074,330 shares of Class A common stock reserved for future issuance under our Long Term Incentive Plan as of March 31, 2002.

5

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 financial statements and related notes appearing elsewhere in this prospectus and our unaudited interim financial statements and related notes.

	YEAR ENDED DECEMBER 31,					TWELVE MONTHS ENDED MARCH 31,
	1997	1998	1999	2000	2001	2002 (2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA: (1)						
Revenues................	$ 434,598	$ 571,219	$ 712,604	$786,264	$853,658	$884,290
Theatre operating costs.................	283,727	371,979	463,673	504,519	531,967	546,323
Facility lease expense...............	38,735	61,281	89,808	108,489	114,737	115,096
General and administrative expenses..............	27,598	32,947	34,833	39,013	42,690	43,323
Depreciation and amortization..........	25,373	37,197	53,269	66,111	73,544	74,102
Asset impairment loss...	2,214	9,950	3,720	3,872	20,723	20,831
(Gain) loss on sale of assets and other......	(189)	(2,266)	2,420	912	12,408	12,836
Total expenses..........	377,458	511,088	647,723	722,916	796,069	812,511
Operating income........	57,140	60,131	64,881	63,348	57,589	71,779
Interest expense (3)....	33,487	43,014	59,867	74,037	70,931	66,401
Income (loss) before extraordinary items and cumulative effect of an accounting change................	15,019	11,009	4,004	(10,423)	(4,021)	8,974

Net income (loss) (4)...	$ 14,705	$ 11,009	$ 1,035	$(10,423)	$ (4,021)	$ 5,584
	=========	=========	=========	========	========	========
Income (loss) per share before extraordinary items and cumulative effect of an accounting change:						
Basic.................	$ 0.31	$ 0.23	$ 0.08	$ (0.22)	$ (0.08)	$ 0.18
Diluted...............	0.30	0.22	0.08	(0.22)	(0.08)	0.18
Net income (loss) per share:						
Basic.................	0.31	0.23	0.02	(0.22)	(0.08)	0.11
Diluted...............	0.29	0.22	0.02	(0.22)	(0.08)	0.11
Weighted average shares outstanding:						
Basic.................	48,201	48,148	48,158	48,268	48,473	48,814
Diluted...............	50,407	50,365	51,773	48,268	48,473	50,043

	YEAR ENDED DECEMBER 31,					TWELVE MONTHS ENDED MARCH 31,
	1997	1998	1999	2000	2001	2002 (2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
OTHER FINANCIAL DATA (CONSOLIDATED): (1)						
EBITDA (5)...............	$ 87,313	$ 107,457	$ 128,233	$141,978	$169,980	$184,877
EBITDA margin............	20.1%	18.8%	18.0%	18.1%	19.9%	20.9%
Cash flow from (used for):						
Operating activities...	$ 61,577	$ 66,570	$ 97,541	$ 51,575	$ 81,659	$115,066
Investment activities...........	(229,302)	(248,543)	(228,484)	(91,665)	(28,337)	(30,116)
Financing activities...	185,424	175,907	114,927	51,280	(21,513)	(48,803)
Capital expenditures.....	200,272	387,906	248,371	113,081	40,352	42,405
Total debt/EBITDA........	5.3x	5.9x	6.1x	5.7x	4.6x	4.2x
Net debt/EBITDA (6)......	4.9	5.6	6.0	5.6	4.3	3.9
EBITDA/interest expense................	2.6	2.5	2.1	1.9	2.4	2.8

	AS OF MARCH 31, 2002	
	ACTUAL	PRO FORMA FOR THIS OFFERING
	(IN THOUSANDS)	
BALANCE SHEET DATA (CONSOLIDATED): (1)		
Cash and cash equivalents..................................	$ 59,438	

Total assets	978,029
Total long-term debt, including current portion	783,551
Stockholders' equity	22,459

	YEAR ENDED DECEMBER 31,					TWELVE MONTHS ENDED MARCH 31,
	1997	1998	1999	2000	2001	2002 (2)
	(ATTENDANCE IN THOUSANDS)					
OPERATING DATA:						
North America (7)						
Theatres operated (at period end)	155	173	185	190	188	188
Screens operated (at period end)	1,437	1,813	2,102	2,217	2,217	2,215
Average screens per theatre	9.3	10.5	11.4	11.7	11.8	11.8
Total attendance	74,592	85,693	90,996	92,425	100,022	102,942
International (8)						
Theatres operated (at period end)	18	38	69	80	88	90
Screens operated (at period end)	187	367	606	695	783	799
Average screens per theatre	10.4	9.7	8.8	8.7	8.9	8.9
Total attendance	11,668	20,875	39,938	46,152	53,853	56,214
Worldwide						
Theatres operated (at period end)	173	211	254	270	276	278
Screens operated (at period end)	1,624	2,180	2,708	2,912	3,000	3,014
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	159,156

