

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2017

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

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

75093
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, par value \$0.001 per share

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes No

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity owned by non-affiliates of the registrant on June 30, 2017, computed by reference to the closing price for the registrant's common stock on the New York Stock Exchange on such date was approximately \$4.1 billion (105,858,139 shares at a closing price per share of \$38.85).

As of February 16, 2018, 116,471,354 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement, in connection with its 2018 annual meeting of stockholders, to be filed within 120 days of December 31, 2017, are incorporated by reference into Part III, Items 10-14, of this annual report on Form 10-K.

Table of Contents

	<u>Page</u>
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	1
<u>PART I</u>	
Item 1. <u>Business</u>	2
Item 1A. <u>Risk Factors</u>	14
Item 1B. <u>Unresolved Staff Comments</u>	21
Item 2. <u>Properties</u>	21
Item 3. <u>Legal Proceedings</u>	22
<u>PART II</u>	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	23
Item 6. <u>Selected Financial Data</u>	24
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
Item 8. <u>Financial Statements and Supplementary Data</u>	47
Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	47
Item 9A. <u>Controls and Procedures</u>	48
Item 9B. <u>Other Information</u>	48
<u>PART III</u>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	50
Item 11. <u>Executive Compensation</u>	50
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	50
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	50
Item 14. <u>Principal Accounting Fees and Services</u>	50
<u>PART IV</u>	
Item 15. <u>Exhibits, Financial Statement Schedules</u>	50
<u>SIGNATURES</u>	61

Cautionary Statement Regarding Forward-Looking Statements

This annual report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The “forward looking statements” include our current expectations, assumptions, estimates and projections about our business and our industry. They include statements relating to:

- future revenues, expenses and profitability;
- the future development and expected growth of our business;
- projected capital expenditures;
- attendance at movies generally or in any of the markets in which we operate;
- the number or diversity of popular movies released and our ability to successfully license and exhibit popular films;
- national and international growth in our industry;
- competition from other exhibitors and alternative forms of entertainment; and
- determinations in lawsuits in which we are defendants.

You can identify forward-looking statements by the use of words such as “may,” “should,” “could,” “estimates,” “predicts,” “potential,” “continue,” “anticipates,” “believes,” “plans,” “expects,” “future” and “intends” and similar expressions which are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. In evaluating forward-looking statements, you should carefully consider the risks and uncertainties described in the “Risk Factors” section in Item 1A of this Form 10-K and elsewhere in this Form 10-K. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained in this Form 10-K. Forward-looking statements contained in this Form 10-K reflect our view only as of the date of this Form 10-K. 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.

Certain Definitions

Unless the context otherwise requires, all references to “we,” “our,” “us,” the “issuer” or “Cinemark” relate to Cinemark Holdings, Inc. and its consolidated subsidiaries. All references to Latin America are to Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao and Paraguay. Unless otherwise specified, all operating and other statistical data are as of and for the year ended December 31, 2017.

PART I

Item 1. Business

Our Company

Cinemark Holdings, Inc. and subsidiaries, or the Company, us or our, is a leader in the motion picture exhibition industry, with theatres in the United States, or U.S., Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao and Paraguay.

As of December 31, 2017, we managed our business under two reportable operating segments: U.S. markets and international markets. See Note 18 to the consolidated financial statements.

Cinemark Holdings, Inc. is a Delaware corporation incorporated on August 2, 2006. Our principal executive offices are at 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. Our telephone number is (972) 665-1000. We maintain a corporate website at www.cinemark.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, are available on our website free of charge under the heading "Investor Relations – Financials - SEC Filings" as soon as practicable after such reports are filed or furnished electronically to the Securities and Exchange Commission, or the SEC. Additionally, all of our filings with the SEC can be accessed on the SEC's website at www.sec.gov.

Description of Business

We are one of the leaders in the motion picture exhibition industry. As of December 31, 2017, we operated 533 theatres and 5,959 screens in the U.S. and Latin America and approximately 277 million guests attended our theatres worldwide during the year ended December 31, 2017. We are one of the most geographically diverse worldwide exhibitors, with theatres in sixteen countries as of December 31, 2017. As of December 31, 2017, our U.S. circuit had 339 theatres and 4,561 screens in 41 states and our international circuit had 194 theatres and 1,398 screens in 15 countries.

Revenues, operating income and net income attributable to Cinemark Holdings, Inc. for the year ended December 31, 2017, were \$2,991.5 million, \$392.3 million and \$264.2 million, respectively. At December 31, 2017 we had cash and cash equivalents of \$522.5 million and total long-term debt of \$1,817.3 million. Approximately \$659.5 million, or 36%, of our long-term debt accrues interest at variable rates and \$7.1 million of our long-term debt matures in 2018.

We selectively build or acquire new theatres in markets where we can establish and maintain a strong market position. During the year ended December 31, 2017, we built eight new theatres with 66 screens and acquired three theatres with 26 screens.

Our significant and diverse presence in the U.S. and Latin America has made us an important distribution channel for movie studios. We believe our portfolio of modern, high-quality theatres with multiple platforms provides a preferred destination for moviegoers and contributes to our consistent cash flows from operating activities. We continue to develop and expand new platforms and market-adaptive concepts for our theatre circuit, such as Luxury Lounger recliner seats, XD, enhanced food and beverage, motion seats, virtual reality and other premium concepts.

We have incorporated Luxury Lounger recliner seats in the majority of our recent domestic new builds and have also repositioned many of our existing domestic theatres to offer this premium seating feature. We currently feature Luxury Loungers in 2,037 domestic auditoriums, representing 45% of our domestic circuit. We plan to continue to add additional Luxury Loungers in certain of our domestic locations during 2018.

Our XD screens represent the largest private label premium large format footprint in the industry. Our XD auditoriums offer a premium experience utilizing the latest in digital projection and enhanced custom sound, including a Barco Auro 11.1 or Dolby Atmos sound system in select locations. The XD experience includes wall-to-

wall screens, wrap-around sound, plush seating and a maximum comfort entertainment environment for an immersive experience. The exceptional XD technology does not require special format movie prints, which allows us the flexibility to program any available digital print we choose, including 3-D content, in our XD auditoriums. We also prefer the economies of our private label format since there is no additional revenue share component outside of routine film rental. As of December 31, 2017, we had 242 XD auditoriums in our worldwide circuit with plans to install more XD auditoriums during 2018.

We offer enhanced food and beverages such as fresh wraps, hot sandwiches, burgers, and gourmet pizzas, and a selection of beers, wines, and frozen cocktails, all of which can be enjoyed in the comfort of the auditoriums, at approximately 48% of our worldwide theatres. We also offer market-adaptive concepts with full bars or dine-in areas in certain of our theatres.

We currently have auditoriums that offer seats with immersive cinematic motion, which we refer to as motion seats, throughout our worldwide circuit. These motion seats are programmed in harmony with the audio and video content of the film and further immerse guests in the on-screen action. We offer motion seats in 208 auditoriums throughout our worldwide circuit. We plan to continue to add motion seats to additional locations during 2018.

We recently announced plans to collaborate on an in-theatre immersive virtual reality technology. The advanced technology takes guests on a real-life, full-body journey where they engage with characters and their environment through sight, sound, touch, smell and motion. We plan to install this technology in at least one domestic theatre during 2018 and we are continuing to evaluate other locations at which we can offer our guests this unique entertainment option.

Motion Picture Exhibition Industry Overview

Technology Platform

All of our domestic and first-run international theatres are fully digital. Digital projection technology allows filmmakers the ability to showcase imaginative works of art exactly as they were intended, with incredible realism and detail. Digital projection has enabled us to offer a wider array of content, including 3-D programming and alternative entertainment such as live and pre-recorded sports programs, concert events, the Metropolitan Opera, e-sports and gaming events and other special presentations.

All of our domestic locations can receive movie and movie-related content via satellite through the content delivery network of Digital Cinema Distribution Coalition, or DCDC, the motion picture exhibition industry joint venture established during 2013. Approximately 97% of our domestic locations can also receive film content and live content via satellite. Delivery of content via satellite is more cost effective for both distributors and exhibitors, as compared to the costs to produce and ship hard drives.

During 2015, we began the expansion of satellite delivery technology into our Latin American markets, initially for live event presentations. Ninety-six percent of our international theatres have the capability to receive film content and live event feeds via satellite. We expect that all of our international locations will have this capability by the end of 2018.

Domestic Markets

The U.S. motion picture exhibition industry set an all-time box office record during 2016 with \$11.4 billion in revenues and preliminary box office estimates indicate revenues of approximately \$11.1 billion for 2017, a 2.5% decrease. The following table represents the results of a survey by MPAA published during March 2017, outlining the historical trends in U.S. box office performance for the ten year period from 2007 to 2016 (industry data for 2017 has not yet been released):

Year	U.S. Box Office Revenues (\$ in billions)	Attendance (in billions)	Average Ticket Price
2007	\$ 9.6	1.40	\$ 6.88
2008	\$ 9.6	1.34	\$ 7.18
2009	\$ 10.6	1.42	\$ 7.50
2010	\$ 10.6	1.34	\$ 7.89
2011	\$ 10.2	1.28	\$ 7.93
2012	\$ 10.8	1.36	\$ 7.96
2013	\$ 10.9	1.34	\$ 8.13
2014	\$ 10.4	1.27	\$ 8.17
2015	\$ 11.1	1.32	\$ 8.43
2016	\$ 11.4	1.32	\$ 8.65

Over the past ten years, industry statistics have shown slight increases and decreases in attendance from one year to another, however domestic box office revenues have remained relatively stable during this period. The industry has not experienced highly volatile results, even during recessionary periods, demonstrating the stability of the industry, its continued ability to attract consumers and the fact that box office performance is primarily dependent on film product rather than economic cycles.

