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

FORM 10-Q

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

For the quarterly period ended March 31, 2008

Commission File Number: 001-33401

**CINEMARK HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

20-5490327  
(I.R.S. Employer  
Identification No.)

3900 Dallas Parkway  
Suite 500  
Plano, Texas  
(Address of principal executive offices)

75093  
(Zip Code)

Registrant's telephone number, including area code: (972) 665-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of April 30, 2008, 107,364,776 shares of common stock were outstanding.

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**Cautionary Statement Regarding Forward-Looking Statements**

Certain matters within this Quarterly Report on Form 10Q include “forward—looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements included in this Form 10Q, other than statements of historical fact, may constitute forward-looking statements. Forward-looking statements can be identified 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. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the 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. For a description of the risk factors, please review the “Risk Factors” section or other sections in the Company’s Annual Report on Form 10-K filed March 28, 2008 and quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such risk factors. We undertake no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data, unaudited)

	March 31, 2008	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 305,004	\$ 338,043
Inventories	7,670	7,000
Accounts receivable	29,840	35,368
Income tax receivable	1,367	18,339
Current deferred tax asset	5,270	5,215
Prepaid expenses and other	6,908	10,070
Total current assets	<u>356,059</u>	<u>414,035</u>
<b>THEATRE PROPERTIES AND EQUIPMENT</b>	1,855,998	1,818,505
Less accumulated depreciation and amortization	<u>546,056</u>	<u>504,439</u>
Theatre properties and equipment, net	1,309,942	1,314,066
<b>OTHER ASSETS</b>		
Goodwill	1,138,675	1,134,689
Intangible assets — net	351,902	353,047
Investments in and advances to affiliates	3,837	3,662
Deferred charges and other assets — net	<u>80,470</u>	<u>77,393</u>
Total other assets	<u>1,574,884</u>	<u>1,568,791</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,240,885</u>	<u>\$ 3,296,892</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 12,001	\$ 9,166
Current portion of capital lease obligations	5,089	4,684
Accounts payable and accrued expenses	<u>150,756</u>	<u>204,472</u>
Total current liabilities	167,846	218,322
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	1,511,931	1,514,579
Capital lease obligations, less current portion	123,025	116,486
Deferred income taxes	153,034	168,475
Long-term portion FIN 48 liability	15,585	15,500
Deferred lease expenses	20,506	19,235
Deferred revenue — NCM	172,291	172,696
Other long-term liabilities	<u>55,496</u>	<u>36,214</u>
Total long-term liabilities	2,051,868	2,043,185
<b>COMMITMENTS AND CONTINGENCIES (see Note 19)</b>		
<b>MINORITY INTERESTS IN SUBSIDIARIES</b>	18,148	16,182
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.001 par value: 300,000,000 shares authorized and 106,983,684 shares issued and outstanding at December 31, 2007 and 107,131,769 shares issued and outstanding at March 31, 2008	107	107
Additional paid-in-capital	940,237	939,327
Retained earnings	33,055	47,074
Accumulated other comprehensive income	<u>29,624</u>	<u>32,695</u>
Total stockholders' equity	<u>1,003,023</u>	<u>1,019,203</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 3,240,885</u>	<u>\$ 3,296,892</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands except per share data, unaudited)

	Three months ended March 31,	
	2008	2007
<b>REVENUES</b>		
Admissions	\$ 262,367	\$ 243,990
Concession	122,157	115,087
Other	16,492	18,945
Total revenues	401,016	378,022
<b>COST OF OPERATIONS</b>		
Film rentals and advertising	138,140	128,294
Concession supplies	18,749	17,457
Salaries and wages	42,587	40,182
Facility lease expense	56,322	51,645
Utilities and other	48,165	44,193
General and administrative expenses	20,572	18,733
Depreciation and amortization	37,407	36,875
Amortization of favorable leases	704	934
Impairment of long-lived assets	4,487	49,730
(Gain) loss on sale of assets and other	(199)	305
Total cost of operations	366,934	388,348
<b>OPERATING INCOME (LOSS)</b>	34,082	(10,326)
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(32,073)	(41,497)
Interest income	3,744	3,783
Gain on NCM Transaction	—	210,773
Foreign currency exchange gain (loss)	(216)	220
Loss on early retirement of debt	(40)	(7,829)
Distributions from NCM	5,182	—
Equity in loss of affiliates	(635)	(1,231)
Minority interests in income of subsidiaries	(1,152)	(289)
Total other income (expense)	(25,190)	163,930
<b>INCOME BEFORE INCOME TAXES</b>	8,892	153,604
Income taxes	3,641	35,393
<b>NET INCOME</b>	\$ 5,251	\$ 118,211
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic	106,965	92,561
Diluted	109,197	94,912
<b>NET EARNINGS PER SHARE</b>		
Basic	\$ 0.05	\$ 1.28
Diluted	\$ 0.05	\$ 1.25

The accompanying notes are an integral part of the condensed consolidated financial statements.

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands, unaudited)

	Three Months Ended March 31,	
	2008	2007
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 5,251	\$ 118,211
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	36,383	35,871
Amortization of intangible and other assets	1,728	1,938
Amortization of long-term prepaid rents	404	236
Amortization of debt issue costs	1,162	1,191
Amortization of debt premium	—	(678)
Amortization of deferred revenues, deferred lease incentives and other	(846)	(266)
Impairment of long-lived assets	4,487	49,730
Share based awards compensation expense	861	733
Gain on NCM Transaction	—	(210,773)
(Gain) loss on sale of assets and other	(199)	305
Write-off of unamortized bond premiums and unamortized debt issue costs related to the early retirement of debt	193	(17,098)
Accretion of interest on senior discount notes	10,008	10,449
Deferred lease expenses	1,232	1,607
Deferred income tax expenses	(8,041)	(91,026)
Equity in loss of affiliates	635	1,231
Minority interests in income of subsidiaries	1,152	289
Changes in assets and liabilities:		
Inventories	(670)	(330)
Accounts receivable	5,528	6,206
Prepaid expenses and other	3,162	1,692
Other assets	(3,176)	(3,570)
Advances with affiliates	190	(111)
Accounts payable and accrued expenses	(49,194)	(41,404)
Interest paid on repurchased senior discount notes	(2,929)	—
Increase in deferred revenues related to NCM Transaction	—	174,001
Other long-term liabilities	310	(2,272)
Income tax receivable/payable	17,057	125,004
Net cash provided by operating activities	<u>24,688</u>	<u>161,166</u>
<b>INVESTING ACTIVITIES</b>		
Additions to theatre properties and equipment	(30,801)	(32,065)
Proceeds from sale of theatre properties and equipment	2,439	8,359
Increase in escrow deposit due to like-kind exchange	(2,089)	—
Investment in joint venture — DCIP	(1,000)	—
Net proceeds from sale of NCM stock	—	214,842
Net cash provided by (used for) investing activities	<u>(31,451)</u>	<u>191,136</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from stock option exercises	49	—
Dividends paid to stockholders	(19,270)	—
Repurchase of senior discount notes	(6,174)	—
Retirement of senior subordinated notes	—	(332,000)
Repayments of other long-term debt	(1,266)	(3,576)
Payments on capital leases	(1,137)	(868)
Other	(119)	(48)
Net cash used for financing activities	<u>(27,917)</u>	<u>(336,492)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,641	186
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(33,039)</u>	<u>15,996</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	338,043	147,099
End of period	<u>\$ 305,004</u>	<u>\$ 163,095</u>

SUPPLEMENTAL INFORMATION (see Note 16)

The accompanying notes are an integral part of the condensed consolidated financial statements.

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
In thousands, except share and per share data

**1. The Company and Basis of Presentation**

Cinemark Holdings, Inc. and subsidiaries (the "Company") are leaders in the motion picture exhibition industry in terms of both revenues and the number of screens in operation, with theatres in the United States ("U.S."), Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. The Company also managed additional theatres in the U.S., Brazil, and Colombia during the three months ended March 31, 2008.

On August 2, 2006, Cinemark Holdings, Inc. was formed as the Delaware holding company of Cinemark, Inc. On August 7, 2006, the Cinemark, Inc. stockholders entered into a share exchange agreement pursuant to which they agreed to exchange their shares of Class A common stock for an equal number of shares of common stock of Cinemark Holdings, Inc. ("Cinemark Share Exchange"). The Cinemark Share Exchange was completed on October 5, 2006 and facilitated the acquisition of Century Theatres, Inc. (the "Century Acquisition"). On October 5, 2006, Cinemark, Inc. became a wholly owned subsidiary of Cinemark Holdings, Inc. Prior to October 5, 2006, Cinemark Holdings, Inc. had no assets, liabilities or operations. The accompanying condensed consolidated financial statements are reflective of the change in reporting entity that occurred as a result of the Cinemark Share Exchange. Cinemark Holdings, Inc.'s condensed consolidated financial statements reflect the accounting basis of its stockholders for all periods presented. On April 24, 2007, Cinemark Holdings, Inc. completed an initial public offering of its common stock.

The condensed consolidated financial statements have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these interim financial statements reflect all adjustments necessary to state fairly the financial position and results of operations as of, and for, the periods indicated. Majority-owned subsidiaries that the Company controls are consolidated while those subsidiaries of which the Company owns between 20% and 50% and does not control are accounted for as affiliates under the equity method. Those subsidiaries of which the Company owns less than 20% are generally accounted for as affiliates under the cost method, unless the Company is deemed to have the ability to exercise significant influence over the affiliate, in which case the Company would account for its investment under the equity method. The results of these subsidiaries and affiliates are included in the condensed consolidated financial statements effective with their formation or from their dates of acquisition. Significant intercompany balances and transactions are eliminated in consolidation.

These condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2007, included in the Annual Report on Form 10-K filed March 28, 2008 by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Operating results for the three months ended March 31, 2008, are not necessarily indicative of the results to be achieved for the full year.

**2. New Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." Among other requirements, this statement defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies whenever other statements require or permit assets or liabilities to be measured at fair value. SFAS No. 157 became effective for the Company beginning January 1, 2008 (January 1, 2009 for nonfinancial assets and liabilities). Adoption of this statement did not have a significant impact on the Company's condensed consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". This statement provides companies with an option to report selected financial assets and liabilities at fair value that are currently not required to be measured at fair value. SFAS No. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company beginning January 1, 2009. The Company has elected not to measure eligible items at fair value upon initial adoption. Adoption of this statement is not expected to have a significant impact on the Company's condensed consolidated financial statements.

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**In thousands, except share and per share data**

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

In December 2007, the FASB issued SFAS No. 160, *“Noncontrolling Interest in Consolidated Financial Statements”*. This statement establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent’s equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent’s ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is evaluating the adoption of SFAS No. 160 and its impact on the Company’s condensed consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 *“Disclosures about Derivative Instruments and Hedging Activities—an Amendment of FASB Statement No. 133”*. This statement intends to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures about their impact on an entity’s financial position, financial performance, and cash flows. SFAS No. 161 requires disclosures regarding the objectives for using derivative instruments, the fair values of derivative instruments and their related gains and losses, and the accounting for derivatives and related hedged items. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early adoption permitted. The Company’s adoption of SFAS No. 161 will not impact its condensed consolidated financial statements, however the Company is evaluating the impact of SFAS No. 161 on its disclosures.

### **3. Initial Public Offering**

On April 24, 2007, the Company completed an initial public offering of its common stock. The Company sold 13,888,889 shares of its common stock and selling stockholders sold an additional 14,111,111 shares of common stock at a price of \$17.955 (\$19 per share less underwriting discounts). The net proceeds (before expenses) received by the Company were \$249,375 and the Company paid approximately \$3,526 in legal, accounting and other fees, all of which are recorded in additional paid-in-capital. The selling stockholders granted the underwriters a 30-day option to purchase up to an additional 2,800,000 shares of the Company’s common stock at a price of \$17.955 (\$19 per share less underwriting discounts). On May 21, 2007, the underwriters purchased an additional 269,100 shares from the selling stockholders pursuant to this option. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The Company has utilized a portion of the net proceeds that it received from the offering to repurchase a portion of its outstanding 9 3/4% senior discount notes. The Company expects to continue to use the net proceeds to repurchase a portion of the remaining 9 3/4% senior discount notes or repay debt outstanding under the senior secured credit facility. The 9 3/4% senior discount notes are not currently subject to repurchase at the Company’s option. Accordingly, if the Company is unable to repurchase the 9 3/4% senior discount notes at acceptable prices, the Company expects to use a portion of the remaining net proceeds to repay term loan debt outstanding under the senior secured credit facility. The Company has significant flexibility in applying the net proceeds from the initial public offering. The Company has invested the remaining net proceeds in short-term, investment-grade marketable securities or money market funds.

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**In thousands, except share and per share data**

**4. Earnings Per Share**

Basic earnings per share is computed by dividing income by the weighted average number of shares of all classes of common stock outstanding during the reported period. Diluted earnings per share is computed by dividing income by the weighted average number of shares of common stock and potentially dilutive common equivalent shares outstanding determined under the treasury stock method. The following table sets forth the computation of basic and diluted earnings per share (shares in thousands):

	Three Months Ended March 31,	
	2008	2007
Net income	\$ 5,251	\$118,211
Basic:		
Weighted average common shares outstanding	106,965	92,561
Net income per common share	\$ 0.05	\$ 1.28
Diluted:		
Weighted average common shares outstanding	106,965	92,561
Common equivalent shares for stock options <sup>(1)</sup>	2,232	2,351
Weighted average common and common equivalent shares outstanding	109,197	94,912
Net income per common and common equivalent share	\$ 0.05	\$ 1.25

<sup>(1)</sup> Common equivalent shares for restricted stock of 163 were excluded from the diluted earnings per share calculation for the three months ended March 31, 2008 because they were anti-dilutive.

**5. Dividend Payment**

In August 2007, the Company initiated a quarterly dividend policy. On February 26, 2008, the Company's board of directors declared a cash dividend for the fourth quarter of 2007 in the amount of \$0.18 per share of common stock payable to stockholders of record on March 6, 2008. The dividend was paid on March 14, 2008 in the total amount of approximately \$19,270.

**6. Investment in National CineMedia and Transaction Related to its Initial Public Offering**

In March 2005, Regal Entertainment Inc. ("Regal") and AMC Entertainment Inc. ("AMC") formed National CineMedia, LLC, or NCM, and on July 15, 2005, the Company joined NCM, as one of the founding members. NCM operates the largest digital in-theatre network in the U.S. for providing cinema advertising and non-film events and combines the cinema advertising and non-film events businesses of the three largest motion picture companies in the U.S. Upon joining NCM, the Company and NCM entered into an Exhibitor Services Agreement, pursuant to which NCM provides advertising, promotion and event services to the Company's theatres. On February 13, 2007, National CineMedia, Inc. ("NCM, Inc."), a newly formed entity that now serves as a member and the sole manager of NCM, completed an initial public offering of its common stock. In connection with the NCM, Inc. initial public offering, the Company amended its operating agreement with NCM and the Exhibitor Services Agreement pursuant to which NCM provides advertising, promotion and event services to the Company's theatres. In connection with NCM Inc.'s initial public offering and the transactions described below (the "NCM Transaction"), the Company received an aggregate of \$389,003.

Prior to pricing the initial public offering of NCM, Inc., NCM completed a recapitalization whereby (1) each issued and outstanding Class A unit of NCM was split into 44,291 Class A units, and (2) following such split of Class A Units, each issued and outstanding Class A Unit was recapitalized into one common unit and one preferred unit. As a result, the Company received 14,159,437 common units and 14,159,437 preferred units. All existing preferred units of NCM, or 55,850,951 preferred units, held by Regal, AMC and the Company were redeemed on a pro-rata basis on February 13, 2007. NCM utilized the proceeds of its new \$725,000 term loan facility and a portion of the proceeds it received from NCM, Inc. from its initial public offering to redeem all of its outstanding preferred units. Each preferred unit was redeemed for \$13.7782 and the Company received approximately \$195,092 as payment in full for redemption of all of the Company's preferred units in NCM. Upon payment of such amount, each preferred unit was cancelled and the holders of

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**In thousands, except share and per share data**

the preferred units ceased to have any rights with respect to the preferred units.

At the closing of the initial public offering, the underwriters exercised their over-allotment option to purchase additional shares of common stock of NCM, Inc. at the initial public offering price, less underwriting discounts and commissions. In connection with the over-allotment option exercise, Regal, AMC and the Company each sold to NCM, Inc. common units of NCM on a pro-rata basis at the initial public offering price, less underwriting discounts and expenses. The Company sold 1,014,088 common units to NCM, Inc. for proceeds of \$19,910, and upon completion of this sale of common units, the Company owned 13,145,349 common units of NCM. The net proceeds of \$215,002 from the above described stock transactions were applied against the Company's existing investment basis in NCM of \$4,069 until such basis was reduced to \$0 with the remaining \$210,933 of proceeds net of \$160 of transaction related costs, recorded as a gain of \$210,773 in the condensed consolidated statement of income for the three months ended March 31, 2007.

NCM also paid the Company a portion of the proceeds it received from NCM, Inc. in the initial public offering for agreeing to modify NCM's payment obligation under the prior Exhibitor Services Agreement. The modification agreed to by the Company reflects a shift from circuit share expense under the prior Exhibitor Services Agreement, which obligated NCM to pay the Company a percentage of revenue, to the monthly theatre access fee described below. The theatre access fee significantly reduced the contractual amounts paid to the Company by NCM. In exchange for the Company agreeing to so modify the agreement, NCM paid the Company approximately \$174,001 upon modification of the Exhibitor Services Agreement on February 13, 2007, the proceeds of which were recorded as deferred revenue on the Company's condensed consolidated balance sheet. The Company believes this payment approximates the fair value of the Exhibitor Services Agreement modification. The deferred revenue is being amortized into other revenues over the life of the agreement using the units of revenue method. Regal and AMC similarly amended their exhibitor service arrangements with NCM.

In consideration for NCM's exclusive access to the Company's theatre attendees for on-screen advertising and use of off-screen locations within the Company's theatres for the lobby entertainment network and lobby promotions, the Company receives a monthly theatre access fee under the Exhibitor Services Agreement. The theatre access fee is composed of a fixed payment per patron, initially seven cents, and a fixed payment per digital screen, which may be adjusted for certain enumerated reasons. The payment per theatre patron will increase by 8% every five years, with the first such increase taking effect after the end of fiscal 2011, and the payment per digital screen, initially eight hundred dollars per digital screen per year, will increase annually by 5%, beginning after 2007. For 2008, the annual payment per digital screen is eight hundred forty dollars. The theatre access fee paid in the aggregate to Regal, AMC and the Company will not be less than 12% of NCM's Aggregate Advertising Revenue (as defined in the Exhibitor Services Agreement), or it will be adjusted upward to reach this minimum payment. Additionally, with respect to any on-screen advertising time provided to the Company's beverage concessionaire, the Company is required to purchase such time from NCM at a negotiated rate. The exhibitor services agreement has, except with respect to certain limited services, a term of 30 years.

Prior to the initial public offering of NCM Inc. common stock, the Company's ownership interest in NCM was approximately 25% and subsequent to the completion of the offering the Company held a 14% interest in NCM. Subsequent to NCM, Inc.'s initial public offering, the Company continues to account for its investment in NCM under the equity method of accounting due to its ability to exercise significant control over NCM. The Company has substantial rights as a founding member, including the right to designate a total of two nominees to the ten-member Board of Directors of NCM Inc., the sole manager. So long as the Company owns at least 5% of NCM's membership interests, approval of at least 90% (80% if the board has less than 10 directors) will be required before NCM, Inc. may take certain actions including but not limited to mergers and acquisitions, issuance of common or preferred shares, approval of NCM's budget, incurrence of indebtedness, entering into or terminating material agreements, and modifications to its articles of incorporation or bylaws. Additionally, if any of the Company's director designees are not appointed to the Board of Directors of NCM, Inc., nominated by NCM, Inc. or elected by NCM, Inc.'s stockholders, then the Company (so long as the Company continues to own at least 5% of NCM's membership interest) will be entitled to approve certain actions of NCM including without limitation, approval of the budget, incurrence of indebtedness, consummating or amending material agreements, approving dividends, amending the NCM operating agreement, hiring or termination of the chief executive officer, chief financial officer, chief technology officer or chief marketing officer of NCM and the dissolution or liquidation of NCM.

During the three months ended March 31, 2007 and 2008, the Company recorded equity losses of \$1,284 and \$0, respectively. The Company recognized \$4,016 and \$401 of other revenue from NCM during the three months ended

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March 31, 2007 and 2008, respectively. The Company had a receivable due from NCM of \$225 and \$144 as of December 31, 2007 and March 31, 2008, respectively, related to screen advertising and other ancillary revenue. The Company is entitled to receive mandatory quarterly distributions of excess cash from NCM. During the three months ended March 31, 2008, the Company received distributions of approximately \$5,182, which were in excess of the carrying value of its investment in NCM and are reflected as distributions from NCM on the condensed consolidated statement of income for the three months ended March 31, 2008.

In 2008, NCM performed a common unit adjustment calculation in accordance with the common unit adjustment agreement. As a result of the calculation, the Company received an additional 846,303 common units of NCM, each of which is convertible into one share of NCM Inc. common stock. As of the date of this report, the Company owned a total of 13,991,652 common units. The common unit adjustment resulted in an increase in the Company's ownership percentage in NCM from approximately 14.0% to approximately 14.5%.

Below is summary financial information for NCM for the three month period ended March 27, 2008:

Gross revenues	\$ 62,652
Operating income	\$ 17,701
Net earnings	\$ 4,246

#### **7. Investment in Digital Cinema Implementation Partners**

On February 12, 2007, the Company, AMC and Regal entered into a joint venture known as Digital Cinema Implementation Partners LLC ("DCIP") to facilitate the implementation of digital cinema in the Company's theatres and to establish agreements with major motion picture studios for the financing of digital cinema. Future digital cinema developments will be managed by DCIP, subject to the Company's approval along with the Company's partners, AMC and Regal. During the year ended December 31, 2007, the Company invested \$1,500 for a one-third ownership interest in DCIP. During February 2008, the Company, AMC and Regal each invested an additional \$1,000 in DCIP.

The Company is accounting for its investment in DCIP under the equity method of accounting. During the three months ended March 31, 2007 and 2008, the Company recorded equity losses of \$0 and \$601, respectively, relating to this investment. The Company's investment basis in DCIP was \$260 and \$659 at December 31, 2007 and March 31, 2008, respectively, which is included in investments in and advances to affiliates on the condensed consolidated balance sheets.