----

(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, 2002 are derived from our unaudited consolidated financial statements that 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) The consolidated statement of operations data and other financial data for the twelve months ended March 31, 2002 is derived by adding the information

for the twelve months ended December 31, 2001 with the information for the three months ended March 31, 2002, and subtracting the information for the three months ended March 31, 2001, except for per share data and weighted average outstanding shares data which were recalculated based on that twelve month period.

(3) 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.

(4) 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.

(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 cash flow 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) Represents long-term debt, including current portion, less cash and cash equivalents divided by EBITDA.

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

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

8

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

WE DEPEND UPON MOTION PICTURE PRODUCTION AND PERFORMANCE.

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.

WE DEPEND ON OUR RELATIONSHIPS WITH DISTRIBUTORS OF 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 AFFECT THE PERFORMANCE OF SOME OF OUR THEATRES.

Since 1999, several major theatre exhibition companies, including Regal Cinemas, Loews Cineplex Entertainment and United Artists have 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, many 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 have defaulted under their loan agreements. This oversupply of screens may affect the performance of some of our theatres.

OUR SUBSTANTIAL LEASE AND DEBT OBLIGATIONS COULD IMPAIR OUR FINANCIAL CONDITION.

We have substantial lease and debt obligations. For the twelve months ended March 31, 2002, our facility lease expense and interest expense were approximately $115.1 million and $66.4 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 in the following ways:

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

- require 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;

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

- make 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.

In December 2000, Moody's Investor Services lowered the rating on our three series of senior subordinated notes due 2008 from B2 to Caa2 and in August 2000, Standard and Poor's lowered the rating on those notes due 2008 from B to B-.

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 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.

Although we believe that our positions in these litigations are 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, according to many industry analysts, too aggressive. 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. Since theatres have limited uses, 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. Many analysts believe that the U.S. is still overscreened, which may continue to affect some of our theatres. We also 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.

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.

UNCERTAINTIES RELATED TO DIGITAL CINEMA.

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.

UNCERTAINTIES RELATING TO FUTURE EXPANSION PLANS.

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.

Our 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, 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

WE HAVE SIGNIFICANT STOCKHOLDERS WITH THE ABILITY TO INFLUENCE OUR ACTIONS.

We are controlled by the Mitchell Group and Cypress. The Mitchell Group beneficially owns 25,710,480 shares of Class B common stock or % of the total voting power after the offering. Cypress beneficially owns 24,009,480 shares of Class A common stock, or approximately % of the total voting power after the offering. In addition, 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. Holders of our Class B common stock are entitled to ten votes per share. 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 $ per share, based upon an assumed initial offering price of $ 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, covenants in our indentures, the credit facility agreements and other contracts and our status as a holding company may restrict our ability to declare and pay dividends. 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.

WE HAVE PROVISIONS IN OUR CORPORATE DOCUMENTS AND CERTAIN AGREEMENTS THAT 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.

13

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 % of the combined voting power of our 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 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 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 shares of our Class A common stock authorized but unissued and not reserved for specific purposes. 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 shares of our Class A common stock outstanding and 25,710,480 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 2,644,380 shares of our Class A common stock for issuance under our Long Term Incentive Plan, of which 1,570,050 shares of Class A common stock are issuable upon exercise of options granted as of March 31, 2002, including options to purchase 704,430 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 162,000 shares of Class A common stock under our director option agreements. 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 994,410 to 1,988,820 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.

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.

16

USE OF PROCEEDS

We estimate the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $ per share and after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds as follows:

- approximately $ 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.

We are negotiating a new credit facility, which we expect will be arranged by Lehman Brothers Inc. and will permit borrowings of up to $250 million through a combination of revolving credit and term loans. We anticipate that borrowings under this new facility will be secured by pledges of certain of our assets and will bear interest at a floating rate based upon LIBOR or a specified base rate, plus a margin to be negotiated. This facility will contain customary restrictive covenants. 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.

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. We currently intend to retain future earnings, if any, to finance operations and the expansion of our business. 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; and

- on a pro forma basis to reflect our receipt of the estimated net proceeds from the sale of shares of Class A common stock by us in this offering at an estimated initial public offering price of $ per share, after deducting the estimated underwriting discount and estimated offering expenses.