Films leading the box office during the year ended December 31, 2017 included *Star Wars: The Last Jedi*, *Beauty and the Beast*, *Wonder Woman*, *Guardians of the Galaxy Vol. 2*, *Spider Man: Homecoming*, *It*, *Thor: Ragnarok*, *Despicable Me 3*, *Logan*, *The Fate of the Furious*, *Justice League*, *Dunkirk*, *Coco*, *The LEGO Batman Movie*, *Get Out*, *The Boss Baby*, *Pirates of the Caribbean: Dead Men Tell No Tales*, *Kong: Skull Island*, *Hidden Figures*, *Jumanji: Welcome to the Jungle* and other films.

Films scheduled for release during 2018 include well-known franchise films such as *Avengers: Infinity War*, *Jurassic World: Fallen Kingdom*, *Solo: A Star Wars Story*, *Black Panther*, *The Incredibles 2*, *Deadpool 2*, *Ralph Breaks The Internet: Wreck-It Ralph*, *Fantastic Beasts: The Crimes of Grindelwald*, *Mission Impossible 6*, *Hotel Transylvania 3: Summer Vacation*, *X-Men: Dark Phoenix*, and *Ant-Man and the Wasp*, among other films.

International Markets

According to MPAA, international box office revenues were \$27.2 billion for the year ended December 31, 2016, compared to \$27.3 billion for the year ended December 31, 2015. More specifically, Latin American box office revenues were \$2.8 billion for the year ended December 31, 2016, compared to \$3.4 billion for the year ended December 31, 2015. (Industry data for 2017 has not yet been released.)

While certain Latin American countries have experienced recent political and economic challenges, strong performance continues to be fueled by a combination of social behaviors, growing populations, continued retail development in select markets, and quality product from Hollywood, including 3-D and alternative content offerings. In many Latin American countries, including Brazil, Argentina, Colombia, Peru and Chile, successful local film product can also provide incremental box office growth opportunities.

We believe many international markets will expand as new theatre technologies are introduced, as film and other content offerings continue to broaden, as ancillary revenue opportunities grow and as local economies continue to strengthen. We also believe most of these markets are underscreened in comparison to the U.S. and European markets.

Drivers of Continued Industry Success

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

Importance of Theatrical Success in Establishing Movie Brands. Theatrical exhibition has long been the primary distribution channel for new major motion picture releases. A successful theatrical release “brands” a film and is one of the major contributors to a film’s success in “downstream” markets, such as digital downloads, video on-demand, pay-per-view television, DVDs, and network and syndicated television, as well as branded retail merchandise.

Increased Importance and Growth of International Markets for Box Office Success International markets continue to be an increasingly important component of the overall box office revenues generated by Hollywood films, accounting for \$27.2 billion, or approximately 71%, of 2016 total worldwide box office revenues according to MPAA. (As of the date of this report, 2017 industry data was not yet available.) With the continued strength of the international motion picture exhibition industry, we believe the relative contribution of markets outside North America will continue to be meaningful. Many of the top U.S. films released during 2017 also performed exceptionally well in international markets. *Despicable Me 3* grossed approximately \$767.8 million in international markets, or approximately 74% of its worldwide box office, *Beauty and the Beast* grossed approximately \$759.7 million in international markets, or approximately 60% of its worldwide box office, and *Star Wars: The Last Jedi* grossed approximately \$632.7 million in international markets, or approximately 53% of its worldwide box office.

Convenient and Affordable Form of Out-Of-Home Entertainment. Movie going continues to be one of the most convenient and affordable forms of out-of-home entertainment, with an estimated average ticket price in the U.S. of \$8.65 in 2016. Average prices in 2016 for other forms of out-of-home entertainment in the U.S., including sporting events and theme parks, ranged from approximately \$31.00 to \$92.98 per ticket according to MPAA. (As of the date of this report, 2017 industry data was not yet available.)

Introduction of New Platforms and Product Offerings that Enhance the Movie-Going Experience. The motion picture exhibition industry continues to develop new movie theatre platforms and concepts to respond to varying and changing consumer preferences and to continue to differentiate the movie-going experience from watching a movie at home. In addition to changing the overall style of, and amenities offered in, some theatres, concession product offerings have continued to expand to more than just traditional popcorn and candy items. Many locations now offer hot foods, alcohol offerings and/or healthier snack options for guests.

Innovation Using Satellite and Other Technology. Our industry began the development of a content delivery network in domestic markets during 2013 and international markets during 2015. Satellite delivery allows exhibitors to expand their product offerings, including the presentation of live content and alternative entertainment. Alternative entertainment may include pre-recorded programs as well as live sports programs, concert events, the Metropolitan Opera, e-sports gaming events and other special presentations. Motion seats are offered in some locations, further enhancing the movie viewing experience. Virtual reality is also being developed for in-theatre enjoyment. New and enhanced programming alternatives expand the industry’s offerings to attract a broader customer base.

Competitive Strengths

We believe the following strengths allow us to compete effectively:

Disciplined Operating Philosophy. We generated operating income and net income attributable to Cinemark Holdings, Inc. of \$392.3 million and \$264.2 million, respectively, for the year ended December 31, 2017. Our solid operating performance is a result of our disciplined and consistent operating philosophy that centers on building new, and reinvesting in our existing, high-quality theatres, focusing on the guest experience and maintaining favorable theatre-level economics, controlling operating costs and effectively reacting to economic and market changes.

Leading Position in Our U.S. Markets. We have a leading market share in most of the U.S. markets we serve, which includes a presence in 41 states. For the year ended December 31, 2017, we ranked either first or second, based on box office revenues, in 19 out of our top 25 U.S. markets, including the San Francisco Bay Area, Dallas, Houston, Salt Lake City, Sacramento, Cleveland, Austin and Las Vegas.

Located in Top Latin American Markets. We have successfully established a significant presence in major cities in Latin America, with theatres in fourteen of the twenty largest metropolitan areas in South America. As of December 31, 2017, we operated 194 theatres and 1,398 screens in 15 countries. Our international screens generated revenues of \$769.4 million, or 25.7% of our total revenues, for the year ended December 31, 2017. We are the largest exhibitor in Brazil and Argentina and have significant market presence in Colombia, Peru and Chile. Our geographic diversity makes us an important distribution channel for the movie studios.

State-of-the-Art Theatre Circuit. We offer a state-of-the-art movie-going experience, which we believe makes our theatres a preferred destination for moviegoers in our markets. During 2017, we built 66 new screens worldwide. As of December 31, 2017, we had commitments to open 197 additional new screens over the next three years. We have installed digital projection technology in all of our worldwide auditoriums. We currently have 15 digital IMAX screens. As of December 31, 2017, we had the industry-leading private label premium large format circuit with 242 XD auditoriums in our theatres. We have plans to install additional XD auditoriums during 2018. We also continue to develop new market-adaptive theatre concepts in various markets. We believe we offer the brightest picture in the industry, with our Doremi servers and Barco digital projectors, and custom surround sound in our auditoriums. We have also established a centralized theatre support center that monitors and responds to projection performance and theatre network connectivity issues across our worldwide circuit on a real-time basis.

Disciplined and Targeted Growth Strategy. We continue to grow organically as well as through the acquisition of high-quality theatres in select markets. Our growth strategy has centered around exceeding our return on investment thresholds while also complementing our existing theatre circuit. We continue to generate consistent cash flows from operating activities, which demonstrates the success of our growth strategy. We believe the combination of our strong balance sheet and our continued commitment to taking advantage of accretive growth opportunities, will continue to provide us with the financial flexibility to pursue further expansion opportunities and maintain our existing locations at a high standard, while also allowing us to effectively service our debt obligations and continue to offer our stockholders a strong dividend yield.

Experienced Management. Led by Chairman and founder Lee Roy Mitchell, Chief Executive Officer Mark Zoradi, Chief Operating Officer and Chief Financial Officer Sean Gamble, and President-International Valmir Fernandes, our operational management team has many years of industry experience. Each of our international offices is led by general managers that are local citizens familiar with cultural, political and economic factors impacting each country. Our worldwide management team has successfully navigated us through many industry and economic cycles.

Our Strategy

We believe our disciplined operating philosophy and experienced operational management team will enable us to continue to enhance our leading position in the motion picture exhibition industry. Key components of our strategy include:

Focus on Providing an Extraordinary Guest Experience. We differentiate our theatres by focusing on providing an extraordinary guest experience through a variety of initiatives. We have a market-adaptive approach with our theatre amenities, including Luxury Lounger recliner seats, enhanced food and beverage offerings, and our private-label premium large format, XD. We also feature loyalty programs in our largest markets, including the U.S., Brazil, Argentina, Colombia and Central America, which allows us to perform advanced analytics for more insight about our guest preferences and further enrich their movie-going experience. Our new Movie Club membership program also rewards our frequent guests with specially-priced tickets, concessions discounts and other benefits. Our innovative and advanced technology selections allow us to consistently deliver the highest quality presentation to fully immerse our guests in the on-screen action. We train, motivate, and empower our staff to provide first-rate customer service, ensuring our guests are continually pleased with their Cinemark experience.

Grow Attendance. We believe our focus on the guest experience is a catalyst for attendance growth and is a primary factor in our consistent industry-leading results. In addition to optimizing schedules for Hollywood content, we also have initiatives to drive attendance during non-peak times, such as variable pricing strategies and alternative content, including both participatory and spectator e-sports, Metropolitan Opera, concerts, live and pre-recorded sports, gaming, and other special presentations and we continue to explore other alternatives. We recently announced plans to collaborate on an in-theatre virtual reality technology that will provide our guests with another entertainment experience in our theatres.

Sustain Investment in Core Circuit Combined with Targeted Growth. We continually utilize our cash flows from operations to invest in our existing circuit to ensure the highest quality experience for our guests. We routinely service and update theatre furniture, fixtures and equipment as well as invest in a variety of theatre upgrades such as Luxury Lounger recliner seats, enhanced food and beverage offerings, our XD private-label premium large format, and other entertainment features such as virtual reality and gaming. Our commitment to investing in our existing circuit is demonstrated by our level of maintenance capital expenditures for the years ended December 31, 2016 and 2017, at approximately \$237.1 million and \$322.6 million, respectively. We also continue to target organic growth throughout our global circuit and seek accretive acquisition opportunities, with the objectives of deeper market penetration in the territories in which we currently operate and as a means to enter new and developing markets. We built 66 new auditoriums and acquired 26 auditoriums during the year ended December 31, 2017.