#### **8. Income Taxes**

The Company recorded income tax expense of \$35,393 and \$3,641 during the three months ended March 31, 2007 and 2008, respectively. The effective tax rate was 23.0% and 40.9% for the three months ended March 31, 2007 and 2008, respectively. Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates and are adjusted for the effects of significant, infrequent or unusual items occurring during the interim period. As a result of the full inclusion in the interim rate calculation of these items, the interim rate may vary significantly from the normalized annual rate. This rate is reflective of permanent differences such as goodwill impairment, which is recorded for financial statement purposes but not deductible for income tax purposes. The change in the effective tax rate from the three months ended March 31, 2007 to the three months ended March 31, 2008 was mainly due to the gain on the NCM Transaction recorded during the three months ended March 31, 2007.

#### **9. Share Based Awards**

During September 2004, Cinemark, Inc.'s board of directors approved the 2004 Long Term Incentive Plan (the "2004 Plan"), under which 9,097,360 shares of Class A common stock were made available for issuance to selected employees, directors and consultants of the Company. The 2004 Plan provided for restricted share grants, incentive option grants and nonqualified option grants.

On August 2, 2006, Cinemark Holdings, Inc. was formed as the Delaware holding company of Cinemark, Inc. and the Cinemark Share Exchange was completed on October 5, 2006.

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In November 2006, the Company's board of directors amended the 2004 Plan to provide that no additional awards may be granted under the 2004 Plan. At that time, the board of directors and the majority of its stockholders approved the Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the "2006 Plan") and all options to purchase shares of Cinemark, Inc.'s Class A common stock under the 2004 Plan were exchanged for an equal number of options to purchase shares of Cinemark Holdings, Inc.'s common stock under the 2006 Plan. The 2006 Plan is substantially similar to the 2004 Plan.

During September 2007, the Company filed a registration statement with the Securities and Exchange Commission on Form S-8 for purposes of registering shares available for issuance under the 2006 Plan.

During March 2008, the Company's board of directors approved the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the "Restated Incentive Plan"). The Restated Incentive Plan amends and restates the 2006 Plan, to (i) increase the number of shares reserved for issuance from 9,097,360 shares of common stock to 19,100,000 shares of common stock and (ii) permit the compensation committee of the Company's board of directors (the "Compensation Committee") to award participants restricted stock units and performance awards. The right of a participant to exercise or receive a grant of a restricted stock unit or performance award may be subject to the satisfaction of such performance or objective business criteria as determined by the Compensation Committee. With the exception of the changes identified in (i) and (ii) above, the Restated Incentive Plan does not materially differ from the 2006 Plan. The Restated Incentive Plan and restricted stock unit awards made thereunder during the three months ended March 31, 2008 are subject to approval by the Company's stockholders at its annual meeting of stockholders to be held on May 15, 2008.

*Stock Options* — A summary of stock option activity and related information for the three months ended March 31, 2008 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	6,323,429	\$ 7.63
Granted	—	—
Exercised	(6,500)	\$ 7.63
Forfeited	(11,276)	\$ 7.63
Outstanding at March 31, 2008	6,305,653	\$ 7.63
Options exercisable at March 31, 2008	4,973,962	\$ 7.63

The Company recorded compensation expense of \$716 and a tax benefit of approximately \$275 during the three months ended March 31, 2008, related to the outstanding stock options. As of March 31, 2008, the unrecognized compensation expense related to outstanding stock options was \$2,864 and the weighted average period over which this remaining compensation expense will be recognized is approximately 1 year. All options outstanding at March 31, 2008 have an average remaining contractual life of approximately 6.5 years.

*Restricted Stock* - During October 2007, the Company issued 21,880 shares of restricted stock to its independent directors at a purchase price of \$0.001 per share. The fair value of the shares was approximately \$400 based on the market value of the Company's stock on the date of grant, which was \$18.28 per share. These restricted stock awards fully vest on June 29, 2008 after one year of service. The Company recorded compensation expense of \$100 related to these awards during the three months ended March 31, 2008. The remaining compensation expense of \$100 will be recognized during the three months ended June 30, 2008.

During the three months ended March 31, 2008, the Company granted 141,585 shares of restricted stock to employees of the Company. The fair value of the shares of restricted stock was determined based on the market value of the Company's stock on the dates of grant, which ranged from \$12.89 to \$14.65 per share. The Company assumed forfeiture rates ranging from zero to approximately 2% for the restricted stock awards. The restricted stock vests over periods ranging from eighteen months to four years based on continued service by the employee. The Company recorded compensation expense of \$42 related to these restricted stock awards during the three months ended March 31, 2008. As of March 31, 2008, the remaining unrecognized compensation

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expense related to these restricted stock awards was \$1,880 and the weighted average period over which this remaining compensation expense will be recognized is approximately 3.5 years. Upon vesting, the Company receives a tax deduction. The recipients of restricted stock are entitled to receive dividends and to vote their respective shares, however the sale and transfer of the restricted shares is prohibited during the restriction period.

A summary of restricted stock activity for the three months ended March 31, 2008 is as follows:

	<b>Shares of Restricted Stock</b>
Outstanding at December 31, 2007	21,880
Granted	141,585
Forfeited	—
Outstanding at March 31, 2008	<u>163,465</u>
Unvested restricted stock at March 31, 2008	<u>163,465</u>

*Restricted Stock Units* — During the three months ended March 31, 2008, the Company granted restricted stock units representing 113,456 hypothetical shares of common stock under the Restated Incentive Plan to certain executive officers who, the Compensation Committee believes, will be the named executive officers for 2008. The restricted stock unit awards are subject to stockholder approval at the Company’s annual meeting of stockholders to be held on May 15, 2008. The restricted stock units vest based on a combination of financial performance factors and continued service. The financial performance factors are based on an implied equity value concept that determines an internal rate of return (“IRR”) during the three fiscal year period ending December 31, 2010 based on a formula utilizing a multiple of Adjusted EBITDA subject to certain specified adjustments (as defined in the restricted stock unit award agreement). The financial performance factors for the restricted stock units have a threshold, target and maximum level of payment opportunity. If the IRR for the three year period is at least 8.5%, which is the threshold, one-third of the restricted stock units vest. If the IRR for the three year period is at least 10.5%, which is the target, two-thirds of the restricted stock units vest. If the IRR for the three year period is at least 12.5%, which is the maximum, 100% of the restricted stock units vest. All payouts of restricted stock units that vest will be subject to an additional service requirement and will be paid in the form of common stock if the participant continues to provide services through March 28, 2012, which is the fourth anniversary of the grant date. Restricted stock unit award participants are eligible to receive dividend equivalent payments if and at the time the restricted stock unit awards become vested.

Below is a table summarizing the potential awards at each of the three levels of financial performance:

	<b>Number of Shares Vesting</b>	<b>Value at Grant</b>
at IRR of at least 8.5%	37,819	\$ 487
at IRR of at least 10.5%	75,638	\$ 975
at IRR of at least 12.5%	113,456	\$1,462

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Due to the fact that the IRR for the three year period ending December 31, 2010 cannot be determined at the time of grant, the Company has estimated that the most likely outcome is the achievement of the mid-point IRR level. As a result, the total compensation expense to be recorded for the restricted stock unit awards is \$975 assuming a total of 75,638 units will vest at the end of the four year period. If during the service period, additional information becomes available to lead the Company to believe a different IRR level will be achieved for the three year period ending December 31, 2010, the Company will reassess the number of units that will vest and adjust its compensation expense accordingly on a prospective basis over the remaining service period. The Company recorded compensation expense of \$3 related to these awards during the three months ended March 31, 2008. As of March 31, 2008, the remaining unrecognized compensation expense related to these restricted stock unit awards was \$972 and the weighted average period over which the remaining compensation expense will be recognized is approximately 4 years.

**10. Early Retirement of Long-Term Debt**

On March 6, 2007, the Company commenced an offer to purchase for cash, on the terms and subject to the conditions set forth in an Offer to Purchase and Consent Solicitation Statement, any and all of its 9% senior subordinated notes, of which \$332,250 aggregate principal amount remained outstanding. In connection with the tender offer, the Company solicited consents for certain proposed amendments to the indenture to remove substantially all restrictive covenants and certain events of default provisions. On March 20, 2007, the early settlement date, approximately \$332,000 aggregate principal amount of the 9% senior subordinated notes were tendered and repurchased by the Company for approximately \$360,164, including accrued interest and premiums paid. The Company funded the repurchase with the net proceeds received from the NCM Transaction (see Note 6). The Company recorded a loss on early retirement of debt of \$7,829 during the three months ended March 31, 2007, which consisted of tender offer repurchase costs, including premiums paid and other fees, and the write-off of unamortized debt issue costs, partially offset by the write-off of the unamortized bond premium.

On March 20, 2008, in one open market purchase, the Company repurchased \$10,000 aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$8,950. The Company funded the transaction with proceeds from the initial public offering of its common stock. As a result of the transaction, the Company recorded a loss on early retirement of debt of \$40 during the three months ended March 31, 2008, which primarily includes the write-off of unamortized debt issue costs partially offset by a discount on the repurchased senior discount notes.

**11. Interest Rate Swap Agreements**

During March 2007, the Company entered into two interest rate swap agreements with effective dates of August 13, 2007 and terms of five years each. The interest rate swaps were designated to hedge approximately \$500,000 of the Company's variable rate debt obligations under its senior secured credit facility. Under the terms of the interest rate swap agreements, the Company pays fixed rates of 4.918% and 4.922% on \$375,000 and \$125,000, respectively, of variable rate debt and receives interest at a variable rate based on the 3-month LIBOR. The 3-month LIBOR rate on each reset date determines the variable portion of the interest rate swaps for the three-month period following the reset date. No premium or discount was incurred upon the Company entering into the interest rate swaps because the pay and receive rates on the interest rate swaps represented prevailing rates for each counterparty at the time the interest rate swaps were consummated. The interest rate swaps qualify for cash flow hedge accounting treatment in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and as such, the Company has effectively hedged its exposure to variability in the future cash flows attributable to the 3-month LIBOR on \$500,000 of variable rate debt. The change in the fair values of the interest rate swaps is recorded on the Company's condensed consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income and the ineffective portion reported in earnings.

As of March 31, 2008, the aggregate fair value of the interest rate swaps was a liability of approximately \$37,836, which has been recorded as a component of other long-term liabilities. A corresponding cumulative amount of \$23,307, net of taxes, has been recorded as a decrease in accumulated other comprehensive income on the Company's condensed consolidated balance sheet as of March 31, 2008. The interest rate swaps exhibited no ineffectiveness during the three months ended March 31, 2008.

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**12. Goodwill and Other Intangible Assets**

The Company's goodwill was as follows:

	U.S. Operating Segment	International Operating Segment	Total
Balance at December 31, 2007	\$979,148	\$ 155,541	\$1,134,689
Foreign currency translation adjustments <sup>(1)</sup>	(160)	4,146	3,986
Balance at March 31, 2008	\$978,988	\$ 159,687	\$1,138,675

(1) U.S. operating segment includes one theatre located in Canada.

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Company evaluates goodwill for impairment on an annual basis at fiscal year-end or whenever events or changes in circumstances indicate the carrying value of goodwill might exceed its estimated fair value. The Company evaluates goodwill for impairment at the reporting unit level and has allocated goodwill to the reporting unit based on an estimate of its relative fair value. The goodwill impairment evaluation is a two-step approach requiring the Company to compute the estimated fair value of a reporting unit and compare it with its carrying value. If the carrying value exceeds the estimated fair value, a second step is performed to measure the potential goodwill impairment. Fair values are determined based on a multiple of cash flows, which was eight times for the evaluations performed during 2007. Significant judgment is involved in estimating cash flows and fair value. Management's estimates are based on historical and projected operating performance as well as recent market transactions. Prior to January 1, 2008, the Company considered its theatres reporting units for purposes of evaluating goodwill for impairment. Recent changes in the organization, including changes in the structure of the Company's executive management team, the Company's initial public offering, the resulting changes in the level at which the Company's management team evaluates the business on a regular basis, and the Century Acquisition that increased the size of the Company's theatre base by approximately 25%, led the Company to conclude that its U.S. regions and international countries are now more reflective of how it manages and operates its business. Accordingly, the Company's U.S. regions and international countries represent the appropriate reporting units for purposes of evaluating goodwill for impairment. Consequently, effective January 1, 2008, the Company changed the reporting unit to sixteen regions in the U.S. and eight countries internationally from approximately 400 theatres. The goodwill impairment test performed during December 2007 that resulted in the recording of impairment charges during the year ended December 31, 2007 reflects the final calculation utilizing theatres as the reporting units.

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Intangible assets consisted of the following:

	Balance at December 31, 2007	Amortization	Foreign Currency Translation Adjustments	Balance at March 31, 2008
<i>Intangible assets with finite lives:</i>				
Capitalized licensing fees:				
Gross carrying amount	\$ 5,138	\$ —	\$ —	\$ 5,138
Accumulated amortization	(1,565)	(106)	—	(1,671)
Net carrying amount	3,573	(106)	—	3,467
Vendor contracts:				
Gross carrying amount	56,973	—	292	57,265
Accumulated amortization	(23,342)	(909)	—	(24,251)
Net carrying amount	33,631	(909)	292	33,014
Net favorable leases:				
Gross carrying amount	20,691	—	(77)	20,614
Accumulated amortization	(15,581)	(704)	—	(16,285)
Net carrying amount	5,110	(704)	(77)	4,329
Other intangible assets:				
Gross carrying amount	69	—	—	69
Accumulated amortization	(20)	(1)	—	(21)
Net carrying amount	49	(1)	—	48
Total net intangible assets with finite lives	42,363	(1,720)	215	40,858
<i>Intangible assets with indefinite lives:</i>				
Tradenname	310,681	—	360	311,041
Other unamortized intangible assets	3	—	—	3
Total intangible assets — net	\$ 353,047	\$ (1,720)	\$ 575	\$351,902

Aggregate amortization expense of \$1,728 for the three months ended March 31, 2008 consisted of \$1,720 of amortization of intangible assets and \$8 of amortization of other assets. Estimated aggregate future amortization expense for intangible assets is as follows:

For the nine months ended December 31, 2008	\$ 4,684
For the twelve months ended December 31, 2009	5,287
For the twelve months ended December 31, 2010	5,005
For the twelve months ended December 31, 2011	4,551
For the twelve months ended December 31, 2012	3,686
Thereafter	17,645
Total	<u>\$ 40,858</u>

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**13. Impairment of Long-Lived Assets**

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company reviews long-lived assets for impairment on a quarterly basis or whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable.

The Company considers actual theatre level cash flows, future years budgeted theatre level cash flows, theatre property and equipment carrying values, amortizing intangible assets carrying values, the age of a recently built theatre, competitive theatres in the marketplace, changes in foreign currency exchange rates, the impact of recent ticket price changes, available lease renewal options and other factors in its assessment of impairment of individual theatre assets. Long-lived assets are evaluated for impairment on an individual theatre basis, which the Company believes 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, which includes the probability of renewal periods for leased properties and a period of twenty years for fee owned properties. If the estimated cash flows are not sufficient to recover a long-lived asset's carrying value, the Company then compares the carrying value of the asset group (theatre) with its estimated fair value. Fair value is determined based on a multiple of cash flows, which was eight times for the evaluations performed during the three months ended March 31, 2007 and March 31, 2008. When estimated fair value is determined to be lower than the carrying value of the asset group (theatre), the asset group (theatre) is written down to its estimated fair value. Significant judgment is involved in estimating cash flows and fair value. Management's estimates are based on historical and projected operating performance as well as recent market transactions.

The Company's long-lived asset impairment losses of \$4,487 for the three months ended March 31, 2008 were for U.S. theatre properties. The Company's long-lived asset impairment losses of \$49,730 for the three months ended March 31, 2007 consisted of \$6,381 for theatre properties, \$40,811 of goodwill related to theatre properties and \$2,538 of intangible assets associated with theatre properties. As a result of the NCM Transaction discussed in Note 6, and more specifically the modification of the NCM Exhibitor Services Agreement with the Company, which significantly reduced the contractual amounts paid to the Company, the Company evaluated the carrying value of its goodwill as of March 31, 2007 leading to a majority of the goodwill impairment charges recorded during the three months ended March 31, 2007.

**14. Foreign Currency Translation**

The accumulated other comprehensive income account in stockholders' equity of \$32,695 and \$29,624 at December 31, 2007 and March 31, 2008, respectively, includes the cumulative foreign currency adjustments from translating the financial statements of the Company's international subsidiaries into U.S. dollars.

In 2008 and 2007, all foreign countries where the Company has operations were deemed non-highly inflationary. Thus, any fluctuation in the currency results in a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account recorded as an increase in, or reduction of, stockholders' equity.

On March 31, 2008, the exchange rate for the Brazilian real was 1.75 reals to the U.S. dollar (the exchange rate was 1.77 reals to the U.S. dollar at December 31, 2007). As a result, the effect of translating the March 31, 2008 Brazilian financial statements into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account as an increase in stockholders' equity of \$3,001. At March 31, 2008, the total assets of the Company's Brazilian subsidiaries were U.S. \$211,840.

On March 31, 2008, the exchange rate for the Mexican peso was 10.71 pesos to the U.S. dollar (the exchange rate was 10.92 pesos to the U.S. dollar at December 31, 2007). As a result, the effect of translating the March 31, 2008 Mexican financial statements into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the accumulated other comprehensive income account as an increase in stockholders' equity of \$2,450. At March 31, 2008, the total assets of the Company's Mexican subsidiaries were U.S. \$162,506.

On March 31, 2008, the exchange rate for the Chilean peso was 440.0 pesos to the U.S. dollar (the exchange rate was 497.7 pesos to the U.S. dollar at December 31, 2007). As a result, the effect of translating the March 31, 2008 Chilean financial statements into U.S. dollars is reflected as a cumulative foreign currency translation adjustment to the

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accumulated other comprehensive income account as an increase in stockholders' equity of \$1,968. At March 31, 2008, the total assets of the Company's Chilean subsidiaries were U.S. \$30,839.

**15. Comprehensive Income**

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive income and its components in the condensed consolidated financial statements. The Company's comprehensive income was as follows:

	Three Months Ended	
	March 31,	
	2008	2007
Net income	\$ 5,251	\$118,211
Fair value adjustments on interest rate swap agreements (see Note 11)	(11,959)	(1,206)
Foreign currency translation adjustment (see Note 14)	8,888	1,868
Comprehensive income	\$ 2,180	\$118,873

**16. Supplemental Cash Flow Information**

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

	Three Months Ended	
	March 31,	
	2008	2007
Cash paid for interest	\$26,522	\$ 43,932
Cash paid for income taxes, net of refunds received	\$ (5,063)	\$ 840
Noncash investing and financing activities:		
Change in construction lease obligations related to construction of theatres	\$ —	\$ 2,109
Change in accounts payable and accrued expenses for the acquisition of theatre properties and equipment	\$ (5,104)	\$ (3,402)
Theatre properties acquired under capital lease	\$ 7,911	\$ —

**17. Segments**

At March 31, 2008, the Company operates its international market and its U.S. market as separate reportable operating segments. The international segment consists of operations in Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. The U.S. segment includes U.S. and Canada operations. Each segment's revenue is derived from admissions and concession sales and other ancillary revenues, primarily screen advertising. The primary measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company's management evaluates the performance of its assets on a consolidated basis.

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Below is a breakdown of selected financial information by reportable operating segment:

	Three Months Ended March 31,	
	2008	2007
Revenues		
U.S.	\$308,799	\$306,374
International	93,109	72,263
Eliminations	(892)	(615)
<b>Total Revenues</b>	<b>\$401,016</b>	<b>\$378,022</b>
Adjusted EBITDA		
U.S.	\$ 64,876	\$ 66,699
International	19,284	13,395
<b>Total Adjusted EBITDA</b>	<b>\$ 84,160</b>	<b>\$ 80,094</b>
Capital Expenditures		
U.S.	\$ 25,895	\$ 24,897
International	4,906	7,168
<b>Total Capital Expenditures</b>	<b>\$ 30,801</b>	<b>\$ 32,065</b>

The following table sets forth a reconciliation of net income to Adjusted EBITDA:

	Three Months Ended March 31,	
	2008	2007
Net income	\$ 5,251	\$ 118,211
Add (deduct):		
Income taxes	3,641	35,393
Interest expense (1)	32,073	41,497
Gain on NCM Transaction	—	(210,773)
Loss on early retirement of debt	40	7,829
Other income	(1,741)	(2,483)
Depreciation and amortization	37,407	36,875
Amortization of favorable leases	704	934
Impairment of long-lived assets	4,487	49,730
(Gain) loss on sale of assets and other	(199)	305
Deferred lease expenses	1,232	1,607
Amortization of long-term prepaid rents	404	236
Share based awards compensation expense	861	733
<b>Adjusted EBITDA</b>	<b>\$84,160</b>	<b>\$ 80,094</b>

(1) Includes amortization of debt issue costs.

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**In thousands, except share and per share data**

*Financial Information About Geographic Areas*

The Company has operations in the U.S., Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia, which are reflected in the condensed consolidated financial statements. Below is a breakdown of selected financial information by geographic area:

	Three Months Ended March 31,	
	2008	2007
<b>Revenues</b>		
U.S. and Canada	\$308,799	\$306,374
Brazil	44,634	34,412
Mexico	19,402	16,678
Other foreign countries	29,073	21,173
Eliminations	(892)	(615)
<b>Total</b>	<b>\$401,016</b>	<b>\$378,022</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2008</b>	<b>2007</b>
<b>Theatre Properties and Equipment-net</b>		
U.S. and Canada	\$1,133,412	\$1,137,244
Brazil	70,775	72,635
Mexico	59,943	59,201
Other foreign countries	45,812	44,986
<b>Total</b>	<b>\$1,309,942</b>	<b>\$1,314,066</b>

**18. Related Party Transactions**

The Company leases one theatre from Plitt Plaza Joint Venture (“Plitt Plaza”) on a month-to-month basis. Plitt Plaza is indirectly owned by Lee Roy Mitchell, who owns approximately 12% of the Company’s issued and outstanding shares of common stock. Annual rent is approximately \$118 plus certain taxes, maintenance expenses and insurance. The Company recorded \$31 and \$30 of facility lease and other operating expenses payable to Plitt Plaza joint venture during the three months ended March 31, 2007 and 2008, respectively.

The Company manages one theatre for Laredo Theatre, Ltd. (“Laredo”). The Company is the sole general partner and owns 75% of the limited partnership interests of Laredo. Lone Star Theatres, Inc. owns the remaining 25% of the limited partnership interests in Laredo and is 100% owned by Mr. David Roberts, Lee Roy Mitchell’s son-in-law. Under the agreement, management fees are paid by Laredo to the Company at a rate of 5% of annual theatre revenues up to \$50,000 and 3% of annual theatre revenues in excess of \$50,000. The Company recorded \$22 and \$23 of management fee revenues during the three months ended March 31, 2007 and 2008, respectively. All such amounts are included in the Company’s condensed consolidated financial statements with the intercompany amounts eliminated in consolidation.