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	PRO FORMA FOR THIS OFFERING (1)
	(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
Cash and cash equivalents	$ 59,438	$
Long-term debt, including current maturities:		
Credit Facility (2)	$263,000	$
Cinemark Mexico (USA) Credit Facility	29,000	
9 5/8% Series B Senior Subordinated Notes due 2008 (3)	199,528	
9 5/8% Series D Senior Subordinated Notes due 2008 (4)	76,286	
8 1/2% Series B Senior Subordinated Notes due 2008 (5)	104,367	
Cinema Properties Facility	77,000	
Other indebtedness	34,370	
Total long-term debt	783,551	
Minority interest in subsidiaries	36,443	
Stockholders' equity:		
Class A common stock, $0.001 par value, authorized 350,000,000 shares, 24,009,480 actual and proforma issued and outstanding		
Class B common stock, $0.001 par value, authorized 150,000,000 shares, 25,710,480 actual and proforma issued and outstanding		
Additional paid-in capital		
Unearned compensation -- stock options		
Accumulated other comprehensive loss		
Retained earnings		
Total stockholders' equity	22,459	
Total capitalization	$842,453	$

----

(1) Pro forma information does not include shares of Class A common stock issuable upon exercise of the underwriters' over-allotment option, approximately 994,410 to 1,988,820 shares of Class A common stock issuable to our partners in our Brazilian operations upon exchange of their shares of Cinemark Brasil S.A., 1,732,050 shares of Class A common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of approximately $4.44 per share and an aggregate of 1,074,330 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%. As of March 31, 2002, after giving effect to the offering, the amount outstanding under our credit facility would have been $ million. We are negotiating a new credit facility, which we expect will be arranged by Lehman Brothers Inc. and will permit borrowings of up to $250 million through a combination of revolving credit and term loans. 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.

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 $0.06 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 Class A shares of common stock in this offering at an assumed initial public offering price of $ 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 $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share of common stock to existing stockholders and an immediate dilution of $ per share to purchasers of Class A common stock in this offering.

Assumed initial public offering price per share of Class A common stock		$
Net tangible book value per share as of March 31, 2002	$0.06	
Increase per share attributable to new investors	$	
Pro forma net tangible book value per share after the offering		$
Net tangible book value dilution per share to new investors		$

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 $ per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders		%	$	%	$
New investors					
Total		100.0%	$	100.0%	

As of March 31, 2002, there were outstanding options to purchase a total of 1,732,050 shares of Class A common stock at a weighted average exercise price of approximately $4.44 per share which includes 1,570,050 shares issuable under our Long Term Incentive Plan and 162,000 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 Brazil S.A. for approximately 994,410 to 1,988,820 shares of our Class A common stock. To the extent that this option is exercised, there will be further dilution to new investors.

We have granted the underwriters an option to purchase up to additional shares of our Class A common stock to cover over-allotments. The exercise of this option will further dilute your investment in our Class A common stock and adversely affect our common stock price.

20

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 financial statements and the related notes appearing elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					TWELVE MONTHS ENDED MARCH 31,
	1997	1998	1999	2000	2001	2002 (2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA: (1)						
Revenues................	$ 434,598	$ 571,219	$ 712,604	$786,264	$853,658	$884,290
Theatre operating costs.................	283,727	371,979	463,673	504,519	531,967	546,323
Facility lease expense...............	38,735	61,281	89,808	108,489	114,737	115,096
General and administrative expenses.............	27,598	32,947	34,833	39,013	42,690	43,323
Depreciation and amortization..........	25,373	37,197	53,269	66,111	73,544	74,102
Asset impairment loss...	2,214	9,950	3,720	3,872	20,723	20,831
(Gain) loss on sale of assets and other......	(189)	(2,266)	2,420	912	12,408	12,836
Total expenses..........	377,458	511,088	647,723	722,916	796,069	812,511
Operating income........	57,140	60,131	64,881	63,348	57,589	71,779
Interest expense (3)....	33,487	43,014	59,867	74,037	70,931	66,401
Income (loss) before extraordinary items and cumulative effect of an accounting change................	15,019	11,009	4,004	(10,423)	(4,021)	8,974
Net income (loss) (4)...	$ 14,705	$ 11,009	$ 1,035	$(10,423)	$ (4,021)	$ 5,584
Income (loss) per share before extraordinary items and cumulative effect of an accounting change:						
Basic.................	$ 0.31	$ 0.23	$ 0.08	$ (0.22)	$ (0.08)	$ 0.18
Diluted..............	0.30	0.22	0.08	(0.22)	(0.08)	0.18
Net income (loss) per share:						
Basic.................	0.31	0.23	0.02	(0.22)	(0.08)	0.11
Diluted..............	0.29	0.22	0.02	(0.22)	(0.08)	0.11
Weighted average shares outstanding:						
Basic.................	48,201	48,148	48,158	48,268	48,473	48,814
Diluted..............	50,407	50,365	51,773	48,268	48,473	50,043