Theatre Operations

As of December 31, 2017, we operated 533 theatres and 5,959 screens in 41 U.S. states and 15 Latin American countries. The following tables summarize the geographic locations of our theatre circuit as of December 31, 2017.

United States Theatres

State	Total Theatres	Total Screens
Texas	86	1,131
California	65	835
Ohio	29	365
Utah	15	190
Nevada	9	140
Colorado	9	136
Illinois	9	126
Pennsylvania	9	125
Florida	6	110
Kentucky	8	109
Arizona	7	104
Oregon	6	90
North Carolina	7	83
Louisiana	6	83
Virginia	6	82
Oklahoma	5	65
Iowa	4	62
Washington	5	61
Connecticut	4	58
New Mexico	4	54
Michigan	3	46
Massachusetts	3	46
Arkansas	3	44
Mississippi	3	41
Maryland	2	39
Indiana	3	34
South Carolina	3	34
New Jersey	2	28
Georgia	2	27
South Dakota	2	26
Montana	2	25
Delaware	2	22
West Virginia	2	22
Kansas	1	20
New York	1	17
Alaska	1	16
Missouri	1	15
Alabama	1	14
Tennessee	1	14
Wisconsin	1	14
Minnesota	1	8
Total	339	4,561

International Theatres

Country	Total Theatres	Total Screens
Brazil	81	608
Colombia	35	193
Argentina	21	184
Chile	18	126
Central America ⁽¹⁾	16	120
Peru	13	93
Ecuador	7	45
Bolivia	1	13
Paraguay	1	10
Curacao	1	6
Total	194	1,398

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

We first entered Latin America when we opened a theatre in Chile in 1993. Since then, through our focused international growth strategy, we have developed one of the most geographically diverse theatre circuits in the region. We have balanced our risk through a diversified international portfolio, which includes theatres in fourteen of the twenty largest metropolitan areas in South America. We have established significant presence in Brazil and Argentina, where we are the largest exhibitor. We also have significant market presence in Colombia, Peru and Chile.

We believe that certain markets within Latin America continue to be underserved as penetration of movie screens per capita in these markets is substantially lower than in the U.S. and European markets. We intend to continue to expand our presence in international markets, with emphasis on Latin America, and fund our expansion primarily with cash flow generated from operations. We are able to mitigate cash flow exposure to currency fluctuations by transacting local operating expenses primarily in their respective local currencies. Our geographic diversity throughout South and Central America has allowed us to maintain consistent local currency revenue performance, notwithstanding currency and economic fluctuations that may affect any particular market.

Content

We offer a variety of content at our theatres. We monitor upcoming films and other content and work diligently with film distributors to license the content that we believe will be most successful in our theatres. We play mainstream films from many different genres, such as animated films, family films, dramas, comedies, horror and action films. We offer content in both 2-D and 3-D formats in all of our theatres, and in many locations, we offer our private-label premium format, XD. We also offer a format that features motion seats and added sensory features in addition to the ultra-realistic images of 3-D technology in select locations.

We regularly play art and independent films at many of our U.S. theatres and offer local film product in our international markets, providing a variety of film choices to our guests. We offer a Classic Series at a majority of our U.S. theatres and some of our international theatres, which involves playing digitally re-mastered classic movies that change on a weekly basis. The program covers a variety of genres of classic films that are generally exhibited during non-peak times.

During December 2013, we formed a joint venture, named AC JV, LLC, with Regal Entertainment Group, or Regal, and AMC Entertainment, Inc., or AMC, which then purchased the Fathom event business from National CineMedia, LLC. The Fathom event business generally focuses on the marketing and distribution of live and pre-recorded entertainment programming to movie theatres to augment theatres' feature film schedules. AC JV, LLC continues to bring alternative events to our theatres, including the Metropolitan Opera, sports programs, concert events, e-sports gaming events and other special presentations, that may be live or pre-recorded. We, along with AC JV, LLC, continue to identify new ways to utilize our theatre platform to provide entertainment to consumers.

Film Licensing

In the domestic marketplace, our corporate film department negotiates with film distributors to license films for each of our domestic theatres. In each of our international offices, our local film personnel negotiate with local offices of major film distributors as well as local film distributors to license films for our international theatres. Film distributors are responsible for determining film release dates and film marketing campaigns and the related expenditures, while we are responsible for booking the films at each of our theatres at the optimal showtimes for our guests. In most instances, we are able to license each first-run, wide-release film without regard to the bookings of other exhibitors within that area. In certain limited situations, our theatres compete with other nearby theatres for film content from film distributors. We face competition for patrons from other exhibitors and other forms of entertainment, as discussed under *Competition* below, at all of our theatres in all markets. Our theatre personnel focus on providing an extraordinary guest experience, and we provide a high-quality facility with the most up-to-date sound systems, comfortable seating and other amenities preferred by our guests, which we believe gives us a competitive advantage in markets where competing theatres play the same films.

In both our domestic and international locations, we pay film rental fees based on a film's box office receipts at each of our theatres. Film rental rates are negotiated based on either a sliding scale formula under which the rate is based on a standard rate matrix that is established prior to a film's run; a firm terms formula, as determined prior to a film's run, under which we pay a negotiated rate; or a rate that is negotiated after a film's run.

Food and Beverage

Concession sales are our second largest revenue source, representing approximately 35% of total revenues. We have devoted considerable management effort to expanding concession sales by enhancing our offerings and adapting to our customers' changing preferences, as discussed below.

Concession Product Mix. Common concession products offered at all of our theatres include various sizes and types of popcorn, soft drinks, coffees, non-carbonated drinks, candy and quickly-prepared or pre-prepared food, such as hot dogs, pizza, pretzel bites, nachos and ice cream. The food and beverage offerings vary based on consumer preferences in a particular market. We have introduced some healthier snack and beverage options for our guests, which are available at some locations, added alcohol offerings in a growing number of theatres, and also offer diverse ethnic foods based on market demographics.

In select locations, we have expanded concession product offerings to include a broader variety of food and drink options, such as fresh wraps, hot sandwiches, burgers, gourmet pizzas, and a selection of beers, wines, and frozen cocktails, all of which can be enjoyed in the comfort of the auditoriums. We also have lobby bars and VIP lounges in many domestic and international theatres.

Our proprietary point-of-sale system allows our category managers to monitor product sales and readily make adjustments to product mix on a theatre-by-theatre or market-by-market basis, when necessary. This program flexibility also allows us to efficiently activate and manage both national or regional product launches and promotional initiatives to further grow food and beverage sales.

Pricing. New products and promotions are introduced on a regular basis to increase concession purchase incidence by existing buyers as well as to attract new buyers. We offer specially-priced product combinations at our theatres. We routinely offer discounts to our guests on certain products by offering weekly coupons as well as reusable popcorn tubs and soft drink cups that can be refilled at a discounted price. In certain international countries and in all of our domestic theatres, we offer a loyalty program to our frequent guests that includes food and beverage discounts. Our new Cinemark Movie Club membership program also allows our domestic guests to sign-up for exclusive concessions discounts.

Staff Training. Employees are continually trained in proper sales techniques, food preparation and handling and maintaining concession product quality. Some of our product promotions include a motivational element that rewards theatre staff for exceptional sales of certain promotional items.

Theatre Design. Our theatres are designed to optimize the guest purchase experience at the concession stands, which includes multiple concession counters throughout a theatre to facilitate serving guests in an expedited manner. We strategically place large concession stands within theatres to heighten visibility, reduce the length of concession lines, and improve traffic flow around the concession stands. We incorporate self-serve candy cases and bottled drink coolers at our traditional crew-serve theatres to help provide convenience for our guests, drive purchase incidence and increase product availability for these two core categories. We also have self-service cafeteria-style concession areas in many of our domestic theatres, which allow customers to select their own refreshments and proceed to the cash register when they are ready. This design allows for more efficient service, and superior visibility of concession items. In some of our international locations, we allow guests to pre-order concession items, either online or at a kiosk, and pick them up in a dedicated line at the concession counter.

Cost Control. We negotiate prices for concession supplies directly with concession vendors and manufacturers to obtain volume discounts and also negotiate volume-based and promotional-based rebates with our larger suppliers. Concession supplies are generally distributed through a distribution network. The concession distributor delivers inventory to the theatres after receiving orders directly from the theatres or through an online electronic ordering system. We conduct frequent inventory counts of concession products at every theatre to ensure proper stock levels are maintained to appropriately serve our guests.

Pre-Feature Screen Advertising

In our domestic markets, our theatres are part of the in-theatre digital network operated by National CineMedia, LLC, or NCM. NCM provides advertising to our theatres through its branded “*Noovie*” pre-show entertainment program and also handles lobby promotions and displays for our theatres. We believe that the reach, scope and digital delivery capability of NCM’s network provides an effective platform for national, regional and local advertisers to reach our engaged audience. We receive a monthly theatre access fee for participation in the NCM network and also earn screen advertising revenue on a per patron basis. As of December 31, 2017, we had an approximate 18% ownership interest in NCM. See Note 5 to the consolidated financial statements for further discussion of our investment in NCM.

In our international markets, our wholly-owned subsidiary Flix Media Publicidade E Entretenimento, Ltda., or Flix Media, handles our screen advertising functions in Brazil. Our Flix Media marketing personnel work with local agencies and advertisers to coordinate screen advertising in our Brazil theatres. We have expanded the Flix Media advertising services to other exhibitors in Brazil through revenue share agreements. In Argentina, we have in-house personnel that work with local advertisers to arrange screen advertising in our Argentina theatres. We recently acquired advertising businesses in Chile, Central America and Colombia, which are being integrated with our Flix Media division. In addition to screen advertising in our theatres, we intend to expand Flix Media’s services to include, among other things, alternative content, digital media and other synergistic media opportunities. In some of our other international markets, we outsource our screen advertising to local companies who have established relationships with local advertisers that provide similar programming benefits. The terms of our international screen advertising contracts vary by country, however, we generally earn a percentage of the screen advertising revenues for access to our screens.