The Company leases 25 theatres and two parking facilities from Syfy Enterprises, LP (“Syfy”) or affiliates of Syfy, which owns approximately 8% of the Company’s issued and outstanding shares of common stock. Raymond Syfy is one of the Company’s directors and is an officer of the general partner of Syfy. Of these 27 leases, 22 have fixed minimum annual rent in an aggregate amount of approximately \$23,280. Of these 22 leases with fixed minimum annual rent, 17 have a remaining lease term plus extension option(s) that exceed 30 years, four have a remaining lease term plus extension option(s) that exceed 17 years, and one has a remaining lease term of approximately two years. Three of these 22 leases have triggering events that allow the Company to convert the fixed minimum rent to a fixed percentage of gross sales as defined in the lease with the further right to terminate the lease if the theatre level cash flow drops below \$0. Five of these 22 leases have triggering events that allow the Company to terminate the lease prior to expiration of the term. The five leases without minimum annual rent have rent based upon a specified percentage of gross sales as defined in the lease with no minimum annual rent. Four of these percentage rent leases expire in approximately six months but have automatic 12 month renewal options, and the Company has the right to terminate the leases if theatre level cash flow drops below \$0. One of these percentage rent leases has a remaining term of six months and Syfy has the right to terminate this lease prior to the end of the term.

The Company also has an office lease with Syfy for corporate office space in San Rafael, California. The lease will expire in September 2008. The lease has a fixed minimum annual rent of approximately \$300.

**CINEMARK HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**In thousands, except share and per share data**

The Company entered into an amended and restated profit participation agreement on March 12, 2004 with its CEO, Alan Stock, which became effective on April 2, 2004, and amended the profit participation agreement with Mr. Stock in effect since May 2002. Under the agreement, Mr. Stock received a profit interest in two theatres once the Company recovered its capital investment in these theatres plus its borrowing costs. During the three months ended March 31, 2007, the Company recorded \$114 in profit participation expense payable to Mr. Stock, which is included in general and administrative expenses on the Company's condensed consolidated statement of income. After the Company's initial public offering in April 2007, the Company exercised its option to terminate the amended and restated profit participation agreement and purchased Mr. Stock's interest in the theatres on May 3, 2007 for a price of \$6,853 pursuant to the terms of the agreement. The Company also paid payroll taxes of approximately \$99 related to the payment made to terminate the amended and restated profit participation agreement. The agreement with Mr. Stock has been terminated.

**19. Commitments and Contingencies**

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

**20. Subsequent Event — Dividend Declaration**

On May 9, 2008, the Company declared a cash dividend in the amount of \$0.18 per common share payable to stockholders of record on May 30, 2008. The dividend will be paid on June 12, 2008.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes and schedules included elsewhere in this report.

We are one of the leaders in the motion picture exhibition industry, in terms of both revenues and the number of screens in operation, with theatres in the U.S., Canada, Mexico, Argentina, Brazil, Chile, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Colombia. For financial reporting purposes at March 31, 2008, we have two reportable operating segments, our U.S. operations and our international operations.

We generate revenues primarily from box office receipts and concession sales with additional revenues from screen advertising sales and other revenue streams, such as vendor marketing programs, pay phones, ATM machines and electronic video games located in some of our theatres. Our investment in NCM has assisted us in expanding our offerings to advertisers, exploring ancillary revenue sources such as digital video monitor advertising, third party branding, and the use of theatres for non-film events. In addition, we are able to use theatres during non-peak hours for concerts, sporting events, and other cultural events. Successful films released during the three months ended March 31, 2008 included *Horton Hears A Who*, *10,000 B.C.*, *Cloverfield*, *Jumper* and the 3-D release of *Hannah Montana & Miley Cyrus: Best of Both Worlds*. Film releases scheduled for the remainder of 2008 include *Iron Man*, *The Chronicles of Narnia: Prince Caspian*, *Indiana Jones and the Kingdom of the Crystal Skull*, *Sex and the City*, *Kung Fu Panda*, *Incredible Hulk*, *Get Smart*, *Wall-E*, *Hancock*, *The Dark Knight*, *The Mummy: Tomb of the Dragon Emperor*, *Quantum of Solace*, *Madagascar 2: The Crate Escape*, *Harry Potter and the Half-Blood Prince* and the release of 3-D movies including *Journey to the Center of the Earth* and *Bolt*. In 2009, a broad slate of 3-D films is expected, including *Monsters vs. Aliens*, *Ice Age 3: Dawn of the Dinosaurs*, and *Avatar*. Our revenues are affected by changes in attendance and average admissions and concession revenues per patron. Attendance is primarily affected by the quality and quantity of films released by motion picture studios.

Film rental costs are variable in nature and fluctuate with our admissions revenues. Film rental costs as a percentage of revenues are generally higher for periods in which more blockbuster films are released. Film rental costs can also vary based on the length of a film's run. Film rental rates are negotiated on a film-by-film and theatre-by-theatre basis. Advertising costs, which are expensed as incurred, are 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 advertisements is based on, among other things, the size of the directory and the frequency and size of the newspaper's circulation.

Concession supplies expense is variable in nature and fluctuates with our concession revenues. We purchase concession supplies to replace units sold. We negotiate prices for concession supplies directly with concession vendors and manufacturers to obtain bulk rates.

Although salaries and wages include a fixed cost component (i.e. the minimum staffing costs to operate a theatre facility during non-peak periods), salaries and wages move in relation to revenues as theatre staffing is adjusted to address changes in attendance.

Facility lease expense is primarily a fixed cost at the theatre level as most of our facility leases require a fixed monthly minimum rent payment. Certain of our leases are subject to percentage rent only while others are subject to percentage rent in addition to their fixed monthly rent if a target annual revenue level is achieved. Facility lease expense as a percentage of revenues is also affected by the number of theatres under operating leases versus the number of theatres under capital leases and the number of fee-owned theatres.

Utilities and other costs include certain costs that are fixed such as property taxes, certain costs that 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.

### Recent Developments

On May 9, 2008, we declared a cash dividend in the amount of \$0.18 per common share payable to stockholders of record on May 30, 2008. The dividend will be paid on June 12, 2008.

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### Results of Operations

The following table sets forth, for the periods indicated, the percentage of revenues represented by certain items reflected in our condensed consolidated statements of income:

Operating data (in millions):	Three Months Ended	
	March 31,	
	2008	2007
Revenues		
Admissions	\$ 262.4	\$ 244.0
Concession	122.2	115.1
Other	16.4	18.9
Total revenues	\$ 401.0	\$ 378.0
Theatre operating costs (1)		
Film rentals and advertising	\$ 138.1	\$ 128.3
Concession supplies	18.7	17.5
Salaries and wages	42.6	40.2
Facility lease expense	56.3	51.6
Utilities and other	48.2	44.2
Total theatre operating costs	\$ 303.9	\$ 281.8
Operating data as a percentage of revenues(2):		
Revenues		
Admissions	65.4%	64.6%
Concession	30.5%	30.4%
Other	4.1%	5.0%
Total revenues	100.0%	100.0%
Theatre operating costs (1) (2)		
Film rentals and advertising	52.7%	52.6%
Concession supplies	15.3%	15.2%
Salaries and wages	10.6%	10.6%
Facility lease expense	14.0%	13.7%
Utilities and other	12.0%	11.7%
Total theatre operating costs	75.8%	74.6%
Average screen count (month end average)	4,658	4,481
Revenues per average screen (in dollars)	\$86,101	\$84,356

(1) Excludes depreciation and amortization expense.

(2) 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.

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**Three months ended March 31, 2008 and 2007**

*Revenues.* Total revenues increased \$23.0 million to \$401.0 million for the three months ended March 31, 2008 (“first quarter of 2008”) from \$378.0 million for the three months ended March 31, 2007 (“first quarter of 2007”), representing a 6.1% increase. The table below, presented by reportable operating segment, summarizes our year-over-year revenue performance and certain key performance indicators that impact our revenues.

	U.S. Operating Segment			International Operating Segment			Consolidated		
	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,		
	2008	2007	% Change	2008	2007	% Change	2008	2007	% Change
Admissions revenues (in millions)	\$ 202.8	\$ 197.5	2.7%	\$ 59.6	\$ 46.5	28.2%	\$ 262.4	\$ 244.0	7.5%
Concession revenues (in millions)	\$ 96.7	\$ 95.6	1.2%	\$ 25.5	\$ 19.5	30.8%	\$ 122.2	\$ 115.1	6.2%
Other revenues (in millions) (1)	\$ 8.4	\$ 12.7	(33.9)%	\$ 8.0	\$ 6.2	29.0%	\$ 16.4	\$ 18.9	(13.2)%
Total revenues (in millions) (1)	\$ 307.9	\$ 305.8	0.7%	\$ 93.1	\$ 72.2	28.9%	\$ 401.0	\$ 378.0	6.1%
Attendance (in millions)	34.3	34.9	(1.7)%	15.4	14.3	7.7%	49.7	49.2	1.0%
Revenues per screen (in dollars) (1)	\$84,416	\$86,771	(2.7)%	\$92,187	\$75,468	22.2%	\$86,101	\$84,356	2.1%

(1) U.S. operating segment revenues include eliminations of intercompany transactions with the international operating segment. See Note 17 of our condensed consolidated financial statements.

- **Consolidated.** The increase in admissions revenues of \$18.4 million was attributable to a 1.0% increase in attendance from 49.2 million patrons for the first quarter of 2007 to 49.7 million patrons for the first quarter of 2008, which contributed \$0.1 million, and a 6.5% increase in average ticket price from \$4.96 for the first quarter of 2007 to \$5.28 for the first quarter of 2008, which contributed \$18.3 million. The increase in concession revenues of \$7.1 million was primarily attributable to a 5.1% increase in concession revenues per patron from \$2.34 for the first quarter of 2007 to \$2.46 for the first quarter of 2008. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the impact of exchange rates in certain countries in which we operate. The 13.2% decrease in other revenues was primarily attributable to reduced screen advertising revenues earned in the U.S. under the amended Exhibitor Services Agreement with NCM. See Note 6 to the condensed consolidated financial statements.
- **U.S.** The increase in admissions revenues of \$5.3 million was primarily attributable to a 4.6% increase in average ticket price from \$5.65 for the first quarter of 2007 to \$5.91 for the first quarter of 2008, slightly offset by a 1.7% decline in attendance. The increase in concession revenues of \$1.1 million was primarily attributable to a 3.3% increase in concession revenues per patron from \$2.73 for the first quarter of 2007 to \$2.82 for the first quarter of 2008. The increases in average ticket price and concession revenues per patron were primarily due to price increases. The \$4.3 million, or 33.9%, decrease in other revenues was primarily attributable to reduced screen advertising revenues earned under the amended Exhibitor Services Agreement with NCM. See Note 6 to the condensed consolidated financial statements.
- **International.** The increase in admissions revenues of \$13.1 million was attributable to an 18.4% increase in average ticket price from \$3.26 for the first quarter of 2007 to \$3.86 for the first quarter of 2008, which contributed \$9.3 million, and a 7.7% increase in attendance, which contributed \$3.8 million. The increase in concession revenues of \$6.0 million was attributable to a 20.4% increase in concession revenues per patron from \$1.37 for the first quarter of 2007 to \$1.65 for the first quarter of 2008, which contributed \$4.3 million, and a 7.7% increase in attendance, which contributed \$1.7 million. The increases in average ticket price and concession revenues per patron were primarily due to price increases and the impact of exchange rates in certain countries in which we operate. The increase in

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attendance was primarily due to the solid performance of the 2007 carryover films in our international markets in the first quarter of 2008 and new theatre openings.

*Theatre Operating Costs (excludes depreciation and amortization expense).* Theatre operating costs were \$303.9 million, or 75.8% of revenues, for the first quarter of 2008 compared to \$281.8 million, or 74.6% of revenues, for the first quarter of 2007. The table below, presented by reportable operating segment, summarizes our year-over-year theatre operating costs.

	U.S. Operating Segment		International Operating Segment		Consolidated	
	Three Months Ended		Three Months Ended		Three Months Ended	
	March 31,		March 31,		March 31,	
	2008	2007	2008	2007	2008	2007
Film rentals and advertising	\$ 108.9	\$ 105.5	\$ 29.2	\$ 22.8	\$ 138.1	\$ 128.3
Concession supplies	12.5	12.5	6.2	5.0	\$ 18.7	\$ 17.5
Salaries and wages	35.4	34.3	7.2	5.9	\$ 42.6	\$ 40.2
Facility lease expense	41.5	39.9	14.8	11.7	\$ 56.3	\$ 51.6
Utilities and other	36.3	34.3	11.9	9.9	\$ 48.2	\$ 44.2
Total theatre operating costs	\$ 234.6	\$ 226.5	\$ 69.3	\$ 55.3	\$ 303.9	\$ 281.8

- **Consolidated.** Film rentals and advertising costs were \$138.1 million, or 52.7% of admissions revenues, for the first quarter of 2008 compared to \$128.3 million, or 52.6% of admissions revenues, for the first quarter of 2007. The increase in film rentals and advertising costs of \$9.8 million is primarily due to an \$18.4 million increase in admissions revenues, which contributed \$9.2 million, and an increase in our film rental and advertising rate, which contributed \$0.6 million. Concession supplies expense was \$18.7 million, or 15.3% of concession revenues, for the first quarter of 2008, compared to \$17.5 million, or 15.2% of concession revenues, for the first quarter of 2007. The increase in concession supplies expense of \$1.2 million is primarily due to increased concession revenues.

Salaries and wages increased to \$42.6 million for the first quarter of 2008 from \$40.2 million for the first quarter of 2007 primarily due to minimum wage increases in the U.S. during the latter part of 2007, the impact of exchange rates in certain countries in which we operate, and new theatre openings. Facility lease expense increased to \$56.3 million for the first quarter of 2008 from \$51.6 million for the first quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$48.2 million for the first quarter of 2008 from \$44.2 million for the first quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

- **U.S.** Film rentals and advertising costs were \$108.9 million, or 53.7% of admissions revenues, for the first quarter of 2008 compared to \$105.5 million, or 53.4% of admissions revenues, for the first quarter of 2007. The increase in film rentals and advertising costs of \$3.4 million is due to a \$5.3 million increase in admissions revenues, which contributed \$2.8 million, and an increase in our film rentals and advertising rate, which contributed \$0.6 million. Concession supplies expense was \$12.5 million for the first quarter of 2008 and the first quarter of 2007. As a percentage of concession revenues, concession supplies expense was 12.9% for the first quarter of 2008 compared to 13.1% for the first quarter of 2007.

Salaries and wages increased to \$35.4 million for the first quarter of 2008 from \$34.3 million for the first quarter of 2007 primarily due to minimum wage increases during the latter part of 2007 and new theatre openings. Facility lease expense increased to \$41.5 million for the first quarter of 2008 from \$39.9 million for the first quarter of 2007 primarily due to new theatre openings. Utilities and other costs increased to \$36.3 million for the first quarter of 2008 from \$34.3 million for the first quarter of 2007 primarily due to new theatre openings.

- **International.** Film rentals and advertising costs were \$29.2 million, or 49.0% of admissions revenues, for the first quarter of 2008 compared to \$22.8 million, or 49.0% of admissions revenues, for the first quarter of 2007. The increase in film rentals and advertising costs is primarily due to increased admissions revenues. Concession supplies expense was \$6.2 million, or 24.3% of concession revenues, for the first quarter of 2008 compared to \$5.0 million, or 25.6% of concession revenues, for the first quarter of 2007. The increase in concession supplies expense is primarily due to increased concession revenues.

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Salaries and wages increased to \$7.2 million for the first quarter of 2008 from \$5.9 million for the first quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Facility lease expense increased to \$14.8 million for the first quarter of 2008 from \$11.7 million for the first quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate. Utilities and other costs increased to \$11.9 million for the first quarter of 2008 from \$9.9 million for the first quarter of 2007 primarily due to new theatre openings and the impact of exchange rates in certain countries in which we operate.

*General and Administrative Expenses.* General and administrative expenses increased to \$20.6 million for the first quarter of 2008 from \$18.7 million for the first quarter of 2007. The increase was primarily due to increased service charges related to increased credit card activity and increased professional fees.

*Depreciation and Amortization.* Depreciation and amortization expense, including amortization of favorable leases, was \$38.1 million for the first quarter of 2008 compared to \$37.8 million for the first quarter of 2007 primarily due to new theatre openings.

*Impairment of Long-Lived Assets.* We recorded asset impairment charges on assets held and used of \$4.5 million for the first quarter of 2008 compared to \$49.7 million during the first quarter of 2007. Impairment charges for the first quarter of 2008 consisted of \$4.5 million of theatre properties. Impairment charges for the first quarter of 2007 consisted of \$6.4 million of theatre properties, \$40.8 million of goodwill and \$2.5 million of intangible assets associated with theatre properties. As a result of the modification to the NCM Exhibitor Services Agreement during the first quarter of 2007, we performed a goodwill impairment evaluation on all of our U.S. theatres, which led to a majority of the goodwill impairment charges recorded during the first quarter of 2007. Significant judgment is involved in estimating cash flows and fair value. Management's estimates are based on historical and projected operating performance as well as recent market transactions. See notes 6, 12 and 13 to our condensed consolidated financial statements. See also discussion of *Gain on NCM Transaction*.

*(Gain) Loss on Sale of Assets and Other.* We recorded a gain on sale of assets and other of \$0.2 million during the first quarter of 2008 compared to a loss on sale of assets and other of \$0.3 million during the first quarter of 2007. The gain recorded during the first quarter of 2008 was due to the gain on sale of land parcels slightly offset by the write-off of theatre equipment that was replaced. The loss recorded during the first quarter of 2007 was due to a loss on the sale of real property associated with one of our U.S. theatres.

*Interest Expense.* Interest costs incurred, including amortization of debt issue costs, were \$32.1 million for the first quarter of 2008 compared to \$41.5 million for the first quarter of 2007. The decrease was primarily due to a reduction in the variable interest rates on a portion of our long-term debt and the repurchase of substantially all of our outstanding 9% senior subordinated notes that occurred during March 2007.

*Loss on Early Retirement of Debt.* We recorded a loss on early retirement of debt of \$0.1 million during the first quarter of 2008, which consisted of the write-off of unamortized debt issue costs partially offset by a discount on the repurchase of \$10.0 million aggregate principal amount at maturity of our 9 3/4% senior discount notes. We recorded a loss on early retirement of debt of \$7.8 million during the first quarter of 2007, which consisted of tender offer repurchase costs, including premiums paid and other fees, and the write-off of unamortized debt issue costs, partially offset by the write-off of the unamortized bond premium, associated with the repurchase of \$332.0 million aggregate principal amount of our 9% senior subordinated notes during March 2007.

*Gain on NCM Transaction.* During the first quarter of 2007, we recorded a gain of \$210.8 million on the sale of a portion of our equity investment in NCM in conjunction with the initial public offering of NCM, Inc. Our ownership interest in NCM was reduced from approximately 25% to approximately 14% as part of this sale of stock in the offering. See Note 6 to our condensed consolidated financial statements.

*Distributions from NCM.* We recorded distributions from NCM of \$5.2 million during the first quarter of 2008, which were in excess of the carrying value of our investment. See Note 6 to our condensed consolidated financial statements.

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*Income Taxes.* Income tax expense of \$3.6 million was recorded for the first quarter of 2008 compared to \$35.4 million recorded for the first quarter of 2007. The effective tax rate was 40.9% for the first quarter of 2008 compared to 23.0% for the first quarter of 2007. The change in the effective tax rate from the first quarter of 2007 to the first quarter of 2008 was mainly due to the gain on the NCM Transaction recorded in the first quarter of 2007. See Note 8 to our condensed consolidated financial statements.

## Liquidity and Capital Resources

### *Operating Activities*

We primarily collect our revenues in cash, mainly through box office receipts and the sale of concession supplies. In addition, a majority of our theatres provide the patron a choice of using a credit card, in place of cash, which we convert to cash over a range of one to six days. Because our revenues are received in cash prior to the payment of related expenses, we have an operating "float" and historically have not required traditional working capital financing. Cash provided by operating activities was \$24.7 million for the three months ended March 31, 2008 compared to cash provided by operating activities of \$161.2 million for the three months ended March 31, 2007. The decrease in cash provided by operating activities is primarily due to the proceeds received from NCM during the three months ended March 31, 2007 for the modification of our Exhibitor Services Agreement with NCM. See Note 6 to our condensed consolidated financial statements for further discussion of the NCM Transaction.

Since the issuance of the 9<sup>3/4</sup>% senior discount notes on March 31, 2004, interest has accreted rather than been paid in cash, which has benefited our operating cash flows for the periods presented. Interest will be paid in cash commencing September 15, 2009, at which time our operating cash flows will be impacted by these cash payments.

### *Investing Activities*

Our investing activities have been principally related to the development and acquisition of additional theatres. New theatre openings and acquisitions historically have been financed with internally generated cash and by debt financing, including borrowings under our senior secured credit facility. Cash used for investing activities was \$31.5 million for the three months ended March 31, 2008 compared to cash provided by investing activities of \$191.1 million for the three months ended March 31, 2007. The decrease in cash provided by investing activities is primarily due to the proceeds received during the three months ended March 31, 2007 from the sale of a portion of our investment in NCM. See Note 6 to our condensed consolidated financial statements for further discussion of the NCM Transaction.

During February 2008, we, AMC and Regal each invested an additional \$1.0 million in DCIP. See Note 7 to our condensed consolidated financial statements.

Capital expenditures for the three months ended March 31, 2008 and 2007 were as follows (in millions):

<b>Period</b>	<b>New Theatres</b>	<b>Existing Theatres</b>	<b>Total</b>
Three Months Ended March 31, 2008	\$ 24.5	\$ 6.3	\$30.8
Three Months Ended March 31, 2007	\$ 21.7	\$10.4(1)	\$32.1

(1) Includes approximately \$2.7 million of expenditures related to the rollout of digital technology for NCM advertising to the Century theatres acquired.

We continue to expand our U.S. theatre circuit. We acquired two theatres with 28 screens and closed two theatres with 32 screens during the three months ended March 31, 2008. At March 31, 2008, we had signed commitments to open ten new theatres with 128 screens in domestic markets during 2008 and open seven new theatres with 104 screens subsequent to 2008. We estimate the remaining capital expenditures for the development of these 232 domestic screens will be approximately \$93.3 million. Actual expenditures for continued theatre development and acquisitions are subject to change based upon the availability of attractive opportunities.