TWELVE
MONTHS

	YEAR ENDED DECEMBER 31, 1997	1998	1999	2000	2001	THREE MONTHS ENDED MARCH 31, 2002 (2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
OTHER FINANCIAL DATA (CONSOLIDATED): (1)						
EBITDA (5)	$ 87,313	$ 107,457	$ 128,233	$141,978	$169,980	$184,877
EBITDA margin	20.1%	18.8%	18.0%	18.1%	19.9%	20.9%
Cash flow from (used for):						
Operating activities	$ 61,577	$ 66,570	$ 97,541	$ 51,575	$ 81,659	$115,066
Investment activities	(229,302)	(248,543)	(228,484)	(91,665)	(28,337)	(30,116)
Financing activities	185,424	175,907	114,927	51,280	(21,513)	(48,803)
Capital expenditures	200,272	387,906	248,371	113,081	40,352	42,405
Total debt/EBITDA	5.3x	5.9x	6.1x	5.7x	4.6x	4.2x
Net debt/EBITDA (6)	4.9	5.6	6.0	5.6	4.3	3.9
EBITDA/interest expense	2.6	2.5	2.1	1.9	2.4	2.8

	AS OF MARCH 31, 2002 ACTUAL	PRO FORMA FOR THIS OFFERING
	(IN THOUSANDS)	
BALANCE SHEET DATA (CONSOLIDATED): (1)		
Cash and cash equivalents	$ 59,438	
Total assets	978,029	
Total long-term debt, including current portion	783,551	
Stockholders' equity	22,459	

	YEAR ENDED DECEMBER 31, 1997	1998	1999	2000	2001	TWELVE MONTHS ENDED MARCH 31, 2002 (2)
	(ATTENDANCE IN THOUSANDS)					
OPERATING DATA:						
North America (7)						
Theatres operated (at period end)	155	173	185	190	188	188
Screens operated (at period end)	1,437	1,813	2,102	2,217	2,217	2,215
Average screens per theatre	9.3	10.5	11.4	11.7	11.8	11.8
Total attendance	74,592	85,693	90,996	92,425	100,022	102,942

International (8)						
Theatres operated (at period end)	18	38	69	80	88	90
Screens operated (at period end)	187	367	606	695	783	799
Average screens per theatre	10.4	9.7	8.8	8.7	8.9	8.9
Total attendance	11,668	20,875	39,938	46,152	53,853	56,214
Worldwide						
Theatres operated (at period end)	173	211	254	270	276	278
Screens operated (at period end)	1,624	2,180	2,708	2,912	3,000	3,014
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	159,156

----

(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, 2002 are derived from our unaudited consolidated financial statements that 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) The consolidated statement of operations data and other financial data for the twelve months ended March 31, 2002 is derived by adding the information for the twelve months ended December 31, 2001 with the information for the three months ended March 31, 2002, and subtracting the information for the three months ended March 31, 2001, except for per share data and weighted average outstanding shares data which were recalculated based on that twelve month period.

(3) 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.

(4) 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.

(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 cash flow 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) Represents long-term debt, including current portion, less cash and cash equivalents divided by EBITDA.

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

(8) 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. 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 estimates of the final settlement pursuant to the film license agreements. 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 the size of the directory. 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 estimates of the final settlement pursuant to the film license agreements. If actual settlements are higher than those estimated, additional film rental costs would be required in the future. 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 which 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;

- the sharing of a market with our other theatres; and

- the age of a recently built theatre.

Assets are evaluated for impairment on an individual theatre basis or a group of theatres that share the same marketplace, which we believe is the lowest applicable level for which there are identifiable cash flows. The impairment evaluation is based on the estimated cash flows 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.

25

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	4.6
Depreciation and amortization	7.5	8.4	8.6	8.5	7.6
Asset impairment loss	0.5	0.5	2.4	0.2	0.3
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)	4.6
Net income (loss)	0.1	(1.3)	(0.5)	(1.4)	3.1

	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

----

(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 4.6% 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 $10.5 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.

27

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 $4.5 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 30.4% 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 $10.3

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 3.4% 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 majorit