Technology Innovations

The motion picture exhibition industry has undertaken many technology initiatives over the past several years, as discussed below.

Digital Cinema Distribution Coalition

Through the joint venture DCDC with Regal, AMC, Warner Bros. Entertainment, Inc. and Universal Pictures, we began delivering digital content to domestic theatres via satellite during October 2013. As of December 31, 2017, 100% of our domestic auditoriums were capable of receiving content via satellite. Delivery of content via satellite reduces film transportation costs for both distributors and exhibitors by eliminating the costs to produce and ship hard drives. The satellite delivery system established by DCDC is available to all exhibitors and content providers and allows live and store-and-forward content to be delivered to our theatres.

Satellite Delivery - International

Satellite delivery technology started to expand to certain Latin American markets in 2016. Currently, a majority of our international theatres have the ability to receive live events via satellite, with many of these also able to receive film content via satellite. We expect all of our international theatres to have the ability to receive content via satellite by the middle of 2018.

Virtual Reality

We recently announced plans to collaborate on an in-theatre virtual reality technology that will provide our guests with a new entertainment experience. The advanced technology takes guests on a real-life, full-body journey where they engage with characters and their environment through sight, sound, touch, smell and motion. We plan to install this technology in at least one theatre during 2018 and are continuing to evaluate other locations at which we can offer our guests this advanced entertainment option.

Marketing and Promotions

We generally market our theatres and special events, including new theatre grand openings, remodel openings and VIP events, using Internet digital advertising, directory film schedules, and radio and television advertising spots. We exhibit previews of coming attractions and current films as part of our on-screen pre-feature program. We offer guests access to movie times, the ability to buy their tickets and reserve their seats in advance and purchase gift cards at our website www.cinemark.com and via our smart phone and tablet applications. Customers can subscribe to our weekly emails to receive information about current and upcoming films at their preferred Cinemark theatre(s), including details about upcoming Cinemark XD movies, advanced ticket sales, screenings, special events, concerts and live broadcasts; as well as contests, promotions, and coupons for concession savings. Email communications and push notifications are utilized to provide customers with the latest information or exclusive offers such as screenings, contests or promotions. We partner with film distributors on a regular basis to promote upcoming films through local, regional and national programs that are exclusive to our theatres. These programs may involve customer contests that include exclusive giveaways, cross-promotions with the media and other third parties and other means to impact patronage for films showing at our theatres.

We interact with guests every day on social media platforms, such as Facebook, Twitter and Instagram, to provide relevant information, quick access to advanced ticketing information and upcoming movies and events, as well as to respond to guest feedback. Guests can utilize social media to ask us questions regarding their local Cinemark theatre offerings, movie-related information or to provide suggestions.

We offer a domestic loyalty program to our guests, called Connections, which was launched in 2016. Connections allows our guests to earn points for different types of transactions and interactions as tracked through our Cinemark smart phone app. Points can then be redeemed for various concession items and discounts, as well as unique and limited edition experiential rewards that relate to films currently playing at our theatres. We also offer a feature in our app, called CineMode, which dims the phone's screen and rewards guests for silencing their phones during the movie. Guests are rewarded for use of CineMode with loyalty points as well as other exclusive digital rewards that can be used at a future visit to one of our theatres.

We have loyalty programs in most of our international markets that either allow customers to pay a nominal fee for an annual membership card that provides them with certain admissions and concession discounts or that allows guests to earn loyalty points for each purchase. Similar to the Connections program, our points-based international programs offer discounts on concessions and movie tickets. Our global loyalty programs put us in direct contact with our guests and provides additional opportunities for us to enhance our relationships with the studios and our vendors through targeted promotions.

Our domestic and international marketing departments also focus on expanding ancillary revenue, which includes the sale of our gift cards and our SuperSaver discount tickets. We generally market these programs to businesses as an employee-incentive or rewards program. Our marketing departments also coordinate the use of our auditoriums, generally during off-peak times, for corporate meetings, private movie screenings, brand and product launches, education and training sessions or other private events, which contribute to our ancillary revenue.

We launched a unique membership program for our domestic circuit in December 2017. Cinemark Movie Club offers guests a monthly fixed-price 2D ticket, member-pricing for a companion ticket and concession and other transaction discounts. Cinemark Movie Club is another unique option for our loyal guests and allows us to stay informed of our frequent guests' preferences.

Competition

We are one of the leaders in the motion picture exhibition industry. We compete against local, regional, national and international exhibitors with respect to attracting guests, licensing films and developing new theatre sites. Our primary U.S. competitors include Regal and AMC and our primary international competitors, which vary by country, include Cinépolis, Cine Colombia, CinePlanet, Kinoplex (GSR), and Araujo.

We are generally able to book films without regard to the film bookings of other exhibitors at many of our theatres. In certain limited situations, distributors allocate movies to only one theatre in a market generally based on demographics, the conditions, capacity and grossing potential of each theatre, and the terms of exhibition. In all theatres, our success in attracting guests can depend on customer service quality, location, theatre capacity, quality of projection and sound equipment, film showtime availability and ticket prices.

We compete for new theatre sites with other movie theatre exhibitors as well as other entertainment venues. Securing a potential site depends upon factors such as committed investment and resources, theatre design and capacity, revenue potential, and financial stability.

We face competition from a number of other movie exhibition delivery systems, such as digital downloads, video on-demand, pay-per-view television, DVDs, network and syndicated television. We also face competition from other forms of entertainment competing for the public's leisure time and disposable income, such as family entertainment centers, concerts, theme parks and sporting events.

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 summer months in the U.S., extending from May to July, and during the holiday season, extending from November through year-end. The timing of releases, however, has become less pronounced as distributors have begun releasing content more evenly throughout the year. In our Latin American markets, while Hollywood content has similar release dates as in the U.S., the local holidays and seasons can vary. The unexpected emergence of a hit film during other periods can impact this seasonality trend. The timing and quality of film releases can have a significant impact on our results of operations, and the results of one period are not necessarily indicative of results for the following period or for the same period in the following year.

Corporate Operations

Our worldwide headquarters is located in Plano, Texas. Personnel at our corporate headquarters provide oversight and support for our domestic and international theatres, including our executive team and department heads in charge of film licensing, food and beverage, theatre operations, theatre construction and maintenance, real estate, human resources, marketing, legal, finance, accounting, tax, audit and information technology. Our U.S. operations are comprised of nineteen regions, each of which is headed by a region leader. We have nine regional offices in Latin America responsible for the local management of theatres in fifteen countries (Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala and Curacao are managed out of one Central American regional office). Each regional office is headed by a general manager with additional personnel responsible for film licensing, marketing, human resources, information technology, operations and finance. We have chief financial officers in Brazil and Argentina, which are our two largest international markets and a regional chief financial officer located in Chile that oversees Chile, Bolivia and Paraguay.

Employees

We have approximately 18,700 employees in the U.S., approximately 21% of whom are full time employees and 79% of whom are part time employees. We have approximately 9,400 employees in our international markets, approximately 83% of whom are full time employees and approximately 17% of whom are part time employees. Due to the seasonal nature of our business as discussed above, our headcount can vary throughout the year, depending on the timing and success of movie releases. Some of our international locations are subject to union regulations. We regard our relations with our employees to be satisfactory.

Regulations

The distribution of motion pictures is largely regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. The manner in which we can license films from certain major film distributors has been influenced by consent decrees resulting from these cases. Consent decrees bind certain major film distributors and require the films of such distributors to be offered and licensed to exhibitors, including Cinemark, on a theatre-by-theatre and film-by-film basis. Consequently, exhibitors cannot enter into long-term arrangements with major distributors, but must negotiate for licenses on a theatre-by-theatre and film-by-film basis.

We are subject to various general regulations applicable to our operations including the Americans with Disabilities Act of 1990, or the ADA, and regulations recently issued by the U.S. Food and Drug Administration that require nutrition labels for certain menu items. Our domestic and international theatre operations are also subject to federal, state and local laws governing such matters as wages, working conditions, citizenship, health and sanitation requirements and various business licensing and permitting.

Financial Information About Geographic Areas

We currently have operations in the U.S., Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao, and Paraguay, which are reflected in the consolidated financial statements. See Note 18 to the consolidated financial statements for segment information and financial information by geographic area.

Item 1A. Risk Factors

Our business depends on film production and performance.

Our business depends on both the availability of suitable films for exhibition in our theatres and the success of those films in our markets. Reduced volume of film releases, poor performance of films, the disruption in the production of films due to events such as a strike by directors, writers or actors, a reduction in financing options for the film distributors, or a reduction in the marketing efforts of the film distributors to promote their films could have an adverse effect on our business by resulting in fewer patrons and reduced revenues.

Our results of operations fluctuate on a seasonal basis.

Our results of operations vary from period to period based upon the quantity and quality of the motion pictures that we show in our theatres. The major film distributors generally release the films they anticipate will be most successful during the summer and holiday seasons. Consequently, we typically generate higher revenues during these periods. The timing of releases, however, has become less pronounced as distributors have begun releasing content more evenly throughout the year. In our Latin American markets, while Hollywood content has similar release dates as in the U.S., the local holidays and seasons can vary. The unexpected emergence of a successful film during other periods or the failure of an expected success at a key time could alter this seasonality trend. Due to the dependency on the success of films released from one period to the next, results of operations for one period may not be indicative of the results for the following period or the same period in the following year.

A deterioration in relationships with film distributors could adversely affect our ability to obtain commercially successful films.