We plan to continue to expand our international theatre circuit. We closed four screens during the three months ended March 31, 2008; however, at March 31, 2008, we had signed commitments to open four new theatres with 25 screens in international markets during 2008. We estimate the remaining capital expenditures for the development of these 25 international screens will be approximately \$12.8 million. Actual expenditures for continued theatre development and

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acquisitions are subject to change based upon the availability of attractive opportunities.

We plan to fund capital expenditures for our continued development with cash flow from operations, borrowings under our senior secured credit facility, subordinated note borrowings, proceeds from sale leaseback transactions and/or sales of excess real estate.

### *Financing Activities*

Cash used for financing activities was \$27.9 million for the three months ended March 31, 2008 compared to \$336.5 million for the three months ended March 31, 2007. The decrease in cash used for financing activities was primarily due to the repurchase of \$332.0 million of our 9% senior subordinated notes that occurred during the three months ended March 31, 2007.

In August 2007, we initiated a quarterly dividend policy. On February 26, 2008, our board of directors declared a cash dividend for the fourth quarter of 2007 in the amount of \$0.18 per share of common stock payable to stockholders of record on March 6, 2008. The dividend was paid on March 14, 2008 in the total amount of \$19.3 million.

On March 20, 2008, in one open market purchase, we repurchased \$10.0 million aggregate principal amount at maturity of our 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$9.0 million, including accreted interest of \$2.9 million. We funded the transaction with proceeds from our initial public offering. As a result of the transaction, we recorded a loss on early retirement of debt of approximately \$0.1 million, which primarily includes the write-off of unamortized debt issue costs partially offset by a discount on the repurchased notes.

We may from time to time, subject to compliance with our debt instruments, purchase on the open market our debt securities depending upon the availability and prices of such securities. Long-term debt consisted of the following as of March 31, 2008 and December 31, 2007:

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Cinemark, Inc. 9 <sup>3</sup> / <sub>4</sub> % senior discount notes due 2014	\$ 416,674	\$ 415,768
Cinemark USA, Inc. term loan	1,101,686	1,101,686
Cinemark USA, Inc. 9% senior subordinated notes due 2013	184	184
Other long-term debt	5,388	6,107
<b>Total long-term debt</b>	<b>\$ 1,523,932</b>	<b>1,523,745</b>
Less current portion	12,001	9,166
<b>Long-term debt, less current portion</b>	<b>\$ 1,511,931</b>	<b>\$ 1,514,579</b>

As of March 31, 2008, we had borrowings of \$1,101.7 million outstanding on the term loan under our senior secured credit facility, \$416.7 million accreted principal amount outstanding under our 9<sup>3</sup>/<sub>4</sub>% senior discount notes and approximately \$0.2 million aggregate principal amount outstanding under the 9% senior subordinated notes, respectively, and had approximately \$149.9 million in available borrowing capacity under our revolving credit facility. We were in full compliance with all covenants governing our outstanding debt at March 31, 2008.

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As of March 31, 2008, our long-term debt obligations, scheduled interest payments on long-term debt, future minimum lease obligations under non-cancelable operating and capital leases, scheduled interest payments under capital leases, outstanding letters of credit, obligations under employment agreements and purchase commitments for each period indicated are summarized as follows:

Contractual Obligations	Payments Due by Period (in millions)				
	Total	Less Than One Year	1 - 3 Years	4 - 5 Years	After 5 Years
Long-term debt <sup>1</sup>	\$1,563.6	\$ 12.0	\$ 25.5	\$ 543.4	\$ 982.7
Scheduled interest payments on long-term debt <sup>2</sup>	\$ 532.0	62.0	210.9	196.2	62.9
Operating lease obligations	\$1,956.4	180.4	354.0	333.9	1,088.1
Capital lease obligations	\$ 128.1	5.1	12.0	13.0	98.0
Scheduled interest payments on capital leases	\$ 115.3	12.7	23.8	21.4	57.4
Letters of credit	\$ 0.1	0.1	—	—	—
Employment agreements	\$ 10.5	3.5	7.0	—	—
Purchase commitments <sup>3</sup>	\$ 145.0	83.5	60.1	1.2	0.2
<b>Total obligations<sup>4</sup></b>	<b>\$4,451.0</b>	<b>\$ 359.3</b>	<b>\$ 693.3</b>	<b>\$ 1,109.1</b>	<b>\$2,289.3</b>

1 Includes the 9<sup>3</sup>/<sub>4</sub>% senior discount notes in the aggregate principal amount at maturity of \$456.4 million.

2 Amounts include scheduled interest payments on fixed rate and variable rate debt agreements. Estimates for the variable rate interest payments were based on interest rates in effect on March 31, 2008. The average interest rates on our fixed rate and variable rate debt were 8.1% and 4.8%, respectively, as of March 31, 2008.

3 Includes estimated capital expenditures associated with the construction of new theatres to which we were committed as of March 31, 2008.

4 The contractual obligations table excludes the Company's FIN 48 liabilities of \$15.6 million because the Company cannot make a reliable estimate of the timing of the related cash payments.

### Cinemark, Inc. 9<sup>3</sup>/<sub>4</sub>% Senior Discount Notes

On March 31, 2004, Cinemark, Inc. issued approximately \$577.2 million aggregate principal amount at maturity of 9<sup>3</sup>/<sub>4</sub>% senior discount notes due 2014. Interest on the notes accrues until March 15, 2009 up to their aggregate principal amount. Cash interest will accrue and be payable semi-annually in arrears on March 15 and September 15, commencing on September 15, 2009. Due to Cinemark, Inc.'s holding company status, payments of principal and interest under these notes will be dependent on loans, dividends and other payments from its subsidiaries. Cinemark, Inc. may redeem all or part of the 9<sup>3</sup>/<sub>4</sub>% senior discount notes on or after March 15, 2009.

Prior to 2007, Cinemark, Inc. repurchased a total of \$41.6 million aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$33.0 million, including accreted interest. Cinemark, Inc. funded these transactions with available cash from its operations.

During July and August 2007, Cinemark, Inc. repurchased in six open market purchases a total of \$47.0 million aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$42.8 million, including accreted interest of \$10.9 million and a cash premium of \$2.5 million. During November 2007, as part of an open market purchase, Cinemark, Inc. repurchased \$22.2 million aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$20.9 million, including accreted interest of \$5.7 million and a cash premium of \$1.5 million. On March 20, 2008, in one open market purchase, Cinemark, Inc. repurchased \$10.0 million aggregate principal amount at maturity of its 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$9.0 million, including accreted interest of \$2.9 million. We funded the 2007 and 2008 transactions with proceeds from our initial public offering.

As of March 31, 2008, the accreted principal balance of the notes was approximately \$416.7 million and the aggregate principal amount at maturity was approximately \$456.4 million.

The indenture governing the 9<sup>3</sup>/<sub>4</sub>% senior discount notes contains covenants that limit, among other things, dividends, transactions with affiliates, investments, sales of assets, mergers, repurchases of our capital stock, liens and additional indebtedness. The dividend restriction contained in the indenture prevents Cinemark, Inc. from paying a

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dividend or otherwise distributing cash to its stockholders unless (1) it is not in default, and the distribution would not cause it to be in default, under the indenture; (2) it would be able to incur at least \$1.00 more of indebtedness without the ratio of its consolidated cash flow to its fixed charges (each as defined in the indenture, and calculated on a pro forma basis for the most recently ended four full fiscal quarters for which internal financial statements are available, using certain assumptions and modifications specified in the indenture, and including the additional indebtedness then being incurred) falling below two to one (the “senior notes debt incurrence ratio test”); and (3) the aggregate amount of distributions made since March 31, 2004, including the distribution proposed, is less than the sum of (a) half of its consolidated net income (as defined in the indenture) since February 11, 2003, (b) the net proceeds to it from the issuance of stock since April 2, 2004, and (c) certain other amounts specified in the indenture, subject to certain adjustments specified in the indenture. The dividend restriction is subject to certain exceptions specified in the indenture.

Upon certain specified types of change of control of Cinemark, Inc., Cinemark, Inc. would be required under the indenture to make an offer to repurchase all of the 9% senior discount notes at a price equal to 101% of the accreted value of the notes plus accrued and unpaid interest, if any, through the date of repurchase.

### *Senior Secured Credit Facility*

On October 5, 2006, in connection with the Century Acquisition, the Company’s wholly-owned subsidiary, Cinemark USA, Inc., entered into a senior secured credit facility. The senior secured credit facility provides for a seven year term loan of \$1.12 billion and a \$150 million revolving credit line that matures in six years unless our 9% senior subordinated notes have not been refinanced by August 1, 2012 with indebtedness that matures no earlier than seven and one-half years after the closing date of the senior secured credit facility, in which case the maturity date of the revolving credit line becomes August 1, 2012. The net proceeds of the term loan were used to finance a portion of the \$531.2 million cash portion of the Century Acquisition, repay in full the \$253.5 million outstanding under the former senior secured credit facility, repay \$360.0 million of existing indebtedness of Century and to pay for related fees and expenses. The revolving credit line was left undrawn at closing. The revolving credit line is used for our general corporate purposes.

At March 31, 2008, there was \$1,101.7 million outstanding under the term loan and no borrowings outstanding under the revolving credit line. Approximately \$149.9 million was available for borrowing under the revolving credit line, after giving effect to a \$0.1 million letter of credit outstanding. The average interest rate on outstanding borrowings under the senior secured credit facility at March 31, 2008 was 5.6% per annum.

Under the term loan, principal payments of \$2.8 million are due each calendar quarter beginning December 31, 2006 through September 30, 2012 and increase to \$263.2 million each calendar quarter from December 31, 2012 to maturity at October 5, 2013. Prior to the amendment to the senior secured credit facility discussed below, the term loan accrued interest, at Cinemark USA, Inc.’s option, at: (A) the base rate equal to the higher of (1) the prime lending rate as set forth on the British Banking Association Telerate page 5 or (2) the federal funds effective rate from time to time plus 0.50%, plus a margin that ranges from 0.75% to 1.00% per annum, or (B) a “eurodollar rate” plus a margin that ranges from 1.75% to 2.00% per annum, in each case as adjusted pursuant to Cinemark USA, Inc.’s corporate credit rating. Borrowings under the revolving credit line bear interest, at Cinemark USA, Inc.’s option, at: (A) a base rate equal to the higher of (1) the prime lending rate as set forth on the British Banking Association Telerate page 5 and (2) the federal funds effective rate from time to time plus 0.50%, plus a margin that ranges from 0.50% to 1.00% per annum, or (B) a “eurodollar rate” plus a margin that ranges from 1.50% to 2.00% per annum, in each case as adjusted pursuant to Cinemark USA, Inc.’s consolidated net senior secured leverage ratio as defined in the credit agreement. Cinemark USA, Inc. is required to pay a commitment fee calculated at the rate of 0.50% per annum on the average daily unused portion of the revolving credit line, payable quarterly in arrears, which rate decreases to 0.375% per annum for any fiscal quarter in which Cinemark USA, Inc.’s consolidated net senior secured leverage ratio on the last day of such fiscal quarter is less than 2.25 to 1.0.

On March 14, 2007, Cinemark USA, Inc. amended its senior secured credit facility to, among other things, modify the interest rate on the term loans under the senior secured credit facility, modify certain prepayment terms and covenants, and facilitate the tender offer for the 9% senior subordinated notes. The term loans now accrue interest, at Cinemark USA, Inc.’s option, at: (A) the base rate equal to the higher of (1) the prime lending rate as set forth on the British Banking Association Telerate page 5, or (2) the federal funds effective rate from time to time plus 0.50%, plus a margin that ranges from 0.50% to 0.75% per annum, or (B) a “eurodollar rate” plus a margin that ranges from 1.50% to 1.75%, per annum. In each case, the margin is a function of the corporate credit rating applicable to the borrower. The interest rate on the revolving credit line was not amended. Additionally, the amendment removed any obligation to prepay amounts

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outstanding under the senior secured credit facility in an amount equal to the amount of the net cash proceeds received from the NCM transaction or from excess cash flows, and imposed a 1% prepayment premium for one year on certain prepayments of the term loans.

Cinemark USA, Inc.'s obligations under the senior secured credit facility are guaranteed by Cinemark Holdings, Inc., Cinemark, Inc., CNMK Holding, Inc., and certain of Cinemark USA, Inc.'s domestic subsidiaries and are secured by mortgages on certain fee and leasehold properties and security interests in substantially all of Cinemark USA, Inc.'s and the guarantors' personal property, including, without limitation, pledges of all of Cinemark USA, Inc.'s capital stock, all of the capital stock of Cinemark, Inc., CNMK Holding, Inc. and certain of Cinemark USA, Inc.'s domestic subsidiaries and 65% of the voting stock of certain of its foreign subsidiaries.

The senior secured credit facility contains usual and customary negative covenants for transactions of this type, including, but not limited to, restrictions on Cinemark USA, Inc.'s ability, and in certain instances, its subsidiaries' and Cinemark Holdings, Inc.'s, Cinemark, Inc.'s and CNMK Holding, Inc.'s ability, to consolidate or merge or liquidate, wind up or dissolve; substantially change the nature of its business; sell, transfer or dispose of assets; create or incur indebtedness; create liens; pay dividends, repurchase stock and voluntarily repurchase or redeem the 9<sup>3/4</sup>% senior discount notes; and make capital expenditures and investments. The senior secured credit facility also requires Cinemark USA, Inc. to satisfy a consolidated net senior secured leverage ratio covenant as determined in accordance with the senior secured credit facility. The dividend restriction contained in the senior secured credit facility prevents us and any of our subsidiaries from paying a dividend or otherwise distributing cash to its stockholders unless (1) we are not in default, and the distribution would not cause us to be in default, under the senior secured credit facility; and (2) the aggregate amount of certain dividends, distributions, investments, redemptions and capital expenditures made since October 5, 2006, including the distribution currently proposed, is less than the sum of (a) the aggregate amount of cash and cash equivalents received by Cinemark Holdings, Inc. or Cinemark USA, Inc. as common equity since October 5, 2006, (b) Cinemark USA, Inc.'s consolidated EBITDA minus 1.75 times its consolidated interest expense, each as defined in the senior secured credit facility, since October 1, 2006, (c) \$150 million and (d) certain other amounts specified in the senior secured credit facility, subject to certain adjustments specified in the senior secured credit facility. The dividend restriction is subject to certain exceptions specified in the senior secured credit facility.

The senior secured credit facility also includes customary events of default, including, among other things, payment default, covenant default, breach of representation or warranty, bankruptcy, cross-default, material ERISA events, certain types of change of control, material money judgments and failure to maintain subsidiary guarantees. If an event of default occurs, all commitments under the senior secured credit facility may be terminated and all obligations under the senior secured credit facility could be accelerated by the lenders, causing all loans outstanding (including accrued interest and fees payable thereunder) to be declared immediately due and payable. The Cinemark Holdings, Inc. initial public offering is not considered a change of control under the senior secured credit facility.

During March 2007, we entered into two interest rate swap agreements with effective dates of August 13, 2007 and terms of five years each. The interest rate swaps were designated to hedge approximately \$500.0 million of our variable rate debt obligations. Under the terms of the interest rate swap agreements, we pay fixed rates of 4.918% and 4.922% on \$375.0 million and \$125.0 million, respectively, of variable rate debt and receive interest at a variable rate based on the 3-month LIBOR. The 3-month LIBOR rate on each reset date determines the variable portion of the interest rate-swaps for the three-month period following the reset date. No premium or discount was incurred upon us entering into the interest rate swaps because the pay and receive rates on the interest rate swaps represented prevailing rates for each counterparty at the time the interest rate swaps were consummated. The interest rate swaps qualify for cash flow hedge accounting treatment in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and as such, we have effectively hedged our exposure to variability in the future cash flows attributable to the 3-month LIBOR on approximately \$500.0 million of debt. The change in the fair value of the interest rate swaps is recorded on our condensed consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income and the ineffective portion reported in earnings. At March 31, 2008, the estimated aggregate fair value of the interest rate swaps was a liability of approximately \$37.8 million.

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### *Cinemark USA, Inc. 9% Senior Subordinated Notes*

On February 11, 2003, Cinemark USA, Inc. issued \$150 million aggregate principal amount of 9% senior subordinated notes due 2013 and on May 7, 2003, Cinemark USA, Inc. issued an additional \$210 million aggregate principal amount of 9% senior subordinated notes due 2013, collectively referred to as the 9% senior subordinated notes. Interest is payable on February 1 and August 1 of each year.

Prior to 2007, Cinemark USA, Inc. repurchased a total of \$27.8 million aggregate principal amount of its 9% senior subordinated notes. The transactions were funded by Cinemark USA, Inc. with available cash from operations.

On March 6, 2007, Cinemark USA, Inc. commenced an offer to purchase for cash any and all of its then outstanding \$332.2 million aggregate principal amount of 9% senior subordinated notes. In connection with the tender offer, Cinemark USA, Inc. solicited consents for certain proposed amendments to the indenture to remove substantially all restrictive covenants and certain events of default provisions. On March 20, 2007, the early settlement date, Cinemark USA, Inc. repurchased \$332.0 million aggregate principal amount of 9% senior subordinated notes and executed a supplemental indenture removing substantially all of the restrictive covenants and certain events of default. Cinemark USA, Inc. used the proceeds from the NCM transaction and cash on hand to purchase the 9% senior subordinated notes tendered pursuant to the tender offer and consent solicitation. On March 20, 2007, we and the Bank of New York Trust Company, N.A., as trustee to the Indenture dated February 11, 2003, executed the Fourth Supplemental Indenture. The Fourth Supplemental Indenture became effective on March 20, 2007 and it amends the Indenture by eliminating substantially all restrictive covenants and certain events of default provisions. On April 3, 2007, the Company repurchased an additional \$0.1 million aggregate principal amount of the 9% senior subordinated notes tendered after the early settlement date.

As of March 31, 2008, Cinemark USA, Inc. had outstanding approximately \$0.2 million aggregate principal amount of 9% senior subordinated notes. Cinemark USA, Inc. may redeem the remaining 9% senior subordinated notes on or after February 1, 2008.

### **Seasonality**

Our revenues have historically been seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, the most successful motion pictures have been released during the summer, extending from May to mid-August, and during the holiday season, extending from the beginning of November through year-end. The unexpected emergence of a hit film during other periods can alter this seasonality trend. The timing of such film releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or for the same period in the following year.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We have exposure to financial market risks, including changes in interest rates, foreign currency exchange rates and other relevant market prices.

#### Interest Rate Risk

We are currently party to variable rate debt facilities. An increase or decrease in interest rates would affect interest costs relating to our variable rate debt facilities. At March 31, 2008, there was an aggregate of approximately \$607.1 million of variable rate debt outstanding under these facilities. Based on the interest rate levels in effect on the variable rate debt outstanding at March 31, 2008, a 100 basis point increase in market interest rates would increase our annual interest expense by approximately \$6.1 million.

During March 2007, we entered into two interest rate swap agreements with effective dates of August 13, 2007 and terms of five years each. The interest rate swaps were designated to hedge approximately \$500.0 million of our variable rate debt obligations. Under the terms of the interest rate swap agreements, we pay fixed rates of 4.918% and 4.922% on \$375.0 million and \$125.0 million, respectively, of variable rate debt and receive interest at a variable rate based on the 3-month LIBOR. The 3-month LIBOR rate on each reset date determines the variable portion of the interest rate-swaps for the three-month period following the reset date. No premium or discount was incurred upon us entering into the interest rate swaps because the pay and receive rates on the interest rate swaps represented prevailing rates for each counterparty at the time the interest rate swaps were consummated. The interest rate swaps qualify for cash flow hedge accounting treatment in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and as

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such, we have effectively hedged our exposure to variability in the future cash flows attributable to the 3-month LIBOR on approximately \$500.0 million of debt. The change in the fair values of the interest rate swaps is recorded on our condensed consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income and the ineffective portion reported in earnings. At March 31, 2008, the estimated aggregate fair value of the interest rate swaps was a liability of approximately \$37.8 million.

The tables below provide information about our fixed rate and variable rate long-term debt agreements as of March 31, 2008 and December 31, 2007:

Expected Maturity as of March 31, 2008									Average Interest Rate
(in millions)									
	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value	
Fixed rate (1)	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ 956.3	\$ 956.5	\$ 922.4	8.1%
Variable rate	12.0	13.5	12.0	11.2	532.0	26.4	607.1	609.3	4.8%
<b>Total debt</b>	<b>\$12.0</b>	<b>\$13.5</b>	<b>\$12.0</b>	<b>\$11.2</b>	<b>\$532.2</b>	<b>\$ 982.7</b>	<b>\$1,563.6</b>	<b>\$1,531.7</b>	

  

Expected Maturity as of December 31, 2007									Average Interest Rate
(in millions)									
	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value	
Fixed rate (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 966.6	\$ 966.6	\$ 940.1	8.2%
Variable rate	9.2	13.8	12.4	11.2	271.6	289.6	607.8	612.8	6.7%
<b>Total debt</b>	<b>\$9.2</b>	<b>\$13.8</b>	<b>\$12.4</b>	<b>\$11.2</b>	<b>\$271.6</b>	<b>\$1,256.2</b>	<b>\$1,574.4</b>	<b>\$1,552.9</b>	

(1) Includes \$500.0 million of the Cinemark USA, Inc. term loan, which represents the debt hedged with the Company's interest rate swap agreements.

**Foreign Currency Exchange Rate Risk**

We are also exposed to market risk arising from changes in foreign currency exchange rates as a result of our international operations. Generally, we export from the U.S. certain of the equipment and 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 subsidiaries operate in a highly inflationary economy, generally accepted accounting principles in the U.S. require that the U.S. dollar be used as the functional currency for the subsidiary. Currency fluctuations result in us reporting exchange gains (losses) or foreign currency translation adjustments relating to our international subsidiaries depending on the inflationary environment of the country in which we operate. Based upon our equity ownership in our international subsidiaries as of March 31, 2008, holding everything else constant, a 10% immediate, simultaneous, unfavorable change in all of the foreign currency exchange rates to which we are exposed would decrease the net book value of our investments in our international subsidiaries by approximately \$37 million and would decrease the aggregate net income of our international subsidiaries by approximately \$0.8 million.

**Item 4T. Controls and Procedures**

Evaluation of Disclosure Controls and Procedures

We have established a system of controls and other procedures designed to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of our Chief Executive Officer and Chief Financial Officer for the period covered by this report. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective in alerting them in a timely basis to material information relating to the Company and its consolidated subsidiaries required to be included in our reports filed or submitted under the Exchange Act.

Changes in Internal Controls Over Financial Reporting

There have been no material changes in our system of internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting within the period covered by this report.

**PART II — OTHER INFORMATION**

**Item 1. Legal Proceedings**

Previously reported under "Business — Legal Proceedings" in the Company's Annual Report on Form 10-K filed March 28, 2008.

**Item 1A. Risk Factors**

There have been no material changes from risk factors previously disclosed in "Risk Factors" in the Company's Annual Report on Form 10-K filed March 28, 2008.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During March 2008, we repurchased in one open market purchase \$10.0 million aggregate principal amount at maturity of our 9<sup>3</sup>/<sub>4</sub>% senior discount notes for approximately \$9.0 million, including accreted interest of \$2.9 million. We funded the transaction with proceeds from our initial public offering. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) on April 24, 2007.

**Item 6. Exhibits**

- \*4.1 Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan.
- \*4.2 Form of Restricted Stock Unit Award Agreement pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan.
- \*31.1 Certification of Alan Stock, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- \*31.2 Certification of Robert Copple, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- \*32.1 Certification of Alan Stock, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- \*32.2 Certification of Robert Copple, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* filed herewith.

**SIGNATURES**

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

**CINEMARK HOLDINGS, INC.**

Registrant

**DATE:** May 9, 2008

/s/Alan W. Stock

Alan W. Stock  
Chief Executive Officer

/s/Robert Copple

Robert Copple  
Chief Financial Officer

**EXHIBIT INDEX**

<b><u>Number</u></b>	<b><u>Exhibit Title</u></b>
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\* filed herewith.

**AMENDED AND RESTATED  
CINEMARK HOLDINGS, INC.  
2006 LONG TERM INCENTIVE PLAN**

ARTICLE I.  
GENERAL

1.1 Purposes of Plan. The purposes of the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the "**Plan**") are to (i) advance the interests of Cinemark Holdings, Inc. (the "**Company**") and its stockholders by providing significant incentives to selected Employees, Directors and Consultants (as defined herein) of the Company and its Subsidiaries (as defined herein), (ii) enhance the interest of such persons in the success and progress of the Company and its Subsidiaries by providing them with an opportunity to become stockholders of the Company, (iii) enhance the ability of the Company and its Subsidiaries to attract and retain qualified management and other personnel necessary for the success and progress of the Company and its Subsidiaries. The Plan provides for grants of Restricted Shares, Restricted Stock Units, Performance Awards, Incentive Options and Nonqualified Options. The Plan is intended to be a "compensatory benefit plan" within the meaning of such term under Rule 701 of the Securities Act of 1933, as amended. The Plan is an amendment and restatement of the Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended to the date hereof.

1.2 Assumption of Obligations under Cinemark, Inc. 2004 Long Term Incentive Plan The assumption and substitution of options to acquire Cinemark Holdings, Inc. stock for options to acquire common stock of Cinemark, Inc. granted under the Cinemark, Inc. 2004 Long Term Incentive Plan (collectively, the "**Substituted Options**") was made in connection with the share exchange agreement, dated August 7, 2006 and consummated on October 5, 2006 among the then current stockholders of Cinemark, Inc., by which the stockholders exchanged their shares of Class A common stock of Cinemark, Inc. for an equal number of shares of Class A common stock of Company. The number of shares subject to each option, the exercise price per share, the option terms, and the vesting provisions of any Substituted Options did not change as a result of this substitution. The Substituted Options will otherwise be subject to the provisions in the present Plan as though this Plan constituted an amendment and restatement of the Cinemark, Inc. 2004 Long Term Incentive Plan. This assumption and substitution is intended not to constitute a modification of the Substituted Options for purposes of Code § 409A and shall be implemented and administered consistent with such intent.

ARTICLE II.  
DEFINITIONS

2.1 Definitions. Certain terms used herein shall have the meaning below stated.

(a) "**Adjusted EBITDA**" means for any period, without duplication, consolidated net income for such period plus, to the extent reflected as a charge in the statement of such consolidated net income for such period, the sum of:

- (i) expenses for taxes based on income or capital, including franchise and similar taxes;
  - (ii) consolidated interest expense, amortization or write-off of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with indebtedness;
  - (iii) depreciation and amortization expense, including changes in deferred lease expense and amortization of long-term prepaid rent;
  - (iv) amortization of intangibles and organization costs;
  - (v) any extraordinary, unusual or non-recurring gains, losses, income or expense reported by the Company in its public filings with respect to the performance period that are extraordinary or unusual in nature or infrequent in occurrence (including, without limitation, expenses for severance, non-recurring retention bonuses, payments to employees of acquired entities under stock option plans or similar incentive plans such as long term incentive plans, relocation and restructuring costs related to acquisitions or losses);
  - (vi) the impact of impairment of tangible or intangible assets;
  - (vii) net losses on sales of assets outside of the ordinary course of business;
  - (viii) losses or costs arising from lease dispositions;
  - (ix) any call premium (or original issue discount) expenses associated with the repurchase or repayment of indebtedness;
  - (x) any other non-cash charges (including stock option, restricted stock and other noncash compensation or foreign exchange losses);
  - (xi) any reasonable expense related to any equity offering, acquisition, recapitalization, asset sale or indebtedness (whether or not successful);
  - (xii) and minus (1) any extraordinary, unusual or non-recurring income or gains, (2) any other non-cash income or gains (including foreign exchange gains) (other than the amortization of prepaid cash income) and (3) any dividends received from any publicly traded Affiliate the equity value of which has been added to Implied Equity Value. Adjusted EBITDA may include such additional measures of performance and liquidity as the Administrator determines are appropriate to determine value and service debt. Adjusted EBITDA is a non-GAAP financial measure used by the Company in the budget and reporting process.
- (b) “*Administrator*” means the Board or Committee designated to administer the Plan in accordance with Section 7.1.

(c) “*Affiliate*” or “*Affiliates*” means any Person that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether by Contract or otherwise and, in any event and without limitation of the previous sentence, any Person owning ten percent (10%) or more of the voting securities of another Person shall be deemed to control that Person.

(d) “*Award*” means a Restricted Share, a Restricted Stock Unit, a Performance Award, an Incentive Option or a Nonqualified Option granted under the Plan.

(e) “*Award Agreement*” means an agreement between the Company and a Participant containing the terms of an Award under this Plan.

(f) “*Board*” or “*Board of Directors*” means the Board of Directors of the Company.

(g) “*Cause*” means “Cause” as defined in any written Service Agreement in effect between the applicable Participant and the Company or a Subsidiary, or if such Participant is not a party to a written Service Agreement in which Cause is defined, then Cause means (i) the abuse of illegal drugs, alcohol or other controlled substances or the intoxication of such Participant during working hours, (ii) the arrest for, or conviction of, a felony, (iii) the commission of fraud, embezzlement or theft by such Participant (iv) the unexcused absence by such Participant from such Participant’s regular job location for more than five consecutive days or for more than the aggregate number of days permitted to the Participant under Company vacation and sick leave policies applicable to the Participant or (v) any conduct or activity of such Participant deemed injurious to the Company in the reasonable discretion of the Company or the Board of Directors.

(h) “*Code*” means the Internal Revenue Code of 1986, as amended.

(i) “*Committee*” means the committee of directors appointed by the Board to administer the Plan pursuant to ARTICLE VII hereof.

(j) “*Common Stock*” means (i) the authorized Common Stock of the Company, par value \$.001 per share, as constituted on the date the Plan becomes effective or (ii) the shares resulting from a change in the Common Stock as presently constituted which is limited to a change of all of its authorized shares with par value into the same number of shares without par value or as a change in the par value.

(k) “*Company*” means Cinemark Holdings, Inc., a Delaware corporation, or any successor corporation.

(l) “*Consultant*” means a consultant or advisor who is a natural person and who provides bona fide services to the Company or a Subsidiary, provided such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities.

(m) “**Corporate Event**” shall have the meaning ascribed to such term in Section 6.5.

(n) “**Covered Employee**” means the chief executive officer and the four other highest compensated officers of the Company for whom total compensation is or would be required to be reported to stockholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

(o) “**Date of Grant**” means, provided the key terms and conditions of the Award are communicated to the Participant within a reasonable period of time following the Administrator’s action, the date on which the Administrator adopts a resolution, or takes other appropriate action, expressly granting an Award to a Participant that specifies the key terms and conditions of the Award and from which the Participant begins to benefit from or be adversely affected by subsequent changes in the Fair Market Value of the Company Common Stock or, if a subsequent date is set forth in such resolution or determined by the Administrator as the Date of Grant, then such date as is set forth in such resolution. In any situation where the terms of the Award are subject to negotiation with the Participant, the Date of Grant shall not be earlier than the date the key terms and conditions of the Award are communicated to the Participant.

(p) “**Designee**” means a party designated by the Company as having the Repurchase Right described in Section 9.3 including, without limitation, the stockholders of the Company on a pro rata basis.

(q) “**Director**” means a member of the Board or a member of the board of directors of a Subsidiary.

(r) “**Disability**” means “Disability” as defined in any written Service Agreement in effect between the applicable Participant and the Company or a Subsidiary, or if such Participant is not a party to a written Service Agreement in which Disability is defined, then “Disability” means a physical or mental impairment that (a) renders Participant unable to perform the essential functions of Participant’s Service to the Company or its Subsidiaries, even with reasonable accommodation that does not impose an undue hardship on the Company or its Subsidiaries, (b) has existed for at least sixty (60) consecutive days, and (c) in the opinion of a physician selected by the Company will last for a duration of at least one hundred eight (180) consecutive days. Participant’s Disability shall be determined by the Company, in good faith, based upon information supplied by Participant and a physician selected by the Company. For purposes of determining the rules relating to an Incentive Option, the term “Disability” shall have the meaning ascribed to it under Code Section 22(e)(3). Participant shall submit to physical exams and diagnostic tests reasonably recommended by such physician.

(s) “**Employee**” means an officer or other employee of the Company or a Subsidiary.

(t) “**Fair Market Value**” of each share of Common Stock on the date for which Fair Market Value is to be determined will be determined using a method consistent with the definition of fair market value found in Code § 409A and any regulations promulgated thereunder and in effect as of such date, and, where possible, will be determined using a method

that is a presumptively reasonable valuation method under the Code and/or the regulations. As of the date of this Agreement, such methods include:

(i) If the Common Stock is readily tradable on an established securities market, the Fair Market Value may be determined based upon the last sale before or the first sale after the grant, the closing price on the trading day before or the trading day of the grant, or may be based upon an average selling price during a specified period that is within 30 days before or 30 days after the grant, provided that the commitment to grant the stock rights based on such valuation method must be irrevocable before the beginning of the specified period, and such valuation method must be used consistently for grants of stock rights under the same and substantially similar programs.

(ii) If at any time the Common Stock is not listed on any securities exchange or readily tradable on a recognized securities market, the Fair Market Value shall be determined in good faith by the Administrator through the reasonable application of a reasonable valuation method based on the facts and circumstances as of the valuation date, including by an independent appraisal that meets the requirements of Code § 401(a)(28)(C) and the regulations promulgated thereunder as of a date that is no more than 12 months before the relevant transaction to which the valuation is applied (for example, the grant date of a stock option) and such determination shall be conclusive and binding on all persons.

(u) “**Immediate Family**” has the meaning given to such term in Section 5.4(c).

(v) “**Implied Equity Value**” means the creation of equity value based on the annual internal rate of return (“IRR”) of all equity returns per share, including dividends paid to stockholders during the period between the inception of the performance measurement period and the end of the performance measurement period. This value is not intended to track and may be different from changes in the stock price over the same period. IRR is calculated by reference to enterprise value. Enterprise value is determined by multiplying Adjusted EBITDA for the trailing 12 month period ending on the most recent preceding fiscal quarter by a multiple factor designated by the Administrator. The enterprise value so determined is adjusted by subtracting net debt and the book value of consolidated minority interests as reflected on the balance sheet of the Company and adding the fair market value of the equity holdings of any nonconsolidated entity held by the Company. The Administrator may, in its discretion, exclude the fair market value of the equity holdings of any nonpublic nonconsolidated entity from the calculation of Implied Equity Value if such exclusion results in a reduction in the IRR, but may not exercise such discretion if it results in an increase in the IRR. If the Administrator does not designate a multiple factor, the multiple factor will be 10.

(w) “**Incentive Option**” means an Option intended to qualify as an incentive stock option under Section 422 of the Code.

(x) “**Incentive Option Agreement**” has the meaning given to such term in Section 5.2.

(y) "**Listing Date**" means the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

(z) "**Non-Employee Director**" means a Director who is a "non-employee director" within the meaning of Rule 16b-3.

(aa) "**Nonqualified Option**" means an Option that is not intended to qualify as an Incentive Option.

(bb) "**Nonqualified Option Agreement**" has the meaning given to such term in Section 5.3.

(cc) "**Option**" means an option to purchase Common Stock granted by the Administrator to a Participant pursuant to ARTICLE V hereof.

(dd) "**Option Agreement**" means an Incentive Option Agreement and/or a Nonqualified Option Agreement, as applicable.

(ee) "**Option Shares**" means shares of Common Stock purchased as a result of the exercise by an Option holder of an Option, as well as any securities received by the holder in respect of such Option Shares.

(ff) "**Optionholder**" means a Participant to whom an Option has been granted under the Plan.

(gg) "**Outside Director**" means a Director who is an "outside director" within the meaning of Section 162(m) of the Code and Treasury Regulations § 1.162-27(e)(3).

(hh) "**Participant**" means an Employee, Director or Consultant to whom Awards have been granted or awarded under the Plan.

(ii) "**Performance Award**" means an Award granted pursuant to Section 5.7.

(jj) "**Permitted Transferee**" has the meaning given to such term in Section 5.4(c).

(kk) "**Person**" means a natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity.

(ll) "**Plan**" means the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as set forth herein and as from time to time amended.

(mm) "**Publicly Traded**" means corporate stock that is listed on any national securities exchange or traded in any recognized securities market system.

(nn) “**Requisite Holders**” means the holders of the Company’s capital stock constituting more than 50% of the Company’s voting power of all classes of Common Stock of the Company then outstanding.

(oo) “**Restricted Award**” means an Award of either Restricted Shares or Restricted Stock Units, which may include a Performance Award.

(pp) “**Restricted Shares**” means the shares of Common Stock that are awarded to a Participant pursuant to Section 5.5 which on the date of award are both nontransferable and subject to a substantial risk of forfeiture.

(qq) “**Restricted Stock Unit**” means a hypothetical Common Stock unit awarded to a Participant pursuant to Section 5.6.

(rr) “**Restriction Period**” means the period during which Restricted Shares or Restricted Stock Units remain nontransferable and subject to the substantial risk of forfeiture.

(ss) “**Sale of the Company**” means the “Sale of the Company” as defined in any written Service Agreement in effect between the applicable Participant and the Company or a Subsidiary, or if such Participant is not a party to a written Service Agreement in which “Sale of the Company” is defined, the “Sale of the Company” means the sale of the Company to a Person or Persons, pursuant to which such Person or Persons directly or indirectly acquire (i) capital stock of the Company possessing the voting power under normal circumstances to elect a majority of the Company’s board of directors or entitling such Person or Persons to exercise more than fifty percent (50%) of the total voting power of the outstanding shares of capital stock entitled to vote of the Company or of the surviving entity (whether by merger, consolidation or sale or transfer of the Company’s capital stock) or (ii) all or substantially all of the Company’s assets determined on a consolidated basis.

(tt) “**Service**” means service provided to the Company or a Subsidiary as an Employee, Director or Consultant.

(uu) “**Service Agreement**” means any written agreement between a Participant and the Company or any of its Subsidiaries regarding the provision of Service to the Company or any of its Subsidiaries by such Participant.

(vv) “**Securities Laws**” means the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

(ww) “**Subsidiary**” or “**Subsidiaries**” means, as to any Person, any other Person (i) of which such Person or any other Subsidiary of such Person is a general partner, (ii) of which such Person, any one or more of its other subsidiaries of such Person, or such Person and any one or more of its other Subsidiaries, directly or indirectly owns or controls securities or other equity interests representing more than fifty percent (50%) of the aggregate voting power, or (iii) of which such Person, any one or more of its other Subsidiaries of such Person, or such Person and any one or more of its other Subsidiaries, possesses the right to elect more than fifty percent (50%) of the board of directors or Persons holding similar positions; provided, however, with respect to determining rules relating to Incentive Options, the term “Subsidiary” or

“Subsidiaries” means a subsidiary of the Company within the meaning of Section 424(f) of the Code.

ARTICLE III.  
STOCKHOLDER APPROVAL: RESERVATION OF SHARES

3.1 Stockholder Approval. The Plan shall become effective only if, within 12 months from the date the Plan is adopted by the Board, the Plan is approved by the affirmative vote of the Requisite Holders, or by written consent of such Requisite Holders, in accordance with the applicable provisions of the Certificate of Incorporation and Bylaws of the Company and applicable state law. The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers, or amendments to satisfy Section 409A of the Code and the regulations thereunder regarding requirements for deferred compensation plans.

3.2 Shares Reserved Under Plan. The aggregate number of shares of Common Stock which may be issued, whether upon the exercise of Options granted under the Plan or as Restricted Shares granted under the Plan, shall not exceed 19,100,000 shares (as such shares may be adjusted pursuant to Section 9.4 of the Plan). When the exercise price for an Option granted under this Plan is paid with previously outstanding shares of Common Stock or with shares of Common Stock as to which the Option is being exercised, as permitted in Section 5.4(f), the total number of shares of Common Stock for which Options granted under this Plan may thereafter be exercised shall be irrevocably reduced by the total number of shares for which such Option is thus exercised. Shares of Common Stock subject to Awards granted under the Plan may consist of either authorized but unissued shares or shares which have been issued and which shall have been heretofore or shall be hereafter reacquired by the Company. The total number of shares of Common Stock authorized under the Plan shall be subject to increase or decrease in order to give effect to the provisions of Section 9.4 hereof and to give effect to any amendment adopted pursuant to ARTICLE VIII. If any Option granted under the Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, the number of shares as to which such Option was not exercised shall again be available for purposes of the Plan. If any Restricted Shares granted under the Plan are terminated, cancelled or forfeited for any reason, such Restricted Shares shall again be available for purposes of the Plan. If any other Award granted under the Plan is terminated, cancelled or forfeited for any reason, the shares of Common Stock not acquired under such Award shall again be available for purposes of the Plan. The Company shall at all times while the Plan is in effect reserve such number of shares of Common Stock, subject to this Section 3.2, as will be sufficient to satisfy the requirements of the Plan.

ARTICLE IV.  
PARTICIPATION IN PLAN

4.1 Eligibility. Awards under the Plan may be granted to any Employee, Director or Consultant of the Company or a Subsidiary. The Administrator shall determine those Employees, Directors and Consultants to whom Awards shall be granted, and, subject to Section 3.1 hereof, the number of shares of Common Stock subject to each such Award. The grant of an Award under the Plan to a Participant shall not be deemed either to entitle such Participant to, or disqualify such Participant from, participation in any other grant of Awards under the Plan.

4.2 Participation Not Guarantee of Service. Subject to the terms of any Service Agreement with a Participant, nothing in this Plan or in any Award Agreement shall in any manner be construed to limit in any way the right of the Company or any Subsidiary to terminate a Participant's Service at any time, without regard to the effect of such termination on any rights such Participant would otherwise have under this Plan or any Award Agreement, or to give any right to a Participant to remain employed or retained by the Company or a Subsidiary thereof in any particular position or at any particular rate of compensation.

4.3 Section 162(m) Limitation. Subject to the provisions of Section 9.4 relating to adjustments upon changes in the shares of Common Stock, no Employee will be eligible to be granted Options covering more than 1,500,000 shares during any fiscal year, or Performance Awards (including Restricted Shares and Restricted Stock Units) that could result in such Employee receiving more than 1,000,000 shares of Common Stock for each full or partial fiscal year of the Company contained in the performance period of a particular Performance Award. This Section 4.2 does not apply prior to the Listing Date and, following the Listing Date, this Section 4.2 does not apply until (a) the earliest of (i) the first material modification of the Plan (including any increase in the number of shares of Common Stock reserved for issuance under the Plan in accordance with Section 3.2), (ii) the issuance of all of the shares of Common Stock reserved for issuance under the Plan, (iii) the expiration of the Plan, or (iv) the first meeting of stockholders at which Directors are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security under Section 12 of the Exchange Act; or (b) such other date as is required by Section 162(m) of the Code and the rules and regulations promulgated thereunder.

4.4 Effect of Plan. Neither the adoption of the Plan nor any action of the Board, the Committee or the Administrator shall be deemed to give any Employee, Director or Consultant any right to be granted an Award or any other rights, except as may be evidenced by an Award Agreement, or any amendment thereto, duly authorized by the Administrator and executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth in such Award Agreement. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, or shares of preferred stock ahead of or affecting the Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

ARTICLE V.  
GRANT AND EXERCISE OF OPTIONS; GRANT OF RESTRICTED SHARES AND  
RESTRICTED STOCK UNITS; GRANT OF PERFORMANCE AWARDS

5.1 Grant of Options. The Administrator may from time to time in its discretion grant Options, which may be Incentive Options or Nonqualified Options, to Employees, Directors or Consultants. All Options under the Plan shall be granted within ten years from the date the Plan is adopted by the Board or the date the Plan is approved by the Requisite Holders, whichever is earlier.

5.2 Incentive Options. The Administrator may authorize the grant of Incentive Options subject to the terms and conditions set forth herein. The grant of an Incentive Option shall be evidenced by a written agreement between the Company and the Optionholder setting forth the number of shares of Common Stock subject to the Incentive Option evidenced thereby and the terms, conditions and restrictions applicable thereto (an "*Incentive Option Agreement*"). The aggregate Fair Market Value of the Common Stock with respect to which Incentive Options granted under all incentive stock option plans of the Company and its Subsidiaries are exercisable for the first time by the Optionholder during any calendar year shall not exceed \$100,000 or such other threshold in accordance with applicable law. Incentive Options may only be granted to Employees.

5.3 Nonqualified Options. The Administrator may authorize the grant of Nonqualified Options subject to the terms and conditions set forth herein. The grant of a Nonqualified Option shall be evidenced by a written agreement between the Company and the Optionholder setting forth the number of shares of Common Stock subject to the Nonqualified Option evidenced thereby and the terms, conditions and restrictions applicable thereto (a "*Nonqualified Option Agreement*").

5.4 Option Terms. Options granted under the Plan shall be subject to the following requirements:

(a) Option Price. The exercise price of each Incentive Option granted under the Plan shall not be less than the greater of (i) the aggregate par value of the underlying shares of Common Stock and (ii) 100% of the Fair Market Value of the underlying shares of Common Stock on the date the Option is granted. The exercise price of any Nonqualified Options granted under the Plan shall not be less than the Fair Market Value of the underlying shares of Common Stock on the Date of Grant. The exercise price of an Option may be subject to adjustment pursuant to Section 9.4 hereof.