We rely on the film distributors to supply the films shown in our theatres. The film distribution business is highly concentrated, with seven major film distributors accounting for approximately 89% of U.S. box office revenues and 49 of the top 50 grossing films during 2017. Numerous antitrust cases and consent decrees resulting from the antitrust cases impact the distribution of films. Film distributors license films to exhibitors on a theatre-by-theatre and film-by-film basis. Consequently, we cannot guarantee a supply of films by entering into long-term arrangements with major distributors. We are therefore required to negotiate licenses for each film and for each theatre. A deterioration in our relationship with any of the seven major film distributors could adversely affect our ability to obtain commercially successful films and to negotiate favorable licensing terms for such films, both of which could adversely affect our business and operating results.

We face intense competition for patrons and films which may adversely affect our business.

The motion picture exhibition industry is highly competitive. We compete against local, regional, national and international exhibitors in many of our markets. We compete for both patrons and licensing of films. In markets where we do not face nearby competitive theatres, there is a risk of new theatres being built. The degree of competition for patrons is dependent upon such factors as location, theatre capacity, quality of projection and sound equipment, film showtime availability, customer service quality, products and amenities offered, and ticket prices. The principal competitive factors with respect to film licensing include the theatre's location and its demographics, the condition, capacity and grossing potential of each theatre, and licensing terms. We also face competition from new concept theatres such as dine-in theatres and tavern style theatres that open in close proximity to our conventional theatres. If we are unable to attract patrons or to license successful films, our business may be adversely affected.

An increase in the use of alternative film distribution channels or other competing forms of entertainment may reduce movie theatre attendance and limit revenue growth.

We face competition for patrons from a number of alternative film distribution channels, such as digital downloads, video on-demand, subscription video-on-demand, pay-per-view television, DVDs, network and syndicated television. Some of these distribution channels have seen growth in production in recent years. We also compete with other forms of entertainment, such as family entertainment centers, concerts, theme parks, gaming and sporting events, for our patrons' leisure time and disposable income. A significant increase in popularity of these alternative film distribution channels, competing forms of entertainment or improvements in technologies available at home could have an adverse effect on our business and results of operations.

Our results of operations may be impacted by shrinking video and digital release windows.

The average video and digital release window, which represents the time that elapses from the date of a film's theatrical release to the date a film is available to consumers at home, has decreased from six months to approximately ninety days over the past few years. If patrons choose to wait for an in-home release rather than attend a theatre to view the film, it may adversely impact our business and results of operations, financial condition and cash flows. These release windows, which are determined by the studios, may shrink further or be eliminated altogether, which could have an adverse impact on our business and results of operations.

General political, social and economic conditions can adversely affect our attendance.

Our results of operations are dependent on general political, social and economic conditions, and the impact of such conditions on our theatre operating costs and on the willingness of consumers to spend money at movie theatres. If consumers' discretionary income declines during a period of an economic downturn or political uncertainty, our operations could be adversely affected. If theatre operating costs, such as utility costs, increase due to political or economic changes, our results of operations could be adversely affected. Political events, such as terrorist attacks, and health-related epidemics, such as flu outbreaks, could cause people to avoid our theatres or other public places where large crowds are in attendance, which could adversely affect our results of operations. In addition, a natural disaster, such as a hurricane or an earthquake, could impact our ability to operate certain of our theatres, which could adversely affect our results of operations.

Our foreign operations are subject to adverse regulations, economic instability and currency exchange risk.

We have 194 theatres with 1,398 screens in fifteen countries in Latin America. Brazil represented approximately 11% of our consolidated 2017 revenues. Governmental regulation of the motion picture industry in foreign markets differs from that in the U.S. Changes in regulations affecting prices and quota systems requiring the exhibition of locally-produced films may adversely affect our international operations. Our international operations are subject to certain political, economic and other uncertainties not encountered by our domestic operations, including risks of severe economic downturns and high inflation. We also face risks of currency fluctuations, hard currency shortages and controls of foreign currency exchange and cash transfers to the U.S., all of which could have an adverse effect on the results of our operations.

We have substantial long-term lease and debt obligations, which may restrict our ability to fund current and future operations and that restrict our ability to enter into certain transactions.

We have, and will continue to have, significant long-term debt service obligations and long-term lease obligations. As of December 31, 2017, we had \$1,817.3 million in long-term debt obligations, \$276.7 million in capital lease obligations and \$1,747.5 million in long-term operating lease obligations. Our substantial lease and debt obligations pose risk by:

- requiring us to dedicate a substantial portion of our cash flows to payments on our lease and debt obligations, thereby reducing the availability of our cash flows from operations to fund working capital, capital expenditures, acquisitions and other corporate requirements and to pay dividends;
- impeding our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our variable rate debt, including our borrowings under our senior secured credit facility;
- limiting our ability to invest in innovations in technology and implement new platforms or concepts in our theatres; and
- making us more vulnerable to a downturn in our business and competitive pressures and limiting our flexibility to plan for, or react to, changes in our industry or the economy.

Our ability to make scheduled payments of principal and interest with respect to our indebtedness will depend on our ability to generate positive cash flows and on our future financial results. Our ability to generate positive cash flows is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. We may not be able to continue to generate cash flows at current levels, or guarantee that future borrowings will be available under our senior secured credit facility, in an amount sufficient to enable us to pay our indebtedness. If our cash flows and capital resources are insufficient to fund our lease and debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We may not be able to take any of these actions, and these actions may not be successful or permit us to meet our scheduled debt service obligations and these actions may be restricted under the terms of our existing or future debt agreements, including our senior secured credit facility.

If we fail to make any required payment under the agreements governing our leases and indebtedness or fail to comply with the financial and operating covenants contained in them, we would be in default, and as a result, our debt holders would have the ability to require that we immediately repay our outstanding indebtedness and the lenders under our senior secured credit facility could terminate their commitments to lend us money and foreclose against the assets securing their borrowings. We could be forced into bankruptcy or liquidation. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default and cross-acceleration provisions. If our indebtedness is accelerated, we may not be able to repay our indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt holders require immediate payment, we may not have sufficient assets to satisfy our obligations under our indebtedness.

A failure to adapt to future technological innovations could impact our ability to compete effectively and could adversely affect our results of operations.

While we continue to implement the latest technological innovations, such as motion seats and satellite distribution technologies, new technological innovations continue to impact our industry. If we are unable to respond to or invest in changes in technology and the technological preferences of our customers, we may not be able to compete with other exhibitors or other entertainment venues, which could adversely affect our results of operations.

We are subject to uncertainties relating to future expansion plans, including our ability to identify suitable acquisition candidates or new theatre sitelocations, and to obtain financing for such activities on favorable terms or at all.

We have greatly expanded our operations over the last decade through targeted worldwide theatre development and acquisitions. We continue to pursue a strategy of expansion that will involve the development of new theatres and may involve acquisitions of existing theatres and theatre circuits both in the U.S. and internationally. There is significant competition for new site locations and for existing theatre and theatre circuit acquisition opportunities. As a result of such competition, we may not be able to acquire attractive site locations, existing theatres or theatre circuits on terms we consider acceptable. The pace of our growth may also be impacted by delays in site development caused by other parties. Acquisitions and expansion opportunities may divert a significant amount of management's time away from the operation of our business. Growth by acquisition also involves risks relating to difficulties in integrating the operations and personnel of acquired companies and the potential loss of key employees of acquired companies. Our expansion strategy may not result in improvements to our business, financial condition, profitability, or cash flows. Further, our expansion programs may require financing above our existing borrowing capacity and operating cash flows. We may not be able to obtain such financing or ensure that such financing will be available to us on acceptable terms or at all.

If we do not comply with the ADA and the safe harbor framework included in the consent order we entered into with the Department of Justice, or the DOJ, we could be subject to further litigation.

Our theatres must comply with Title III of the ADA and analogous state and local laws. Compliance with the ADA requires among other things that public facilities "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. On November 15, 2004, Cinemark and the DOJ entered into a consent order, which was filed with the U.S. District Court for the Northern District of Ohio, Eastern Division. Under the consent order, the DOJ approved a safe harbor framework for us to construct all of our future stadium-style movie theatres. The DOJ has stipulated that all theatres built in compliance with the consent order will comply with the wheelchair seating requirements of the ADA. If we fail to comply with the ADA, remedies could include imposition of injunctive relief, fines, awards for damages to private litigants and additional capital expenditures to remedy non-compliance. Imposition of significant fines, damage awards or capital expenditures to cure non-compliance could adversely affect our business and operating results.

We may be subject to increased labor and benefits costs.

In the U.S., we are subject to United States federal and state laws governing such matters as minimum wages, working conditions and overtime. We are also subject to union regulations in certain of our international markets, which can specify wage rates as well as minimum hours to be paid to certain employees. As federal and state minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees, but also the wages paid to employees at wage rates that are above minimum wage. Labor shortages, increased employee turnover and health care mandates could also increase our labor costs. This in turn could lead us to increase prices, which could impact our sales. Conversely, if competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our results of operations may be adversely impacted.

A credit market crisis may adversely affect our ability to raise capital and may materially impact our operations.

Severe dislocations and liquidity disruptions in the credit markets could materially impact our ability to obtain debt financing on reasonable terms or at all. The inability to access debt financing on reasonable terms could materially impact our ability to make acquisitions, invest in technology innovations or significantly expand our business in the future.

Our ability to pay dividends may be limited or otherwise restricted.

Our ability to pay dividends is limited by our status as a holding company and the terms of our senior notes indentures, our senior subordinated notes indenture, and our senior secured credit facility, which restrict our ability to pay dividends and the ability of certain of our subsidiaries to pay dividends, directly or indirectly, to us. Under our debt instruments, we may pay a cash dividend up to a specified amount, provided we have satisfied certain financial covenants in, and are not in default under, our debt instruments. The declaration of future dividends on our common stock, par value \$0.001 per share, or Common Stock, will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, earnings, capital requirements, limitations in our debt agreements and legal requirements.

Provisions in our corporate documents and certain agreements, as well as Delaware law, may hinder a change of control.

Provisions in our amended and restated certificate of incorporation and bylaws, as well as provisions of the Delaware General Corporation Law, could discourage unsolicited proposals to acquire us. These provisions include:

- authorization of our board of directors to issue shares of preferred stock without stockholder approval;
- a board of directors classified into three classes of directors with the directors of each class having staggered, three-year terms;
- provisions regulating the ability of our stockholders to nominate directors for election or to bring matters for action at annual meetings of our stockholders; and
- provisions of Delaware law that restrict many business combinations and provide that directors serving on classified boards of directors, such as ours, may be removed only for cause.

Certain provisions of our 4.875% senior notes indenture and our 5.125% senior notes indenture and our senior secured credit facility may have the effect of delaying or preventing future transactions involving a “change of control.” A “change of control” would require us to make an offer to the holders of each of our 4.875% senior notes and our 5.125% senior notes to repurchase all of the outstanding notes at a purchase price equal to 101% of the aggregate principal amount outstanding plus accrued and unpaid interest to the date of purchase. A “change of control” would also be an event of default under our senior secured credit facility.

Future sales of our Common Stock may adversely affect the prevailing market price.

If a large number of shares of our Common Stock is sold in the open market, or if there is a perception that such sales will occur, the trading price of our Common Stock could decrease. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional Common Stock. As of December 31, 2017, we had an aggregate of 170,613,555 shares of our Common Stock authorized but unissued and not reserved for specific purposes. In general, we may issue all of these shares without any action or approval by our stockholders. We may issue shares of our Common Stock in connection with acquisitions.

As of December 31, 2017, we had 116,475,033 shares of our Common Stock outstanding. Of these shares, approximately 105,665,090 shares were freely tradable. The remaining shares of our Common Stock were “restricted securities” as that term is defined in Rule 144 under the Securities Act. Restricted securities may not be resold in a public distribution except in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom, including the exemptions provided by Regulation S and Rule 144 promulgated under the Securities Act.

We cannot predict whether substantial amounts of our Common Stock will be sold in the open market in anticipation of, or following, any divestiture by any of our large stockholders, our directors or executive officers of their shares of Common Stock.

As of December 31, 2017, there were 7,980,476 shares of our Common Stock reserved for issuance under our 2017 Omnibus Incentive Plan.

Legislative or regulatory initiatives related to global warming/climate change concerns may negatively impact our business.

Recently, there has been an increasing focus and continuous debate on global climate change including increased attention from regulatory agencies and legislative bodies. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative, regulatory or other efforts in the U.S. to combat climate change could result in future increases in the cost of raw materials, taxes, transportation and utilities for our vendors and for us which would result in higher operating costs for the Company. Also, compliance of our theatres and accompanying real estate with new and revised environmental, zoning, land-use or building codes, laws, rules or regulations, could have a material and adverse effect on our business. However, we are unable to predict at this time, the potential effects, if any, that any future environmental initiatives may have on our business.

We may be subject to liability under environmental laws and regulations.

We own and operate a large number of theatres and other properties within the U.S. and internationally, which may be subject to various foreign, federal, state and local laws and regulations relating to the protection of the environment or human health. Such environmental laws and regulations include those that impose liability for the investigation and remediation of spills or releases of hazardous materials. We may incur such liability, including for any currently or formerly owned, leased or operated property, or for any site, to which we may have disposed, or arranged for the disposal of, hazardous materials or wastes. Certain of these laws and regulations may impose liability, including on a joint and several liability, which can result in a liable party being obliged to pay for greater than its share, regardless of fault or the legality of the original disposal. Environmental conditions relating to our properties or operations could have an adverse effect on our business and results of operations and cash flows.

Cyber security threats and our failure to protect our electronically stored data could adversely affect our business.

We collect, use, store and maintain electronic information and data necessary to conduct our business, including confidential and proprietary information of the company, our customers, and our employees. We also rely on the availability of information technology systems to operate our business, including for communications, receiving and displaying movies, ticketing, guest services, payments, and other general operations. We rely on some of our vendors to store and process certain data and to manage, host, and/or provide some of our information technology systems. Because of the scope and complexity of our information technology systems, our reliance on vendors to provide, support and protect our systems and data, and the constantly evolving cyber-threat landscape, our information technology systems are subject to the risk of disruption, failure, unauthorized access, cyber-terrorism, human error, misuse, tampering, theft, and other cyber-attacks. These or similar events, whether accidental or intentional, could result in theft, unauthorized access or disclosure, loss, fraudulent or unlawful use of customer, employee or company data, which could harm our reputation or result in a loss of business, as well as remedial and other costs, fines, investigations, enforcement actions or lawsuits. These or similar events could also lead to an interruption in the operation of our systems resulting in business impact, including loss of business. Those same scope, complexity, reliance, and changing cyber-threat landscape factors could also affect our ability to adapt to and comply with changing regulations and contractual obligations applicable to data security and privacy, which are increasingly demanding, both in the United States and in other jurisdictions where we operate. In order to address these risks, we have adopted security measures and technology, operate a security program, and work continuously to evaluate and improve our security posture. However, the development and maintenance of these systems and programs are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. As such, there can be no assurance that these or similar events will not occur in the future or will not have an adverse effect on our business and results of operation. In addition to Company-specific cyber threats or events, our business and results of operations could also be impacted by cyber-related events affecting our peers and partners within the entertainment industry, as well as other retail companies. We maintain insurance designed to provide coverage for cyber risks related to what we believe to be adequate and collectible insurance in the event of the theft, loss, fraudulent or unlawful use of customer, employee or company data, but the foregoing events or future events could result in costs and business impacts which may not be covered or may be in excess of any available insurance that we may have procured. As a result, future events could have a material impact on our business and adversely affect our financial condition and results of operations.

Product recalls and associated costs could adversely affect our reputation and financial condition.

We may be found liable if the consumption of any of the products we sell causes illness or injury. We are also subject to recall by product manufacturers or if the food products become contaminated. Recalls could result in losses due to the cost of the recall, the destruction of the product and lost sales due to the unavailability of the product for a period of time.

Changes in privacy laws could adversely affect our ability to market our products effectively.

Our cinemas rely on a variety of direct marketing techniques, including email marketing. Any expansion on existing and/or new laws and regulations regarding marketing, solicitation or data protection could adversely affect the continuing effectiveness of our email and other marketing techniques and could result in changes to our marketing strategy which could adversely impact our attendance levels and revenues.

We are subject to complex taxation and could be subject to changes in our tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities.

We are subject to many different forms of taxation both in the U.S. and in the foreign jurisdictions where we operate. The tax authorities may not agree with the determinations that we made and such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material impact on our results. Additionally, current economic and political conditions make tax rates in any jurisdiction, including the U.S., subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. If the Company's effective tax rates were to increase, or if the ultimate determination of the Company's taxes owed in the U.S. or foreign jurisdictions is for an amount in excess of amounts previously accrued, the Company's operating results, cash flows, and financial condition could be adversely affected.

We may not be able to generate additional revenues or continue to realize value from our investment in NCM.

As of December 31, 2017, we owned 27,871,862 common units of NCM, which represented an ownership interest in NCM of approximately 18%. We receive a monthly theatre access fee under our Exhibitor Services Agreement with NCM and we are entitled to receive mandatory quarterly distributions of excess cash from NCM. During the years ended December 31, 2015, 2016 and 2017, the Company received approximately \$11.3 million, \$11.0 million and \$11.3 million in other revenues from NCM, respectively, \$18.1 million, \$14.7 million and \$16.4 million in cash distributions recorded as a reduction of our investment in NCM, respectively, and \$18.1 million, \$14.7 million, \$16.4 million in cash distributions in excess of our investment in NCM, respectively. Cinema advertising is a small component of the U.S. advertising market and therefore, NCM competes with larger, more established and well known media platforms such as broadcast radio and television, cable and satellite television, outdoor advertising and Internet portals. In-theatre advertising may not continue to attract advertisers or NCM's in-theatre advertising format may not continue to be received favorably by theatre patrons. If NCM is unable to continue to generate consistent advertising revenues, its results of operations may be adversely affected and our investment in and distributions and revenues from NCM may be adversely impacted.

Each of our common units in NCM is convertible into one share of NCM, Inc. common stock. As of December 31, 2017, the estimated fair value of our investment in NCM was approximately \$191.2 million based on NCM, Inc.'s stock price as of December 31, 2017 of \$6.86 per share, which was less than our carrying value of \$200.6 million. We do not believe that the decline in NCM, Inc.'s stock price is other than temporary and therefore, we did not record an impairment of our investment in NCM during the year ended December 31, 2017. The market value of NCM, Inc.'s stock price may continue to vary due to the performance of the business, industry trends, general and economic conditions and other factors. If NCM, Inc.'s stock price continues to decline or stays at a level below our carrying value for an extended period of time, we may record an impairment in our investment.

We are subject to impairment losses due to potential declines in the fairvalue of our assets.

We have a significant amount of long-lived assets. We evaluate long-lived assets for impairment at the theatre level, therefore if a theatre is directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or condition of the areas surrounding the theatre, we may record impairment charges to reflect the decline in estimated fair value of that theatre.

We also have a significant amount of goodwill and tradename intangible assets. Declines in our stock price or market capitalization, declines in our attendance due to increased competition in certain regions and/or countries or economic factors that lead to a decline in attendance in any given region or country could result in impairments of goodwill and our intangible assets. As of December 31, 2017, we performed quantitative analyses on all of our goodwill and tradename intangible assets and determined that the fair values of such assets are not below their respective carrying values.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

United States

As of December 31, 2017, in the U.S., we operated 298 theatres with 3,953 screens pursuant to leases and own the land and building for 41 theatres with 608 screens. Our leases are generally entered into on a long-term basis with terms, including optional renewal periods, generally ranging from 20 to 45 years. As of December 31, 2017, approximately 8% of our theatre leases in the U.S., covering 24 theatres with 190 screens, have remaining terms, including optional renewal periods, of less than six years. Approximately 8% of our theatre leases in the U.S., covering 25 theatres with 307 screens, have remaining terms, including optional renewal periods, of between six and 15 years and approximately 84% of our theatre leases in the U.S., covering 249 theatres with 3,456 screens, have remaining terms, including optional renewal periods, of more than 15 years. The leases generally provide for a fixed monthly minimum rent payment, with certain leases also subject to additional percentage rent if a target annual revenue level is achieved. We currently own an office building in Plano, Texas, which is our worldwide headquarters. We lease office space in Frisco, Texas and McKinney, Texas for theatre support and maintenance personnel.