(b) Term of Option. The term during which an Option is exercisable shall be that period determined by the Administrator as set forth in the applicable Option Agreement, provided that no Option shall have a term that exceeds a period of ten years from the date of its grant. Notwithstanding anything herein to the contrary, no portion of an Option may be exercised after the end of the term of such Option.

(c) Nontransferability of Options. Any Option granted under the Plan shall not be transferable by the Optionholder other than by will or the laws of descent and distribution,

and each such Option shall be exercisable during the Optionholder's lifetime only by him or her. No transfer of an Option by an Optionholder by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the will and/or such other evidence as the Administrator may determine necessary to establish the validity of the transfer. Notwithstanding the foregoing, the Administrator, in its sole discretion, may permit the transfer of a Nonqualified Option as follows: (i) by gift to a member of the Optionholder's immediate family or (ii) by transfer by instrument to a trust providing that the Option is to be passed to beneficiaries upon death of the trustor (the recipient of the Nonqualified Option under either or both of (i) or (ii) immediately above is referred to herein as a "**Permitted Transferee**"). For purposes of this Section 5.4(c) "immediate family" shall mean the Optionholder's spouse (but shall not include a former spouse), child, stepchild, grandchild, child-in-law, parent, stepparent, grandparent, parent-in-law, sibling, and sibling-in-law and shall include adoptive relationships. A transfer of a Nonqualified Option permitted under this Section 5.4(c) may be made only upon written notice to and approval thereof by the Administrator. A Permitted Transferee may not further assign, sell or transfer the transferred Option, in whole or in part, other than by will or by operation of the laws of descent and distribution provided that the Company shall have been furnished with written notice thereof and a copy of the will and/or such other evidence as the Administrator may determine necessary to establish the validity of the transfer. In addition, following the transfer, the Nonqualified Option shall continue to be subject to the terms of this Plan and the Option Agreement evidencing the Nonqualified Option; provided, however, that where appropriate, the term "**Optionholder**" shall be deemed to apply to the Permitted Transferee. Upon the termination of Service of the Optionholder, the provisions of this Plan or the Option Agreement pursuant to which the Option was granted will apply to the Permitted Transferee as if such Permitted Transferee was substituted for the Optionholder in such provisions.

(d) Time and Amount Exercisable. Each Option shall be exercisable in accordance with the provisions of the Option Agreement pursuant to which it is granted in whole or in part, from time to time, subject to any limitations with respect to the number of shares of Common Stock for which the Option may be exercised at a particular time and to such other conditions as the Administrator, in its discretion, may specify in the applicable Option Agreement. Any portion of an Option which has become exercisable shall remain exercisable until it is exercised in full or it terminates or expires pursuant to the terms of the Plan or the applicable Option Agreement. The Administrator may provide that an Option may be immediately exercisable and provide that upon exercise of the Option, the Optionholder shall receive Restricted Shares subject to any remaining vesting restrictions on such Option.

(e) Terms of Incentive Options Granted to Ten Percent Stockholders Notwithstanding the foregoing, no Incentive Option shall be granted to any Employee who owns, directly or indirectly within the meaning of Section 424(d) of the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, unless at the time the Incentive Option is granted, the exercise price of the Incentive Option is at least 110% of the Fair Market Value of the Common Stock subject to such Incentive Option and such Incentive Option, by its terms, is not exercisable after the expiration of five years from the date such Incentive Option is granted. For the purpose of clarification the limitations contained in this Section 5.4(e) shall not apply to the grant of Nonqualified Options.

(f) Payment of Exercise Price and Delivery of Shares; Tax Withholding

(i) The entire exercise price of shares of Common Stock purchased upon exercise of Options shall, at the time of purchase, be paid for in full (the **Exercise Price**). To the extent that the right to purchase shares has become exercisable in accordance with the terms of the Plan and the applicable Option Agreement, Options may be exercised from time to time by written notice to the Administrator, stating the full number of shares with respect to which the Option is being exercised and the proposed time of delivery thereof (which shall be at least five (5) days after the giving of such notice, unless an earlier date shall have been mutually agreed upon by the Optionholder (or other person entitled to exercise the Option) and the Administrator), accompanied by payment to the Company of the Exercise Price in full. Such payment shall be effected (i) by certified or official bank check, (ii) if so permitted by the Administrator, by the delivery of a number of shares of Common Stock owned by the Participant duly endorsed for transfer to the Company (plus cash if necessary) having a Fair Market Value equal to the amount of such Exercise Price, (iii) if so permitted by the Administrator, by payment with financial assistance from the Company in accordance with the provisions of Section 7.4 hereof, (iv) during any period for which the Common Stock is readily tradable on an established securities market (i.e., the Common Stock is listed on any national securities exchange or traded in any recognized securities market system), by a copy of instructions to a broker directing such broker to sell the Common Stock for which such Option is exercised, and to remit to the Company the aggregate Exercise Price of such Options (a "**Cashless Exercise**"); or (v) subject to the discretion of the Administrator, upon such terms as the Administrator shall approve, by notice of exercise including a statement directing the Company to retain such number of shares of Common Stock from any transfer to the Optionholder ("**Stock Withholding**") that otherwise would have been delivered by the Company upon exercise of the Option having a Fair Market Value equal to all or part of the Exercise Price of such Option exercise. In the event the Exercise Price requires retention of a fractional share, the number of shares subject to Stock Withholding shall be rounded down and the Optionholder shall be required to pay the remainder of the Exercise Price by certified or official bank check. Any shares retained for the purpose of satisfying the Stock Withholding shall not again be available for issuance under the Plan. Unless otherwise provided in the terms of an Option Agreement, payment of the exercise price by a Participant who is an officer, director or other "insider" subject to Section 16(b) of the Exchange Act in the form of a Stock for Stock Exchange is subject to pre-approval by the Administrator, in its sole discretion. Any such pre-approval shall be documented in a manner that complies with the specificity requirements of Rule 16b-3, including the name of the Participant involved in the transaction, the nature of the transaction, the number of shares to be acquired or disposed of by the Participant and the material terms of the Award involved in the transaction.

(ii) In addition to payment of the Exercise Price, the Optionholder shall be required to include payment of the amount of all federal, state, local and other income, excise or employment taxes subject to withholding (if any) by the Company or a Subsidiary as a result of the exercise of an Option. The Optionholder may pay all or a portion of the tax withholding by cash or check payable to the Company, or, at the discretion of the Administrator, upon such terms as the Administrator shall approve, by (i) certified or official bank check (ii) Cashless Exercise, if the Stock is readily tradable on an established securities market; (iii) tendering Common Stock owned by the Optionholder, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the withholding due for the

number of shares being exercised or purchased; (iv) by paying all or a portion of the tax withholding for the number of shares being purchased by withholding shares from any transfer or payment to the Optionholder ("**Stock Withholding**"); or (v) a combination of one or more of the foregoing payment methods. Any shares issued pursuant to the exercise of an Option and transferred by the Optionholder to the Company for the purpose of satisfying any withholding obligation shall not again be available for issuance under the Plan. The Administrator will, as soon as reasonably possible, notify the Optionholder (or such Optionholder's representative) of the amount of employment tax and other withholding tax that must be paid under federal, state and local law due to the exercise of the Option. At the time of delivery, the Company shall, without transfer or issue tax to the Optionholder (or other person entitled to exercise the Option), deliver to the Optionholder (or to such other person) at the principal office of the Company, or such other place as shall be mutually agreed upon, a certificate or certificates for the Option Shares after the Exercise Price and all federal, state, local or other income, excise or employment taxes subject to withholding have been paid; provided, however, that the time of delivery may be postponed by the Administrator for such period as may be required for it with reasonable diligence to comply with any requirements of law. Unless otherwise provided in the terms of an Option Agreement, payment of the tax withholding by a Participant who is an officer, director or other "insider" subject to Section 16(b) of the Exchange Act by delivering previously owned and unencumbered shares of Common Stock of the Company or in the form of share withholding is subject to pre-approval by the Administrator, in its sole discretion. Any such pre-approval shall be documented in a manner that complies with the specificity requirements of Rule 16b-3, including the name of the Participant involved in the transaction, the nature of the transaction, the number of shares to be acquired or disposed of by the Participant and the material terms of the Award involved in the transaction.

(iii) Notwithstanding the foregoing, during any period for which the Common Stock is Publicly Traded, payment of the Exercise Price or tax withholding with a promissory note or other transaction by a Director or executive officer that involves or may involve a direct or indirect extension of credit or arrangement of an extension of credit by the Company or an Affiliate in violation of Section 402(a) of the Sarbanes-Oxley Act (codified as Section 13(k) of the Exchange Act) is prohibited with respect to any Award under this Plan.

(g) Rights of Optionholder in Common Stock Neither any Optionholder nor the legal representatives, heirs, legatees, distributees or Permitted Transferees of any Optionholder shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Option Shares unless and until such shares of Common Stock are issued to such Person and such Person has received a certificate or certificates therefor. Upon the issuance and receipt of such certificate or certificates, such Option holder shall have absolute ownership of the shares of Common Stock evidenced thereby, including the right to vote such shares, to the same extent as any other owner of shares of Common Stock, and to receive dividends thereon, subject, however, to the terms, conditions and restrictions of the Plan and any other undertakings of such holder of Common Stock.

#### 5.5 Restricted Shares.

(a) General. The Administrator, in its sole discretion, may from time to time authorize the grant of Restricted Shares to Employees, Directors or Consultants. The

Administrator may determine the basis on which the restrictions imposed on the Restricted Shares may lapse. A certificate or certificates representing the number of Restricted Shares granted shall be registered in the name of the Participant. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in Section 5.5(c) or ARTICLE VI, the certificate or certificates shall be held by the Company for the account of the Participant, and the Participant shall have beneficial ownership of the Restricted Shares, subject to the provisions of paragraph 5.5(b).

(b) Restrictions. Until the expiration of the Restriction Period or the lapse of restrictions in the manner provided in paragraph 5.5(c) or ARTICLE VI and the Participant's satisfaction of applicable tax withholding obligations attributable to the Award, Restricted Shares shall be subject to the following restrictions and any additional restrictions that the Administrator, in its sole discretion, may from time to time deem desirable in furtherance of the objectives of the Plan:

(i) The Participant shall not be entitled to receive the certificate or certificates representing the Restricted Shares;

(ii) The Restricted Shares may not be sold, transferred, assigned, pledged, conveyed, hypothecated, or otherwise disposed of;

(iii) The Restricted Shares will be forfeited immediately upon termination of Participant's employment with the Company or one of its Subsidiaries, unless otherwise expressly provided herein or in the Award Agreement pursuant to such Restricted Shares were granted; and

(iv) The holder of Restricted Shares shall be entitled to receive dividends thereon and to vote such Restricted Shares.

(c) Waiver of Restrictions. The Administrator, in its sole discretion, may waive any or all restrictions with respect to Restricted Shares.

(d) Distribution of Restricted Shares. If a Participant to whom Restricted Shares have been granted continues to provide Services to the Company or a Subsidiary during the Restriction Period set forth in the Award Agreement, and all other applicable provisions of this Plan have been complied with (including, without limitation, the Participant's satisfaction of applicable tax withholding obligations attributable to the Award), then upon the expiration of the Restriction Period all restrictions applicable to the Restricted Shares shall lapse, and the certificate or certificates representing the shares of Common Stock that were granted to the Participant in the form of Restricted Shares shall be delivered to the Participant.

(e) Agreement. An award of Restricted Shares hereunder shall be evidenced by an Award Agreement containing such terms and provisions as are approved by the Administrator, but not inconsistent with the Plan. The Company shall execute such Award Agreements upon instructions from the Administrator.

(f) Section 83(b) Election. Within thirty days after date a Participant is awarded Restricted Shares hereunder, the Participant may file a Code Section 83(b) election with

the Internal Revenue Service with respect to all or a portion of the Restricted Shares. The Code Section 83(b) election, if any, shall be filed in compliance with the Treasury regulations promulgated pursuant to Code Section 83(b) of the Code.

#### 5.6 Restricted Stock Units.

(a) Nature of Restricted Stock Units. A Restricted Stock Unit is an Award of hypothetical Common Stock units having a value equal to the Fair Market Value of an identical number of shares of Common Stock. Each Restricted Stock Unit represents a right to receive one share of Common Stock from the Company at the payment date set forth in the Award Agreement. Until the Restricted Stock Units awarded shall have vested and become payable on the payment date specified in the Award Agreement, the Restricted Stock Units and any related securities, cash dividends or other property nominally credited to a Restricted Stock Unit account may not be sold, transferred, or otherwise disposed of and may not be pledged or otherwise hypothecated during such period (the "**Restriction Period**") as the Administrator shall determine. Each Award of Restricted Stock Units will be in such form and shall contain such terms, conditions and Restriction Periods as the Administrator shall deem appropriate. The Administrator in its discretion may provide for an acceleration of the end of the Restriction Period in the terms of any Restricted Stock Unit Award, at any time, including the occurrence of a Sale of the Company. The terms and conditions of the Restricted Stock Units may be changed from time to time, and the terms and conditions of separate Restricted Stock Unit Awards need not be identical, but each Restricted Stock Unit Award shall include (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(b) Vesting. Shares of Common Stock acquired under the Restricted Stock Units may, but need not, be subject to an additional Restriction Period that specifies a Right of Repurchase in favor of the Company in accordance with a vesting schedule to be determined by the Administrator, or forfeiture in the event the consideration was in the form of services. The Administrator in its discretion may provide for an acceleration of vesting in the terms of any Restricted Stock Units or any Restricted Shares received as settlement of a Restricted Stock Unit, at any time, including in the event of a Sale of the Company.

(c) Termination of Participant's Service. Unless otherwise provided in an Award Agreement or in an employment agreement the terms of which have been approved by the Administrator, if a Participant's Service terminates for any reason, the Participant shall forfeit the unvested Restricted Stock Units acquired in consideration of prior or future services, and any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the Award Agreement shall be forfeited and the Participant shall have no rights with respect to the Award.

(d) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Units may be transferable by the Participant only upon such terms and conditions as are set forth in the Award Agreement, as the Administrator shall determine in its discretion, as long as Common Stock awarded under the Restricted Award remains subject to the terms of the Award Agreement.

(e) Lapse of Restrictions. Upon the expiration or termination of the Restriction Period and the satisfaction of any other conditions prescribed by the Administrator (including, without limitation, the Participant's satisfaction of applicable tax withholding obligations attributable to the Award), the restrictions applicable to the Restricted Stock Units shall lapse and a stock certificate for the number of shares of Common Stock with respect to which the restrictions have lapsed shall be delivered, free of any restrictions except those that may be imposed by law, the terms of the Plan or the terms of a Restricted Stock Unit Award, to the Participant or the Participant's beneficiary or estate, as the case may be. The Company shall not deliver any fractional share of Common Stock but shall pay, in lieu thereof, the Fair Market Value of such fractional share in cash to the Participant or the Participant's beneficiary or estate, as the case may be. The Common Stock certificate shall be issued and delivered and the Participant will be entitled to the beneficial ownership rights of such Common Stock not later than (i) the date that is 2-1/2 months after the end of the Participant's taxable year for which the Restriction Period ends and the Participant has a legally binding right to such amounts; (ii) the date that is 2-1/2 months after the end of the Company's taxable year for which the Restriction Period ends and the Participant has a legally binding right to such amounts, whichever is later; or (iii) such earlier date as may be necessary to avoid application of Code Section 409A to such Award.

#### 5.7 Performance Awards.

(a) Nature of Performance Awards. A Performance Award is an Award entitling the recipient to vest in or acquire shares of Common Stock or hypothetical Common Stock units having a value equal to the Fair Market Value of an identical number of shares of Common Stock that will be settled in the form of shares of Common Stock upon the attainment of specified performance goals. The Administrator may make Performance Awards independent of or in connection with the granting of any other Award under the Plan. Performance Awards may be granted under the Plan to any Participant, including those who qualify for awards under other performance plans of the Company. The Administrator in its sole discretion shall determine whether and to whom Performance Awards shall be made, the performance goals applicable under each Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the awarded shares; provided, however, that the Administrator may rely on the performance goals and other standards applicable to other performance plans of the Company in setting the standards for Performance Awards under the Plan. Performance goals shall be based on a pre-established objective formula or standard that specifies the manner of determining the number of shares of Common Stock under the Performance Award that will be granted or will vest if the performance goal is attained. Performance goals shall be determined by the Administrator prior to the time 25% of the service period has elapsed, but not later than 90 days after the commencement of the period of service to which the performance goal relates, and may be based on one or more business criteria that apply to a Participant, a business unit or the Company and its Affiliates. Such business criteria may include revenue, sales, earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, funds from operations, funds from operations per share, operating income, pre-tax or after-tax income, cash available for distribution, cash available for distribution per share, net earnings, earnings per share, return on equity, return on assets, return on capital, Implied Equity Value or other formula measure of enterprise value or economic value added, share price performance, improvements in the Company's attainment of expense levels,

implementing or completion of critical projects, improvement in cash-flow (before or after tax) or the occurrence of a Sale of the Company. A performance goal may be measured over a performance period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. More than one performance goal may be incorporated in a performance objective, in which case achievement with respect to each performance goal may be assessed individually or in combination with each other. The Administrator may, in connection with the establishment of performance goals for a performance period, establish a matrix setting forth the relationship between performance on two or more performance goals and the amount of the Performance Award payable for that performance period. The level or levels of performance specified with respect to a performance goal may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the Administrator may determine. Performance goals shall be objective and, if the Company is required to be registered under Section 12 of the Exchange Act, shall otherwise meet the requirements of Section 162(m) of the Code. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants. A Performance Award to a Participant who is a Covered Employee shall (unless the Administrator determines otherwise) provide that in the event of the Participant's termination of Continuous Service prior to the end of the performance period for any reason, such Award will be payable only (i) if the applicable performance objectives are achieved and (ii) to the extent, if any, the Administrator shall determine. Such objective performance goals are not required to be based on increases in a specific business criterion, but may be based on maintaining the status quo or limiting economic losses.

(b) Restrictions on Transfer. Performance Awards and all rights with respect to such Performance Awards may not be sold, assigned, transferred, pledged or otherwise encumbered.

(c) Rights as a Stockholder. A Participant receiving a Performance Award that is denominated in shares of Common Stock or hypothetical Common Stock units shall have the rights of a stockholder only as to shares actually received by the Participant under the Plan and not with respect to shares subject to the Award but not actually received by the Participant. A Participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Common Stock under a Performance Award only upon satisfaction of all conditions specified in the written instrument evidencing the Performance Award (or in a performance plan adopted by the Administrator), including, without limitation, the Participant's satisfaction of applicable tax withholding obligations attributable to the Award. The Common Stock certificate shall be issued and delivered and the Participant shall be entitled to the beneficial ownership rights of such Common Stock not later than (i) the date that is 2-1/2 months after the end of the Participant's taxable year for which the Administrator certifies that the Performance Award conditions have been satisfied and the Participant has a legally binding right to such amounts; (ii) the date that is 2-1/2 months after the end of the Company's taxable year for which the Administrator certifies that the Performance Award conditions have been satisfied and the Participant has a legally binding right to such amounts, whichever is later; or (iii) such other date as may be necessary to avoid application of Section 409A to such Awards.

(d) Termination. Except as may otherwise be provided by the Administrator at any time, a Participant's rights in all Performance Awards shall automatically terminate upon the Participant's termination of Service with the Company and its Affiliates for any reason.

(e) Acceleration, Waiver, Etc. Until such date as the Company Stock is required to be registered under Section 12 of the Exchange Act, or after such date with respect to Participants who are not Covered Employees, at any time prior to the Participant's termination of employment (or other business relationship) by the Company and its Affiliates, the Administrator may in its sole discretion accelerate, waive or, subject to Section 8.1, amend any or all of the goals, restrictions or conditions imposed under any Performance Award. The Administrator in its discretion may provide for an acceleration of vesting in the terms of any Performance Award at any time, including the occurrence of a Sale of the Company. However, with respect to a Covered Employee after the Listing Date, no amendment or waiver of the performance goal will be permitted and no acceleration will be permitted unless the performance goal has been attained and the award is discounted to reasonably reflect the time value of money attributable to such acceleration.

(f) Certification. Following the completion of each performance period, the Administrator shall certify in writing, in accordance with the requirements of Section 162(m) of the Code, whether the performance objectives and other material terms of a Performance Award have been achieved or met. Unless the Administrator determines otherwise, Performance Awards shall not be settled until the Administrator has made the certification specified under this Section 5.7(f).

#### 5.8 General Provisions Applicable to Restricted Awards

(a) Purchase Price. The purchase price of Restricted Awards (including Performance Awards that may be settled in Common Stock), if any, and the sufficiency thereof shall be determined by the Administrator, and may be stated as cash, property, prior or future services. Shares of Common Stock acquired in connection with any Restricted Award may be issued for such consideration, having a value not less than the par value thereof, as determined from time to time by the Administrator.

(b) Consideration. The consideration for Common Stock acquired pursuant to the Restricted Award shall be paid either: (i) in cash at the time of purchase; or (ii) in any other form of legal consideration that may be acceptable to the Administrator in its discretion including, without limitation, a recourse promissory note, property or a Stock for Stock Exchange, or prior or future services that the Administrator determines have a value at least equal to the par value of such Common Stock.

### ARTICLE VI. TERMINATION OF SERVICE; SALE OF THE COMPANY; CORPORATE EVENT; DISSOLUTION OR LIQUIDATION

6.1 Termination of Service for Cause. In the event that a Participant's Service with the Company or a Subsidiary shall terminate for Cause, immediately upon such termination of Service all outstanding Awards granted to the Participant pursuant to this Plan shall be forfeited,

such Awards shall terminate, the Company shall cancel any outstanding Restricted Shares, and such Awards (including any Restricted Shares) shall be of no further force or effect.

6.2 Death or Disability.

(a) In the event that a Participant's Service to the Company or a Subsidiary is terminated because of Participant's death or Disability, the Participant or his estate or legal representative, as applicable, shall have the right to:

(i) exercise any Options granted hereunder at any time within one year after the date of termination of the Participant's Service due to death or six months after the date of termination of the Participant's Service due to Disability unless a longer period is otherwise required by the Code (but in no event later than the date on which the Option otherwise would have expired by its terms) only to the extent the Participant was entitled to exercise his Option immediately prior to such date of termination; provided that, in addition to the Options held by such Participant that have already vested as of such date of termination, the lesser of (A) an additional twenty percent (20%) of the number of shares of Common Stock covered by the Option and (B) the remaining amount of unvested shares of Common Stock covered by the Option shall become vested and exercisable on the date of termination due to death or Disability; and

(ii) receive certificates for (x) all Restricted Shares on which the restrictions have lapsed in accordance with the Plan and the applicable Award Agreement and for which certificates have not previously been delivered by the Company as of the date of termination, and (y) the lesser of (A) an additional twenty percent (20%) of the number of Restricted Shares covered by the applicable Award Agreement measured as of the date of termination and (B) the remaining Restricted Shares covered by the applicable Award Agreement on which the restrictions have not lapsed as of the date of termination. The Company shall as promptly as practical deliver the certificates required to be delivered under this Section 6.2(a)(ii) to the Participant, his estate, or legal representative, as applicable.

(b) If a Participant dies during the three-month period after the termination of his Service to the Company or a Subsidiary and at the time of his death the Participant was entitled to exercise an Option theretofore granted to him, the Option shall, unless the applicable Option Agreement provides otherwise, expire one year after the date on which his position as an Employee, Director or Consultant of the Company or a Subsidiary terminated, but in no event later than the date on which the Option would have expired if the Participant had lived. Until the expiration of such period the Option may be exercised by the Participant's executor or administrator or by any person or persons who shall have acquired the Option directly from the Participant by will or in accordance with the laws of descent and distribution, upon delivery of written notice thereof, a copy of the will, or such other evidence as the Administrator may determine necessary to establish the validity of the Transfer, but only to the extent that the Participant was entitled to exercise the Option at the date of his death and, to the extent the Option is not so exercised, it shall expire at the end of such period.

6.3 Other Terminations. In the event that a Participant's Service to the Company or a Subsidiary terminates other than for Cause or due to a Participant's death or Disability pursuant

to Sections 6.1 or 6.2 above, as applicable, the Participant shall have the right to (i) exercise any unexercised Options at any time within three months after such termination to the extent such Participant was entitled to exercise the same immediately prior to such termination and (ii) receive certificates for all Restricted Shares on which the restrictions have lapsed in accordance with this Plan and the applicable Award Agreement and for which certificates have not previously been delivered by the Company as of the date of termination. To the extent that restrictions on any Restricted Shares have not lapsed as of such termination date, the Company shall purchase any such Restricted Shares on which the restrictions have not lapsed at the cost paid by the Participant and the Company shall cancel such Restricted Shares as of such date and such Restricted Shares shall be of no further force or effect. To the extent that any Option is not exercised in accordance with this Section 6.3, such Option shall expire at the end of the three-month period beginning on the termination date.

**6.4 Sale of the Company.** With respect to Options, upon a Sale of the Company, all outstanding Options shall become fully vested and exercisable without regard to the limitations on exercisability contained in Section 5.4 or the applicable Option Agreement immediately prior to such transaction. With respect to Restricted Awards, upon a Sale of the Company, all restrictions shall lapse automatically and the Administrator shall deliver certificates representing such shares of Common Stock to the Participant as promptly as practical prior to the consummation of such Sale of the Company. Upon the Sale of the Company, the Committee shall (i) cancel any or all outstanding Options and Restricted Stock Units under the Plan in consideration for payment to the Participants thereof of an amount equal to the portion of the consideration that would have been payable to such Participants pursuant to such transaction giving effect to the accelerated vesting and as if such Options and Restricted Stock Units had been fully vested immediately prior to such transaction, less the aggregate exercise price that would have been payable therefore and any required withholding tax and (ii) cause all Restricted Shares to be purchased for an equivalent consideration payable in such transaction. Payment of any amount payable pursuant to the preceding sentence may be made in cash or, in the event that the consideration to be received in such transaction includes securities or other property, in cash and/or publicly tradable securities in the Committee's discretion.

**6.5 Corporate Event.** In the event of any corporate separation or division, including, but not limited to, a split-up, a split-off or a spin-off of the assets of the Company; a merger, consolidation or exchange in which the Company is not the surviving entity; or a reverse merger or other exchange in which the Company is the surviving entity, but the shares of Company Common Stock outstanding immediately preceding the merger are converted by virtue of the merger or exchange into other property, whether in the form of securities, cash or otherwise that does not constitute a Sale of the Company (collectively, a "*Corporate Event*"), then, the Company, to the extent permitted by applicable law, but otherwise in its sole discretion may provide for: (i) the continuation of outstanding Awards by the Company (if the Company is the surviving entity); (ii) the assumption of the Plan and such outstanding Awards by the surviving entity or its parent; or (iii) the substitution by the surviving entity or its parent of Awards with substantially the same terms for such outstanding Awards.

**6.6 Dissolution or Liquidation of the Company.** In the event of the proposed dissolution or liquidation of the Company that does not constitute a Sale of the Company, outstanding Awards granted hereunder shall terminate as of a date to be fixed by the

Administrator; provided that not less than fifteen days' prior written notice of the date so fixed shall be given to each Participant, and each Participant shall have the right, (i) to exercise his or her Options to the extent they are vested and exercisable and purchase or receive the full number of shares of Common Stock not previously exercised under such Options as applicable, if (and only if) such Options have not at the time expired or been terminated and (ii) to receive certificates for Common Stock under all of Participant's Restricted Awards on which all restrictions have lapsed in accordance with the Plan and the applicable Award Agreement and for which certificates have not already been delivered prior to such termination date. Failing such exercise, any unexercised portion of all Options granted hereunder and all Restricted Awards on which restrictions have not lapsed as of the termination date shall be forfeited and deemed cancelled as of the effective date of such liquidation or dissolution. The Company shall deliver the certificates required to be delivered by clause (ii) of the immediately preceding sentence no later than 3 days prior to the termination date.

6.7 Subject to Repurchase. At any time as the Common Stock ceases to be Publicly Traded, all shares of Common Stock purchased by an Optionholder or his or her Permitted Transferee or issued pursuant to Restricted Stock Units granted hereunder and all Restricted Shares granted hereunder (regardless of whether or not the restrictions have lapsed) shall be subject to repurchase pursuant to Section 9.3 of this Plan.

6.8 Alternative Provisions. The provisions of this ARTICLE VI shall apply to all Awards granted under the Plan except to the extent expressly provided otherwise in any Award Agreement.

#### ARTICLE VII. ADMINISTRATION OF PLAN

7.1 Administration. The Plan shall be administered by the Board of Directors or a Committee of the Board of Directors in accordance with the terms of this ARTICLE VII (the "*Administrator*"). Any such committee appointed by the Board, or the Board itself during such periods as no such properly constituted and appointed committee exists, is herein referred to as the "*Committee*." At such time as the Common Stock is required to be registered under Section 12 of the Exchange Act, the Committee shall consist of not less than two Directors appointed to the Committee by the Board, each of whom shall be a member of the Board and each of whom shall qualify as (i) a Non-Employee Director and (ii) an Outside Director. However, the Board shall have discretion to determine whether or not it intends to comply with the exemption requirements of Rule 16b-3 and/or Section 162(m) of the Code. If the Board intends to satisfy such exemption requirements, with respect to Awards to any Covered Employee and with respect to any insider subject to Section 16 of the Exchange Act, the Committee shall be a compensation committee of the Board that at all times consists solely of two or more Non-Employee Directors who are also Outside Directors. Within the scope of such authority, the Board or the Committee may (i) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Awards to eligible persons who are either (A) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Award or (B) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code, or (ii) delegate to a committee of one or more

members of the Board who are not Non-Employee Directors the authority to grant Awards to eligible persons who are not then subject to Section 16 of the Exchange Act. Nothing herein shall create an inference that an Option is not validly granted under the Plan in the event Awards are granted under the Plan by a compensation committee of the Board that does not at all times consist solely of two or more Non-Employee Directors who are also Outside Directors. A majority of the Committee shall constitute a quorum thereof and the actions of a majority of the Committee approved at a meeting at which a quorum is present, or actions unanimously approved in writing by all members of the Committee, shall be the actions of the Committee. Vacancies occurring on the Committee shall be filled by the Board. The Board shall have full and final authority (i) to interpret the Plan and each of the Option Agreements and other Award Agreements evidencing Restricted Shares, Restricted Stock Units and Performance Awards, (ii) to prescribe, amend and rescind rules and regulations, if any, relating to the Plan, (iii) to make all determinations necessary or advisable for the administration of the Plan, (iv) to correct any defect, supply any omission and reconcile any inconsistency in the Plan and any Option Agreements or other Award Agreements, and (v) to amend any outstanding Option Agreements and other Award Agreements (collectively "**Rights**") for the purpose of modifying the time or manner of vesting, the Purchase Price or Exercise Price, as the case may be, subject to applicable legal restrictions; provided, however, that if any such amendment impairs a Participant's Rights or increases a Participant's obligations under such Participant's Right, such amendment shall also be subject to the Participant's consent. For the purposes of clarity, a purchase of a Participant's Rights in accordance with this Plan or the applicable Award in which the Participant receives consideration for such Right shall in no event be deemed an impairment of the Participant's Rights that requires consent from such Participant. The determination by the Board in all matters referred to herein shall be conclusive and binding for all purposes and upon all persons, including, without limitation, the Company, the stockholders of the Company, the Administrator, and each of the members thereof, and the Optionholders and the Participants and their respective successors in interest. The Board may delegate such authority to the Committee (if the Board is not the Administrator) with respect to this Plan as it deems to be in the Company's best interests in its sole discretion, pursuant to a resolution of the Board granting such authority. However, the Board will retain ultimate authority in all matters related to this Plan or any Awards granted hereunder.

7.2 **Liability.** No member of the Board or any Committee shall be liable for anything done or omitted to be done by him or by any other member of the Board or any Committee in connection with the Plan, except for his own willful misconduct or gross negligence (unless the Company's Certificate of Incorporation or Bylaws, or any indemnification agreement between the Company and such person, in each case in accordance with applicable law, provides otherwise). The Board and any Committee shall have power to engage outside consultants, auditors or other professional help to assist in the fulfillment of the duties of the Board or any Committee under the Plan at the Company's expense.

7.3 **Determinations.** In making its determinations concerning the Participants who shall receive Options and Restricted Awards, as well as the number of shares of Common Stock to be covered thereby and the time or times at which they shall be granted, the Administrator shall take into account the nature of the Service rendered by such Participants, their past, present and potential contribution to the Company's success and such factors as the Administrator may deem relevant. The Administrator shall determine the form of Award Agreements evidencing

Awards under the Plan and the terms and conditions to be included therein; provided such terms and conditions are not inconsistent with the terms of the Plan, the Company's Certificate of Incorporation or Bylaws. The Administrator may waive any provisions of any Award Agreement, provided such waiver is not inconsistent with the terms of the Plan, the Company's Certificate of Incorporation or Bylaws. The determinations of the Administrator under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Options or Restricted Awards under the Plan, whether or not such persons are similarly situated. All powers exercised by the Administrator hereunder shall be subject to the ultimate authority of the Board.

7.4 Financial Assistance. Subject to any prohibitions, restrictions or other requirements contained in the Securities Laws and any other applicable law, and prior to the Company becoming a registrant or an issuer under the Securities Laws, the Company is vested with authority under this Plan to assist any Participant to whom an Option is granted hereunder in the payment of the Exercise Price payable on exercise of that Option by lending the amount of such Exercise Price to such Participant pursuant to a full recourse promissory note on such terms and at such rates of interest and upon such security (or unsecured) as shall have been authorized by or under authority of the Administrator. Notwithstanding the foregoing, in the event there is a stated par value of the Common Stock and applicable law requires, the par value of the Common Stock, if newly issued, shall be paid in cash or cash equivalents. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Unless the Board determines otherwise, shares of Common Stock having a Fair Market Value at least equal to the principal amount of the loan shall be pledged by the holder to the Company as security for payment of the unpaid balance of the loan and such pledge shall be evidenced by a pledge agreement, the terms of which shall be determined by the Board, in its discretion; provided, however, that each loan shall comply with all applicable laws, regulations and rules of the Board of Governors of the Federal Reserve System and any other governmental agency having jurisdiction. Notwithstanding the foregoing, all financial assistance provided by the Company to a Participant pursuant to this Section 7.4 shall be repaid in full no later than immediately prior to the Company becoming a registrant or an issuer under the Securities Laws.

7.5 Withholding. The Administrator may establish such rules and procedures as it considers desirable in order to satisfy any obligation of the Company or its Subsidiaries to withhold Federal, state or local income tax or other employment taxes with respect to any Awards granted, exercised or surrendered under the Plan and may impose such requirements as a condition to the transfer or release of Common Stock to any Participant.

ARTICLE VIII.  
AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment of Plan. The Plan may be amended at any time and from time to time by the Board, but no amendment which (i) increases the aggregate number of shares of Common Stock which may be issued pursuant to Awards granted under the Plan or (ii) changes the class of individuals eligible to be granted Awards, shall be effective unless and until the same is approved by the Requisite Holders or the written consent of such Requisite Holders.

Notwithstanding the foregoing and subject to the provisions of Section 8.4, no amendment to the Plan that has a material, adverse affect on a Participant with regard to outstanding Awards shall be effective, without the consent of such Participant.

8.2 Other Award Provisions. Options, Restricted Awards and other Performance Awards granted under this Plan shall contain such other terms and provisions which are not inconsistent with this Plan or other undertakings of the Participant in his/her capacity as such or as a holder of Common Stock or Restricted Shares, as the Board or Committee may authorize, including but not limited to (a) vesting schedules governing the exercisability of such Options and other Awards, (b) provisions for acceleration of such vesting schedules in certain events, (c) arrangements whereby the Company may fulfill any tax withholding obligations it may have in connection with the exercise of such Options, Restricted Awards and Performance Awards, (d) provisions imposing restrictions upon the transferability of Common Stock acquired on exercise of such Options, Restricted Awards or Performance Awards, whether required by this Plan, Securities Laws or imposed for other reasons, and (e) provisions regarding the termination or survival of any such Options, Restricted Awards or Performance Awards, upon the Participant's death, Disability, retirement or other termination of Service and the extent, if any, to which any such Options may be exercised or the restrictions on any Restricted Award or Performance Award may be caused to lapse after such event. Incentive Options shall contain the terms and provisions required of them under the Code.

8.3 Termination. The Board may, at any time, terminate the Plan as of any date specified in a resolution adopted by the Board. If not earlier terminated, the Plan shall terminate on March 26, 2018, the day prior to the tenth anniversary of the Restatement Effective Date. No Awards may be granted or awarded after the Plan has terminated, but the Administrator shall continue to supervise the administration of Awards previously granted or awarded.

8.4 Tax Status of Options. To the extent applicable, the Plan is intended to permit the issuance of Incentive Options to Employees in accordance with the provisions of Section 422 of the Code. Subject to the provision of Sections 7.4 and 8.1 of the Plan, the Plan and Option Agreements may be modified or amended at any time, both prospectively and retroactively, and in a manner that may affect Options previously granted, if such amendment or modification is necessary for the Plan and Options granted hereunder to qualify under said provision of the Code. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Participants with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and/or to bring the Plan and/or Awards granted under it into compliance therewith. For the avoidance of doubt, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the additional conditions applicable to nonqualified deferred compensation under Section 409A of the Code. The Option Agreement shall specify whether the Option is an Incentive Option or Nonqualified Option. To the extent that any portion of the Options granted under the Plan does not meet the requirements of Section 422 of the Code or the Option is not specified as an Incentive Option in the Option Agreement, such Options or portion thereof shall

be deemed to be Nonqualified Options. Nothing in the Plan shall be deemed to prohibit the issuance of Nonqualified Options to Employees, Directors and Consultants under the Plan.

ARTICLE IX.  
MISCELLANEOUS PROVISIONS

9.1 Restrictions Upon Grant of Awards. If the listing upon any stock exchange or the registration or qualification under any federal or state law of any shares of Common Stock to be issued pursuant to an Award granted under the Plan (whether to permit the grant of Awards, the issuance of shares of Common Stock to any Permitted Transferee or the resale or other disposition of any such shares of Common Stock by or on behalf of the Participants receiving such shares) should be or become required or desirable for the Company, the Board in its sole discretion may determine that delivery of the certificates for such shares of Common Stock shall not be made until such listing, registration or qualification shall have been completed. The Company agrees that it will use its reasonable efforts to effect any such listing, registration or qualification; provided, however, that the Company shall not be required to use its reasonable efforts to effect such registration under the Securities Act of 1933 other than on Form S-8 or such other forms as may be in effect from time to time calling for information comparable to that presently required to be furnished under Form S-8. The previous sentence does not grant a Participant registration rights with respect to Common Stock. In no event shall the Company be required to register shares of Common Stock for issuance to a Permitted Transferee and any requested exercise of Options by a Permitted Transferee shall be subject to any applicable prior registration of the shares of Common Stock issuable upon such exercise. Any Award granted to a Participant who is a resident of California shall comply with the additional requirements specified in Addendum A attached hereto and forming part of this Plan.

9.2 Restrictions Upon Resale of Unregistered Stock. Each Participant shall, if the Company deems it advisable, represent and agree in writing (i) that any shares of Common Stock acquired by such Participant pursuant to this Plan will not be sold except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to an exemption from registration under said Act, (ii) that such Participant is acquiring such shares of Common Stock for his or her own account and not with a view to the distribution thereof and (iii) to such other customary matters as the Company may request. In such case, no shares of Common Stock shall be issued to such Participant unless such Participant provides such representations and agreements and the Company is reasonably satisfied that such representations and agreements are correct.

9.3 Repurchase by the Company and/or its Designee; Restriction on Transfer; Right of First Refusal

(a) At any time the Common Stock ceases to be Publicly Traded, the Company and its Designee shall have the right (the *'Repurchase Right'*), to repurchase any shares of Common Stock that were acquired pursuant to the exercise or vesting of an Award under this Plan ("*Award Shares*") (or securities into which such Award Shares have been converted) at the Repurchase Price (as hereinafter defined) upon termination of a Participant's Service with the Company or its Subsidiaries. To the extent that a Participant holds exercisable

Options at the time of such termination of Service, the Company or its Designee, as applicable, may elect to purchase such exercisable Options in the same manner as the Option Shares at a price equal to the Repurchase Price less the Exercise Price of such exercisable Options. Notwithstanding the foregoing, the Company's and its Designee's right to repurchase Award Shares under this Section 9.3 shall not apply during any period the Company's Common Stock is Publicly Traded.

(b) The Repurchase Price to be paid by the Company or a Designee if the Participant's Service terminates or is terminated for any reason shall be the Fair Market Value of the Common Stock underlying the vested Award Shares.

(c) To the extent that the Company or its Designee has the right to repurchase Award Shares, the Company or its Designee may exercise such right by delivery of written notice to the Participant (or such other holder of Award Shares) stating the full number of Award Shares that the Company or its Designee has elected to repurchase, the Repurchase Price per Award Share, and the time of repurchase (which time shall not be earlier than 5 days from the date of notice). The Repurchase Right may be exercised until the later of (i) fifteen (15) days after the expiration of the Award, (ii) two hundred (200) days after (A) the latest purchase by, vesting or transfer from the Company of Award Shares to the Participant or (B) the latest receipt by Participant of certificates representing Award Shares on which the restrictions have lapsed and for which certificates have not been delivered by the Company and (iii) sixty (60) days after the date of Participant's termination of Service to the Company or a Subsidiary. At the time of repurchase, the Participant shall deliver the certificate or certificates representing his Award Shares to the Company or its Designee, as applicable, at its offices and shall execute any stock powers or other instruments as may be necessary to transfer full ownership of the Option Shares or Restricted Shares to the Company or its Designee. At the time of repurchase, the Company or its Designee shall issue their own check within ten (10) days to the Participant in an amount equal to the aggregate Repurchase Price for the Award Shares for which the Company or its Designee has exercised its right to repurchase, less any amounts required to be withheld under applicable laws. In the event of Participant's death or Disability, the Company's or its Designee's right to purchase and the manner of purchase shall apply with regard to the Participant's estate, beneficiary, administrator or personal representative.

(d) If the Company's Common Stock is not Publicly Traded, then during the period a Participant is employed by the Company or a Subsidiary, and for six months after such Participant's Service to the Company or a Subsidiary is terminated, such Participant shall not, except as provided in this Plan with respect to a Sale of the Company or a Corporate Event, transfer, pledge, mortgage or otherwise encumber or make any disposition of Option Shares or Restricted Shares whatsoever, whether voluntary or involuntary without the Company's prior written consent (collectively, a "**Disposition**"), other than to the Company or a Designee. Any purported or attempted Disposition of shares of Common Stock made in violation of this Section 9.3(d) shall be void and of no force and effect.

(e) If (i) the Company or a Designee does not exercise its Repurchase Right as described in this Section 9.3, (ii) the Participant is not otherwise prohibited from making a Disposition of shares of Common Stock pursuant to this Plan and (iii) the Company's Common Stock is not Publicly Traded, then if a Participant receives a written offer from any bona fide

third party purchaser(s) to acquire some or all of the Option Shares of the Participant (the "*Offered Shares*"), and the Participant intends to accept such offer, the Participant shall first make an irrevocable offer (the "*Offer*") to sell the Offered Shares to the Company. The Offer shall be written and either actually delivered or sent by certified or registered mail, return receipt requested, to the Company and shall identify the Offered Shares, the name and address of the prospective purchaser and the terms of the Offer by said prospective purchaser to purchase the Offered Shares. The date of the Offer shall be the date on which a notice containing the Offer has been actually delivered or sent to the Company. The Company or a Designee shall have the irrevocable right and option (the "*Right of First Refusal*"), for 60 days following the date such notice has been actually delivered or sent, to purchase the Offered Shares at the price stipulated in the Offer and, in the sole discretion of the Company or the Designee, either for cash or on the same credit terms as those contained in the Offer. If the stated price set forth in the Offer includes any property other than cash, such stated price shall be deemed to be the amount of any cash included in the stated price plus the value, as determined by the Company, of such other property included in such price. The Company or the Designee shall exercise its Right of First Refusal to purchase the Offered Shares hereunder by actual delivery to the Participant of a written notice of intent to purchase such Offered Shares or by sending such notice by certified or registered mail, return receipt requested, properly stamped and addressed to the address of the Participant. The sale and purchase shall be closed at the offices of the Company or the Designee or its counsel on such date within 30 days thereafter as the Company or the Designee shall determine. Upon the exercise of the Right of First Refusal, the Company or the Designee shall be obligated at the closing to make payment as provided above and the Participant shall be obligated at the closing to duly endorse and deliver to the Company or the Designee the certificate(s) evidencing the Offered Shares. Certificates representing the Offered Shares purchased shall be delivered by the Participant at the closing against payment. Each such certificate shall be endorsed in blank or have attached a duly executed stock power, in each case in proper form for transfer. By delivering the certificates at the closing, the Participant shall be deemed to represent (and so shall certify if requested by the Company or the Designee) that the sale of the Common Stock has been duly authorized, the certificates evidencing the Common Stock have been duly and validly endorsed and delivered for transfer to the purchaser and that the Company will receive good title to such shares, free and clear of all liens, security interests, pledges, charges, encumbrances, stockholders' agreements, voting trusts, and preemptive rights.