International

As of December 31, 2017, internationally, we operated 194 theatres with 1,398 screens, all of which are leased. Our international leases are generally entered into on a long term basis with terms, including optional renewal periods, generally ranging from 10 to 30 years. The leases generally provide for contingent rental based upon operating results with an annual minimum. As of December 31, 2017, approximately 13% of our international theatre leases, covering 25 theatres with 220 screens, have remaining terms, including optional renewal periods, of less than six years. Approximately 49% of our international theatre leases, covering 96 theatres and 708 screens, have remaining terms, including optional renewal periods, of between six and 15 years and approximately 38% of our international theatre leases, covering 73 theatres and 470 screens, have remaining terms, including optional renewal periods, of more than 15 years. The leases generally provide for a fixed monthly minimum rent payment, with certain leases also subject to additional percentage rent if a target annual revenue level is achieved. We also lease office space in seven regions in Latin America for our local management.

See Note 17 to the consolidated financial statements for information regarding our minimum lease commitments. We periodically review the profitability of each of our theatres, particularly those whose lease terms are nearing expiration, to determine whether to continue its operations.

Item 3. Legal Proceedings

Joseph Amey, et al. v. Cinemark USA, Inc., Case No. 3:13cv05669, In the United States District Court for the Northern District of California, San Francisco Division. The case presents putative class action claims for damages and attorney's fees arising from employee wage and hour claims under California law for alleged meal period, rest break, reporting time pay, unpaid wages, pay upon termination, and wage statements violations. The claims are also asserted as a representative action under the California Private Attorney General Act ("PAGA"). We deny the claims, deny that class certification is appropriate and deny that a PAGA representative action is appropriate, and are vigorously defending against the claims. We deny any violation of law and plan to vigorously defend against all claims. The Court determined that class certification is not appropriate and determined that a PAGA representative action is not appropriate. The plaintiff has appealed these rulings. The Ninth Circuit Court of Appeal reversed portions of the ruling and remanded it back to the District Court. We are unable to predict the outcome of this litigation or the range of potential loss.

Flagship Theatres of Palm Desert, LLC d/b/a Cinemas Palme D'Or v. Century Theatres, Inc., and Cinemark USA, Inc.; Superior Court of the State of California, County of Los Angeles. Plaintiff in this case alleges that the Company violated California antitrust and unfair competition laws by engaging in "circuit dealing" with various motion picture distributors and tortuously interfered with Plaintiff's business relationships. Plaintiff seeks compensatory damages, trebling of those damages under California law, punitive damages, injunctive relief, attorneys' fees, costs and interest. Plaintiff also alleges that our conduct ultimately resulted in closure of its theatre in June 2016. We denied the allegations. In 2008, we moved for summary judgment on Plaintiff's claims, arguing primarily that clearances between the theatres at issue were lawful and that Plaintiff lacked proof sufficient to support certain technical elements of its antitrust claims. The trial court granted that motion and dismissed Plaintiff's claims. Plaintiff appealed and, in 2011, the Court of Appeal reversed, holding, among other things, that Plaintiff's claims were not about the illegality of clearances but were focused, instead, on "circuit dealing." Having re-framed the claims in that manner, the Court of Appeal held that the trial court's decision to limit discovery to the market where the theatres at issue operated was an error, as "circuit dealing" necessarily involves activities in different markets. Upon return to the trial court, the parties engaged in additional, broadened discovery related to Plaintiff's "circuit dealing" claim. Thereafter, we moved again for summary judgment on all of Plaintiff's claims. That new motion for summary judgment was pending when, on or about April 11, 2014, the trial court granted the Company's motion for terminating sanctions and entered a judgment dismissing the case with prejudice. Plaintiff then appealed that second dismissal, seeking to have the judgment reversed and the case remanded to the trial court. The Court of Appeal issued a ruling on May 24, 2016, reversing the granting of terminating sanctions and instead imposed a lesser evidentiary and damages preclusion sanction. The case returned to the trial court on October 6, 2016. We have denied Plaintiff's allegations and are vigorously defending these claims. We are unable to predict the outcome of this litigation or the range of potential loss.

We received a Civil Investigative Demand ("CID") from the Antitrust Division of the United States Department of Justice. The CID relates to an investigation under Sections 1 and 2 of the Sherman Act. We also received CIDs from the Antitrust Section of the Office of the Attorney General of the State of Ohio and later from other states regarding similar inquiries under state antitrust laws. The CIDs request us to answer interrogatories, and produce documents, or both, related to the investigation of matters including film clearances, potential coordination and/or communication with other major theatre circuits and related joint ventures. We intend to fully cooperate with all federal and state government agencies. Although we do not believe that it has violated any federal or state antitrust or competition laws, we cannot predict the ultimate scope, duration or outcome of these investigations.

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

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common equity consists of common stock, which has traded on the New York Stock Exchange since April 24, 2007 under the symbol “CNK.” The following table sets forth the historical high and low sales prices per share of our Common Stock as reported by the New York Stock Exchange for the years indicated.

	2016		2017	
	High	Low	High	Low
First Quarter (January 1 – March 31)	\$ 44.84	\$ 38.54	\$ 36.60	\$ 26.56
Second Quarter (April 1 – June 30)	\$ 44.74	\$ 37.61	\$ 36.70	\$ 32.60
Third Quarter (July 1 – September 30)	\$ 39.92	\$ 32.03	\$ 39.45	\$ 34.90
Fourth Quarter (October 1 – December 31)	\$ 39.21	\$ 32.60	\$ 42.56	\$ 37.73

Holders of Common Stock

As of December 31, 2017, there were 440 holders of record of the Company’s common stock and there were no other classes of stock issued and outstanding.

Dividend Policy

Below is a summary of dividends declared for the fiscal periods indicated:

Date Declared	Date of Record	Date Paid	Amount per Common Share	Total Dividends (in millions)
2/24/2016	3/7/2016	3/18/2016	\$ 0.27	\$ 31.5
5/26/2016	6/8/2016	6/22/2016	\$ 0.27	\$ 31.5
8/18/2016	8/31/2016	9/13/2016	\$ 0.27	\$ 31.5
11/16/2016	12/2/2016	12/16/2016	\$ 0.27	\$ 31.5
Total – Year ended December 31, 2016				\$ 126.0
2/23/2017	3/8/2017	3/20/2017	\$ 0.29	\$ 33.9
5/25/2017	6/8/2017	6/22/2017	\$ 0.29	\$ 33.9
8/10/2017	8/31/2017	9/13/2017	\$ 0.29	\$ 33.9
11/17/2017	12/1/2017	12/15/2017	\$ 0.29	\$ 33.9
Total – Year ended December 31, 2017				\$ 135.6

We, at the discretion of the board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our common stock. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. See Item 7, *Management’s Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources – Financing Activities* for a discussion of dividend restrictions under our debt agreements.

Performance Graph

The performance graph is incorporated by reference to the Company’s proxy statement for its annual stockholders meeting to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Information regarding securities authorized for issuance under the Company's long-term compensation plan is incorporated by reference to the Company's proxy statement for its annual stockholders meeting to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Item 6. Selected Financial Data

The following table provides our selected consolidated financial and operating data for the periods and at the dates indicated for each of the five most recent years ended December 31, 2017. During May 2013, we acquired 32 theatres with 483 screens in the U.S. The results of operations for these theatres are included in our consolidated results of operations beginning on the dates of the respective acquisitions. During November 2013, we sold our Mexico theatres, which included 31 theatres and 290 screens. You should read the selected consolidated financial and operating data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes appearing elsewhere in this report.

	Year Ended December 31,				
	2013	2014	2015	2016	2017
Statement of Income Data:	(Dollars in thousands, except per share data)				
Revenues:					
Admissions	\$ 1,706,145	\$ 1,644,169	\$ 1,765,519	\$ 1,789,137	\$ 1,794,982
Concession	845,168	845,376	936,970	990,103	1,038,788
Other	131,581	137,445	150,120	139,525	157,777
Total revenues	2,682,894	2,626,990	2,852,609	2,918,765	2,991,547
Film rentals and advertising	896,032	856,388	945,640	962,655	966,510
Concession supplies	135,715	131,985	144,270	154,469	166,320
Salaries and wages	269,353	273,880	301,099	325,765	354,510
Facility lease expense	307,851	317,096	319,761	321,294	328,197
Utilities and other	329,182	335,109	355,801	355,926	355,041
General and administrative expenses	165,351	151,444	156,736	143,355	153,278
Depreciation and amortization	163,970	175,656	189,206	209,071	237,513
Impairment of long-lived assets	3,794	6,647	8,801	2,836	15,084
(Gain) loss on sale of assets and other	(3,845)	15,715	8,143	20,459	22,812
Total cost of operations	\$ 2,267,403	\$ 2,263,920	\$ 2,429,457	\$ 2,495,830	\$ 2,599,265
Operating income	\$ 415,491	\$ 363,070	\$ 423,152	\$ 422,935	\$ 392,282
Interest expense	\$ 124,714	\$ 113,698	\$ 112,741	\$ 108,313	\$ 105,918
Net income	\$ 150,548	\$ 193,999	\$ 218,728	\$ 256,827	\$ 266,019
Net income attributable to Cinemark Holdings, Inc.	\$ 148,470	\$ 192,610	\$ 216,869	\$ 255,091	\$ 264,180
Net income attributable to Cinemark Holdings, Inc. per share:					
Basic	\$ 1.28	\$ 1.66	\$ 1.87	\$ 2.19	\$ 2.26
Diluted	\$ 1.28	\$ 1.66	\$ 1.87	\$ 2.19	\$ 2.26
Cash dividends declared per common share	\$ 0.92	\$ 1.00	\$ 1.00	\$ 1.08	\$ 1.16