9.4 Adjustments. The number of shares of Common Stock authorized for issuance under the Plan, as well as the price to be paid and the number of shares issued upon exercise of outstanding Options, shall be adjusted by the Company to reflect any stock split, reverse stock split, stock dividend, recapitalization, combination, reclassification, dissolution or liquidation of the Company, any corporate separation or division (including, but not limited to, a split-up, a split-off or a spin-off), a merger, consolidation or exchange, a reverse merger or similar transaction which does not constitute a Sale of the Company. All adjustments permitted by this Plan shall be made by the Administrator in a manner that is intended to provide an appropriate adjustment that neither increases or decreases the value of such Award as in effect immediately prior to such corporate change, and the Administrator's determination as to what adjustments shall be made and the extent thereof shall be final, binding and conclusive for all purposes of the Plan and of each Option Agreement or other Award Agreement; provided, however, that each Incentive Option granted pursuant to the Plan shall not be adjusted in a manner that causes such

Incentive Option to fail to continue to qualify as an Incentive Option without the prior consent of the Optionholder thereof.

9.5 Use of Proceeds. The proceeds from the sale of Common Stock pursuant to Options and Restricted Shares granted under the Plan shall constitute general funds of the Company and may be used for such corporate purposes as the Company may determine.

9.6 Substitution of Options.

(a) The Administrator may, without the consent of the holder of any Option granted under the Plan, cancel such Option and grant a new Option in substitution therefor, provided that the new Option as so substituted shall satisfy all of the requirements of the Plan as of the date such new Option is granted.

(b) Options may be granted under the Plan in substitution for options held by individuals who are employees, directors or consultants of another corporation and who become Employees, Directors or Consultants of the Company or any Subsidiary of the Company eligible to receive Options pursuant to the Plan as a result of a merger, consolidation, exchange, reorganization or similar event described in ARTICLE VI. The terms and conditions of any Options so granted may vary from those set forth in the Plan to the extent deemed appropriate by the Administrator in order to conform the provisions of Options granted pursuant to the Plan to the provisions of the options in substitution for which they are granted.

9.7 Restrictive Legends.

(a) Certificates representing shares of Common Stock delivered pursuant to the exercise of Options and Restricted Stock Units and certificates representing Restricted Shares shall bear an appropriate legend referring to the terms, conditions and restrictions described in this Plan. Any attempt to dispose of any such shares of Common Stock or Restricted Shares in contravention of the terms, conditions and restrictions described in the Plan shall be ineffective, null and void, and the Company shall not effect any such transfer on its books.

(b) Any shares of Common Stock of the Company received by a Participant (or his or her heirs, legatees, distributees or legal representative) or any Restricted Shares received as a stock dividend on, or as a result of a stock split, combination, exchange of shares, reorganization, merger, consolidation or otherwise with respect to, shares of Common Stock received pursuant to the exercise or grant of Awards, shall be subject to the terms and conditions of the Plan and bear the same legend as the shares received pursuant to the exercise or the grant of Awards.

9.8 Market Stand-Off. Each Option Agreement and Award Agreement shall provide that in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, including the Company's initial public offering, the Participant shall agree not to sell, make any short sale of, loan, hypothecate, pledge, grant any option for the repurchase of, transfer the economic consequences of ownership or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to any Common Stock acquired pursuant to this Plan without the prior written consent of the Company or its underwriters, for

such period of time from and after the effective date of such registration statement as may be requested by the Company or such underwriters (the ***Market Stand-Off***). In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Common Stock acquired under this Plan until the end of the applicable stand-off period. If there is any change in the number of outstanding shares of Common Stock by reason of a stock split, reverse stock split, stock dividend, recapitalization, combination, reclassification, dissolution or liquidation of the Company, any corporate separation or division (including, but not limited to, a split-up, a split-off or a spin-off), a merger or consolidation; a reverse merger or similar transaction, then any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Common Stock subject to the Market Stand-Off, or into which such Common Stock thereby become convertible, shall immediately be subject to the Market Stand-Off.

9.9 Notices. Any notice required or permitted hereunder shall be sufficiently given only if delivered personally, sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at its principal place of business or sent by a nationally recognized overnight delivery service, and to the Participant at the address on file with the Company at the time of grant hereunder, or to such other address as either party may hereafter designate in writing by notice similarly given by one party to the other.

9.10 Prior Option Agreements. Each Option Agreement entered into prior to the Restatement Effective Date (as hereinafter defined) is hereby amended to conform to the exercise provisions of Section 5.4 of the Plan.

9.11 Restatement Effective Date. The Board has determined that it is in the best interest of the Company to amend and restate the Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended to the date hereof, as provided herein. This amendment and restatement of the Cinemark Holdings, Inc. Long Term Incentive Plan is effective as of March 27, 2008 (the ***Restatement Effective Date***) and applies to all Awards heretofore granted under (i) the Cinemark, Inc. 2004 Long Term Incentive Plan, (ii) the Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended, and (iii) all Awards that may hereafter be made under the Plan. The grant of any Award hereunder shall be contingent upon stockholder approval of the Plan being obtained within 12 months after the Board approves the Plan.

*[Signature page follows]*

IN WITNESS WHEREOF, upon authorization of the Board of Directors, the undersigned has caused this Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, to be executed on the date specified below effective as of the 27th day of March, 2008.

**CINEMARK HOLDINGS, INC.**

Dated: April 4, 2008

By: \_\_\_\_\_  
Name: Alan W. Stock  
Title: Chief Executive Officer

**Signature Page to Cinemark Holdings, Inc. 2006 LTIP**

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**ADDENDUM A TO  
AMENDED AND RESTATED CINEMARK HOLDINGS, INC.  
2006 LONG TERM INCENTIVE PLAN  
FOR GRANTS MADE TO CALIFORNIA RESIDENTS**

Securities sold and options granted in California prior to the Listing Date to employees, directors, managers or consultants of Cinemark Holdings, Inc. or any of its Affiliates shall be subject to the following additional provisions, which shall be part of the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan. This Addendum A shall not apply to any Awards granted on or after the Listing Date.

ARTICLE I.  
EXERCISE AND PURCHASE PRICE

1.1 Exercise Price Restrictions Applicable to Non-Qualified Stock Options.

- (a) In the case of Non-Qualified Stock Options, the Exercise Price shall be determined in the sole discretion of the Administrator; provided, however, that the Exercise Price shall be no less than 100% of the Fair Market Value of the shares of Stock on the Date of Grant of the Non-Qualified Stock Option.
- (b) A Ten Percent Shareholder shall not be eligible for designation as an Optionholder, unless (i) the Exercise Price of a Non-Qualified Stock Option is at least 110% of the Fair Market Value of a Share on the Date of Grant.

1.2 Purchase Price Restrictions Applicable to Restricted Shares.

- (a) Each Award Agreement for Restricted Shares shall state the price at which the Stock subject to such Restricted Share Agreement may be purchased (the "**Purchase Price**"), which, with respect to Restricted Shares, shall be determined in the sole discretion of the Administrator; provided, however, that the Purchase Price shall be no less than 85% of the Fair Market Value of the shares of Common Stock on the Award date of the Restricted Stock subject to the Award Agreement.
- (b) A Ten Percent Shareholder shall not be eligible for An Award Agreement for Restricted Shares unless the Purchase Price (if any) is at least 100% of the Fair Market Value of a share of Common Stock.
- (c) At the discretion of the Administrator, Restricted Shares may be awarded under the Plan in consideration of services rendered to the Company, a parent or a Subsidiary prior to the Award.

- 1.3 Non-Applicability. The Exercise Price restrictions applicable to Non-Qualified Stock Options required by Section 1.1 hereof and the Purchase Price restrictions applicable to Restricted Shares required by Section 1.2 hereof shall be inoperative if (a) the shares of Stock to be issued upon payment of the Purchase Price have been registered under a then currently effective registration statement under applicable federal securities laws and the Company (i) is subject to the reporting requirements of Section 13 or 15(d) of the

Exchange Act or becomes an investment company registered or required to be registered under the Investment Company Act of 1940, and (ii) the Company's Stock is listed or approved for listing upon notice of issuance on a national securities exchange or on the National Market System of the Nasdaq Stock Market (or any successor to that entity), if the exchange or Nasdaq Stock Market (or its successor) has been certified by rule or order of the California Commissioner of Corporations; or (b) a determination is made by counsel for the Company that such Exercise Price restrictions are not required in the circumstances under applicable federal or state securities laws.

ARTICLE II.  
EXERCISABILITY AND VESTING

- 2.1 Options. Each Stock Option Agreement shall specify the date when all or any installment of the Option becomes exercisable. Unless a determination is made by counsel for the Company that Section 25102(o) of the California Corporations Code no longer requires and another exemption from qualification under the California Corporations Code applies which does not require, an Option granted to an Optionholder who is not an officer of the Company, a Director or a Consultant shall become exercisable at least as rapidly as 20% per year over the five-year period commencing on the Date of Grant. Subject to the preceding sentence, the exercise provisions of any Stock Option Agreement shall be determined by the Administrator, in its sole discretion.
- 2.2 Restricted Shares. The Restricted Shares will be forfeited immediately upon termination of Participant's employment with the Company or one of its Subsidiaries, unless otherwise expressly provided herein or in the Award Agreement pursuant to such Restricted Shares were granted. Unless a determination is made by counsel for the Company that Section 25102(o) of the California Corporations Code no longer requires and another exemption from qualification under the California Corporations Code applies which does not require, an Award of Restricted Shares granted to an employee who is not an officer of the Company, a Director, a manager or a Consultant shall provide that the risk of forfeiture and any right to repurchase unvested stock at less than Fair Market Value shall lapse at a rate of at least 20% per year over five years from the date the Award Agreement for Restricted Shares is granted. Subject to the preceding sentence, the vesting and forfeiture provisions of any Restricted Share Award Agreement shall be determined by the Administrator, in its sole discretion.

ARTICLE III.  
TERM

- 3.1 Term of Option. Unless Optionholder's Service with the Company, a parent, or Subsidiaries is terminated for Cause, in no event may the right to exercise any Option in the event of termination of Service (to the extent that the Optionholder is entitled to exercise on the date of termination of Service) be (i) less than six months from the date of termination if termination was caused by death or Disability and (ii) less than 30 days from the date of termination if termination was caused by other than death, Disability or Cause.
- 3.2 Limits on Post Termination Exercise. The provisions of Section 3.1 may not (i) allow any Option to be exercised after the expiration of ten years after the date the Option is

granted or (ii) preclude a Ten Percent Shareholder from receiving an ISO satisfying the requirements of Section 422(c)(5) of the Code, including without limitation, that such ISO by its terms not be exercisable after the expiration of five years from the Date of Grant.

ARTICLE IV.  
REPURCHASE RIGHTS

- 4.1 Lapse of Repurchase Rights. For purposes of the Repurchase Right under Section 9.3 of the Plan upon termination of Service, the Repurchase Price shall be presumptively reasonable if:
- (a) In the case of vested Common Stock, it is not less than the Fair Market Value of the Common Stock to be repurchased on the date of termination of Service, and the Repurchase Right must be exercised for cash or cancellation of purchase money indebtedness for the Common Stock within 90 days of termination of Service (or in the case of Common Stock issued upon exercise of Options after the date of termination, within 90 days after the date of exercise), and the Repurchase Right terminates when the Company's securities become Publicly Traded.
  - (b) In the case of unvested Common Stock, it is at the lesser of the original purchase price or Fair Market Value, provided the Repurchase Right at the original purchase price lapses at the rate of at least 20% per year over five years from the date the Option Agreement or Award Agreement for Restricted Shares is granted (without respect to the date the Option or Award Agreement was exercised or became exercisable) and the Repurchase Right must be exercised for cash or cancellation of purchase money indebtedness for the Common Stock within 90 days of termination of Service (or in the case of Common Stock issued upon exercise of Options after the date of termination, within 90 days after the date of exercise).
- 4.2 Additional Restrictions Permitted. In addition to the restrictions set forth in clauses (a) and (b) of Section 4.1, the Common Stock held by an officer, a Director, a manager or a Consultant of the Company or an Affiliate may be subject to additional or greater restrictions.

ARTICLE V.  
ADDITIONAL COMPLIANCE PROVISIONS

- 5.1 Voting Rights. Notwithstanding anything to the contrary in the Plan, Common Stock issued pursuant to the Plan shall carry equal voting rights on all matters where such vote is required by applicable law.
- 5.2 Financial Information. To the extent necessary to comply with California law, the Company each year shall furnish to Participants its balance sheet and income statement, unless such Participants are limited to key Employees whose duties with the Company assure them access to equivalent information.

AMENDED AND RESTATED CINEMARK HOLDINGS, INC.  
2006 LONG TERM INCENTIVE PLAN  
RESTRICTED STOCK UNIT AWARD CERTIFICATE

THIS IS TO CERTIFY that Cinemark Holdings, Inc., a Delaware corporation (the "**Company**"), has offered you ("**Grantee**") the right to receive restricted stock units ("**Restricted Stock Units**" or the "**Award**") under the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (the "**Plan**"), as follows:

Name of Grantee: \_\_\_\_\_  
Hypothetical Number of Shares: \_\_\_\_\_  
Offer Grant Date: \_\_\_\_\_, 2008  
Offer Expiration Date: \_\_\_\_\_ Days after the Offer Grant Date  
Payment Date: \_\_\_\_\_

Vesting Provisions:

The Award will vest in whole or in part on \_\_\_ provided (i) Grantee continues to provide Service through such date and (ii) the change in Implied Equity Value between January 1, 2008 and December 31, 2010 results in an internal rate of return ("IRR") equal to or greater than the following performance schedule:

IRR	Vesting Percentage
less than 8.5%	0.0%
8.5% but less than 10.5%	33.3%
10.5% but less than 12.5%	66.6%
12.5% or greater	100.0%

Any Restricted Stock Units that vest in accordance with the performance schedule will be paid in the form of shares of Common Stock on the Payment Date specified above. The Restricted Stock Units will vest and the restrictions will lapse if the Grantee continues to provide Service through \_\_\_\_\_ and the performance targets specified above are attained. For purposes of determining Implied Equity Value, the multiple factor will be 10.

By your signature and the signature of the Company's representative below, you and the Company agree to be bound by all of the terms and conditions of the Restricted Stock Unit Agreement, which is attached hereto as Annex I and the Plan (both incorporated herein by this reference as if set forth in full in this document). By executing this Certificate, you hereby irrevocably elect to accept the Restricted Stock Units rights granted pursuant to this Certificate and the related Restricted Stock Unit Agreement and to receive the Award of Restricted Stock Units designated above subject to the terms of the Plan, this Certificate and the Award Agreement.

GRANTEE:

Cinemark Holdings, Inc.

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

**AMENDED AND RESTATED  
CINEMARK HOLDINGS, INC.  
2006 LONG TERM INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Agreement (this "**Agreement**"), is made and entered into on the execution date of the Restricted Stock Unit Certificate to which it is attached (the "**Certificate**"), by and between Cinemark Holdings, Inc., a Delaware corporation (the "**Company**"), and the Director, Employee or Consultant ("**Grantee**") named in the Certificate.

Pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended or restated from time to time (the "**Plan**"), the Administrator of the Plan has authorized the grant to Grantee of restricted stock units ("**Restricted Stock Units**" or the "**Award**"), upon the terms and subject to the conditions set forth in this Agreement and in the Plan. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Plan.

**NOW, THEREFORE**, in consideration of the premises and the benefits to be derived from the mutual observance of the covenants and promises contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**1. Basis For Award.** THIS AWARD IS MADE PURSUANT TO SECTION 5.6 OF THE PLAN. THE GRANTEE HEREBY RECEIVES AS OF THE DATE HEREOF AN AWARD OF RESTRICTED STOCK UNITS PURSUANT TO THE TERMS OF THIS AGREEMENT (THE "**GRANT**")

**2. Units Awarded.**

(a) The Company hereby awards to Grantee Restricted Stock Units for the Hypothetical Number of Shares set forth in the Certificate. Restricted Stock Units are hypothetical Common Stock units having a value equal to the Fair Market Value of an identical number of shares of the Company's Common Stock. Each restricted stock unit represents a right to receive one share of Common Stock from the Company at the Payment Date set forth in the Certificate.

(b) The Company shall in accordance with the Plan establish and maintain an account (the "**Restricted Stock Unit Account**") for Grantee, and shall credit such account for the number of Restricted Stock Units granted to Grantee. The Company shall credit the Restricted Stock Unit Account for any securities or other property (including regular cash dividends) distributed by the Company in respect of its Common Stock. Any such property shall be subject to the same vesting schedule as the Restricted Stock Units to which they relate.

(c) Until the Restricted Stock Units awarded to the Grantee have vested and become payable on the Payment Date specified in the Certificate, the Restricted Stock Units and any related securities, cash dividends or other property nominally credited to a Restricted Stock

Unit Account may not be sold, transferred, or otherwise disposed of, and may not be pledged or otherwise hypothecated.

3. **Vesting.** The Restricted Stock Units covered by this Agreement shall vest subject to the Vesting Schedule set forth in the Certificate. Any Restricted Stock Units not previously vested or forfeited shall vest upon the Sale of the Company, provided Grantee provides continuous Service through the consummation date of such Sale of the Company and satisfies the terms of this Agreement. Except as otherwise provided in this Section, if Grantee's Service is terminated for any reason, including as a result of Grantee's death, disability or retirement, any unvested Restricted Stock Units will be forfeited immediately.

4. **Payment.** Subject to Grantee's satisfaction of applicable withholding requirements pursuant to Section 7 hereof, payment will be made in shares of Common Stock as soon as practicable after the Payment Date set forth in the Certificate. If the Certificate does not specify a Payment Date, the Payment Date will be the Vesting Date. The Administrator shall cause a stock certificate to be delivered to Grantee with respect to such shares free of all restrictions hereunder, except for applicable federal securities laws restrictions. Any securities, cash dividends or other property credited to the Restricted Stock Unit Account other than Restricted Stock Units will be paid in cash, or, in the discretion of the Administrator, in kind.

5. **Compliance with Laws and Regulations.** The issuance and transfer of Common Stock upon vesting of the Restricted Stock Units is subject to compliance by the Company and Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer. Grantee understands that the Company is under no obligation to register or qualify such shares of Common Stock with the Securities and Exchange Commission, any state securities commission, or any stock exchange to effect such compliance.

6. **Tax Withholding.** As a condition to payment under Section 4 hereof, Grantee agrees that no later than the date as of which the Restricted Stock Units vest, Grantee shall pay to the Company (in cash or to the extent permitted by the Administrator, by tendering shares of Common Stock held by Grantee, including shares that otherwise would be issued and transferred to Participant as payment upon vesting of the Restricted Stock Units ("*Share Withholding*"), with a Fair Market Value on the date the Restricted Stock Units vest equal to the amount of Grantee's minimum statutory tax withholding liability, or to the extent permitted by the Administrator, a combination thereof) any federal, state, or local taxes of any kind required by law to be withheld with respect to the Restricted Stock Units for which the restrictions lapse. Alternatively, the Company or its Subsidiaries will, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to Grantee (including payments due when the Restricted Stock Units vest) any federal, state, or local taxes of any kind required by law to be withheld with respect to such Restricted Stock Units.

7. **Nontransferability.** This Award is not transferable.

8. **No Right to Continued Service.** Nothing in the Plan or this Agreement confers on Grantee any right to continue to serve as an Employee, Director or Consultant of the Company or any Subsidiary, or limits in any way the right of the

Company or any Subsidiary to terminate Grantee's Service to the Company or any Subsidiary, with or without Cause.

9. **Representations and Warranties of Grantee.** Grantee represents and warrants to the Company that:

(a) Agrees to Terms of the Plan. Grantee has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. Grantee acknowledges that there may be adverse tax consequences upon the vesting of Restricted Stock Units or thereafter if the Award is paid and Grantee later disposes of the shares of Common Stock, and that Grantee should consult a tax advisor prior to such time.

(b) Cooperation. The Grantee agrees to sign such additional documentation as the Company may reasonably require from time to time.

10. **Modification.** The Agreement must not be amended or modified except in writing signed by both parties.

11. **Plan.** Except as otherwise provided herein, or unless the context clearly indicates otherwise, capitalized terms used but not defined herein have the same definitions as provided in the Plan. The terms and provisions of the Plan are incorporated herein by reference, and the Grantee hereby acknowledges receiving a copy of the Plan. This Agreement and the Plan constitute the entire agreement of the parties and supercede all prior undertakings and agreements with respect to the subject matter hereof. In the event of any inconsistency between the nondiscretionary terms and provisions of this Agreement and the Plan, the Plan will govern.

12. **Interpretation.** In the event of any dispute regarding the interpretation of this Agreement, Grantee, the Company, or both shall submit such dispute to the Administrator for review. The resolution of such a dispute by the Administrator shall be final and binding on the Company and Grantee.

13. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement is binding upon Grantee and Grantee's heirs, executors, administrators, legal representatives, successors and assigns.

14. **Governing Law.** This Agreement is to be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its conflict of law principles. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

**CEO CERTIFICATION  
PURSUANT TO SECTION 302 OF THE  
SARBANES — OXLEY ACT OF 2002**

I, Alan Stock, certify that:

1. I have reviewed this report on Form 10-Q of Cinemark Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

By: /s/Alan Stock

Alan Stock  
Chief Executive Officer

**CFO CERTIFICATION  
PURSUANT TO SECTION 302 OF THE  
SARBANES — OXLEY ACT OF 2002**

I, Robert Copple, certify that:

1. I have reviewed this report on Form 10-Q of Cinemark Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

By: /s/Robert Copple

Robert Copple  
Chief Financial Officer

**CEO CERTIFICATION  
PURSUANT TO SECTION 906 OF THE  
SARBANES — OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2008 of Cinemark Holdings, Inc. (the "Issuer").

I, Alan Stock, the Chief Executive Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: May 9, 2008

/s/Alan Stock

Alan Stock  
Chief Executive Officer

Subscribed and sworn to before me this 9<sup>th</sup> day of May 2008.

/s/ Carol Waldman

Name: Carol Waldman  
Title: Notary Public

My commission expires: 06/07/08

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CFO CERTIFICATION  
PURSUANT TO SECTION 906 OF THE  
SARBANES — OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2008 of Cinemark Holdings, Inc. (the "Issuer").

I, Robert Copple, the Chief Financial Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: May 9, 2008

/s/Robert Copple

Robert Copple  
Chief Financial Officer

Subscribed and sworn to before me this 9<sup>th</sup> day of May 2008.

/s/ Carol Waldman

Name: Carol Waldman  
Title: Notary Public

My commission expires: 06/07/08

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.