	Year Ended December 31,				
	2013	2014	2015	2016	2017
	(Dollars in thousands)				
Other Financial Data:					
Ratio of earnings to fixed charges ⁽¹⁾	2.23x	2.40x	2.67x	2.77x	2.70x
Cash flow provided by (used for):					
Operating activities	\$ 309,666	\$ 454,634	\$ 455,871	\$ 451,834	\$ 528,477
Investing activities	(364,701)	(253,339)	(328,122)	(327,769)	(410,476)
Financing activities	(76,184)	(146,833)	(151,147)	(152,635)	(157,487)
Capital expenditures	(259,670)	(244,705)	(331,726)	(326,908)	(380,862)

	As of December 31,				
	2013	2014	2015	2016	2017
	(Dollars in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 599,929	\$ 638,869	\$ 588,539	\$ 561,235	\$ 522,547
Theatre properties and equipment, net	1,427,190	1,450,812	1,505,069	1,704,536	1,828,054
Total assets	4,107,515	4,120,561	4,126,497	4,306,633	4,470,893
Total long-term debt, including current portion, including current portion, net of unamortized debt issue costs	1,796,152	1,791,578	1,781,335	1,788,112	1,787,480
Equity	1,102,417	1,123,129	1,110,813	1,272,960	1,405,688

	Year Ended December 31,				
	2013	2014	2015	2016	2017
Operating Data:					
United States					
Theatres operated (at period end)	334	335	337	339	339
Screens operated (at period end)	4,457	4,499	4,518	4,559	4,561
Total attendance (in 000s)	177,156	173,864	179,601	182,660	174,432
International					
Theatres operated (at period end)	148	160	176	187	194
Screens operated (at period end)	1,106	1,177	1,278	1,344	1,398
Total attendance (in 000s)	99,402	90,009	100,499	104,581	102,584
Worldwide					
Theatres operated (at period end)	482	495	513	526	533
Screens operated (at period end)	5,563	5,676	5,796	5,903	5,959
Total attendance (in 000s)	276,558	263,873	280,100	287,241	277,016

- (1) For the purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before taxes plus fixed charges excluding capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortization of debt issue costs and that portion of rental expense which we believe to be representative of the interest factor.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and accompanying notes included in this report. This discussion contains forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties and risk associated with these statements.

Overview

We are a leader in the motion picture exhibition industry, with theatres in the U.S., Brazil, Argentina, Chile, Colombia, Ecuador, Peru, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao and Paraguay. As of December 31, 2017, we managed our business under two reportable operating segments – U.S. markets and international markets. See Note 18 to the consolidated financial statements.

Revenues and Expenses

We generate revenues primarily from filmed entertainment box office receipts and concession sales with additional revenues from screen advertising sales and other revenue streams, such as vendor marketing promotions, studio trailer placements, meeting rentals and electronic video games located in some of our theatres. NCM provides our domestic theatres with various forms of in theatre advertising. We also offer alternative entertainment, such as live and pre-recorded sports programs, concert events, the Metropolitan Opera, in-theatre gaming and other special events in our theatres through our joint venture, AC JV, LLC. Our Flix Media initiative has also allowed us to expand our screen advertising and alternative content within our international circuit and to other international exhibitors.

Films leading the box office during the year ended December 31, 2017 included *Star Wars: The Last Jedi*, *Beauty and the Beast*, *Wonder Woman*, *Guardians of the Galaxy Vol. 2*, *Spider Man: Homecoming*, *It*, *Thor: Ragnarok*, *Despicable Me 3*, *Logan*, *The Fate of the Furious*, *Justice League*, *Dunkirk*, *Coco*, *The LEGO Batman Movie*, *Get Out*, *The Boss Baby*, *Pirates of the Caribbean: Dead Men Tell No Tales*, *Kong: Skull Island*, *Hidden Figures*, *Jumanji: Welcome to the Jungle* and other films.

Films scheduled for release during 2018 include well-known franchise films such as *Avengers: Infinity War*, *Jurassic World: Fallen Kingdom*, *Solo: A Star Wars Story*, *Black Panther*, *The Incredibles 2*, *Deadpool 2*, *Ralph Breaks The Internet*, *Wreck-It Ralph*, *Fantastic Beasts: The Crimes of Grindelwald*, *Mission Impossible 6*, *Hotel Transylvania 3: Summer Vacation*, *X-Men: Dark Phoenix*, and *Ant-Man and the Wasp*, among other films.

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. Advertising costs, which are expensed as incurred, are primarily related to campaigns for new and renovated theatres and brand advertising that vary depending on the timing of such campaigns.

Concession supplies expense is variable in nature and fluctuates with our concession revenues. We negotiate prices for concession supplies directly with concession vendors and manufacturers to obtain volume 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 respond to changes in attendance. In some international locations, staffing levels are also subject to local regulations.

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 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 performance level is achieved. Facility lease expense as a percentage of revenues is also affected by the number of theatres under operating leases, the number of theatres under capital leases and the number of fee-owned theatres.

Utilities and other costs include both fixed and variable costs and primarily consist of utilities, expenses for projection and sound equipment maintenance and monitoring, property taxes, janitorial costs, repairs, maintenance and security services.

General & administrative expenses are primarily fixed in nature and consists of the costs to support the overall management of the Company, including salaries and wages, incentive compensation and benefit costs for our corporate office personnel, facility expenses for our corporate offices, professional fees, audit fees, general supplies and other costs that are not specifically associated with the operations of our theatres.

Critical Accounting Policies

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

Revenue and Expense Recognition

Revenues are recognized when admissions and concession sales are received at the box office. Other revenues primarily consist of screen advertising. Screen advertising revenues are recognized over the period that the related advertising is delivered on-screen or in-theatre. We record proceeds from the sale of gift cards and other advanced sale-type certificates in current liabilities and recognize admissions or concession revenue when a holder redeems the card or certificate. We recognize unredeemed gift cards and other advanced sale-type certificates as revenue only after such a period of time indicates, based on historical experience, the likelihood of redemption is remote, and based on applicable laws and regulations. In evaluating the likelihood of redemption, we consider the period outstanding, the level and frequency of activity, and the period of inactivity. See "Impact of Recent Accounting Developments" below.

Film rental costs are accrued based on the applicable box office receipts and either firm terms or a sliding scale formula, which are generally established prior to the opening of the film, or estimates of the final settlement rate, which occurs at the conclusion of the film run, subject to the film licensing arrangement. Under a firm terms formula, we pay the distributor a percentage of box office receipts, which reflects either an aggregate rate for the life of the film or rates that decline over the term of the run. Under a sliding scale formula, we pay a percentage of box office revenues using a pre-determined matrix that is based upon box office performance of the film. The settlement process allows for negotiation of film rental fees upon the conclusion of the film run based upon how the film performs. Estimates are based on the expected success of a film. The success of a film can typically be determined a few weeks after a film is released when initial box office performance of the film is known. If actual settlements are different than those estimates, film rental costs are adjusted at that time. Our advertising costs are expensed as incurred.

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 monthly percentage rent only, which is accrued each month based on actual revenues. Certain of our other theatres require payment of percentage rent in addition to fixed monthly rent if an annual target revenue level is achieved. Percentage rent expense is estimated and recorded for these theatres on a monthly basis if the theatre's historical performance or forecasted performance indicates that the annual target revenue level will be reached. Once annual revenues are known, which is generally at the end of the year, the percentage rent expense is adjusted at that time. We record the fixed minimum rent payments on a straight-line basis over the lease term.

Theatre properties and equipment are depreciated using the straight-line method over their estimated useful lives. In estimating the useful lives of our theatre properties and equipment, we have relied upon our experience with such assets and our historical replacement period. We periodically evaluate these estimates and assumptions and adjust them as necessary. Adjustments to the expected lives of assets are accounted for on a prospective basis through depreciation expense. Leasehold improvements for which we pay and to which we have title are amortized over the lesser of useful life or the lease term.

Impairment of Long-Lived Assets

We review long-lived assets for impairment indicators on a quarterly basis or whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable. We also perform a full quantitative impairment evaluation on an annual basis. We assess many factors including the following to determine whether to impair individual theatre assets:

- actual theatre level cash flows;
- budgeted theatre level cash flows;
- theatre property and equipment carrying values;
- amortizing intangible asset carrying values;
- the age of a recently built theatre;
- competitive theatres in the marketplace;
- the impact of recent ticket price changes;
- the impact of recent theatre remodels or other substantial improvements;
- available lease renewal options; and
- other factors considered relevant in our assessment of impairment of individual theatre assets.

Long-lived assets are evaluated for impairment on an individual theatre basis, which we believe is the lowest applicable level for which there are identifiable cash flows. The impairment evaluation is based on the estimated undiscounted cash flows from continuing use through the remainder of the theatre's useful life. The remainder of the theatre's useful life correlates with the available remaining lease period, which includes the probability of renewal periods for leased properties and the lesser of twenty years or the building's remaining useful life for fee owned properties. If the estimated undiscounted cash flows are not sufficient to recover a long-lived asset's carrying value, we then compare the carrying value of the asset group (theatre) with its estimated fair value. 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, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35, are based on historical and projected operating performance, recent market transactions and current industry trading multiples. Fair value is determined based on a multiple of cash flows, which was six and a half times for the evaluations performed during 2015, 2016 and 2017. The long-lived asset impairment charges related to theatre properties recorded during each of the periods presented are specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or the conditions of the areas surrounding the theatre.

Impairment of Goodwill and Intangible Assets

We evaluate goodwill for impairment annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value of the goodwill may not be fully recoverable. We evaluate goodwill for impairment at the reporting unit level and we have allocated goodwill to the reporting unit based on an estimate of its relative fair value. Management considers the reporting unit to be each of its nineteen regions in the U.S. and nine countries internationally with Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Guatemala considered one reporting unit (the Company does not have goodwill recorded for all of its international locations). We adopted ASU 2017-04 *Intangibles – Goodwill and other (Topic 350): Simplifying the Test for Goodwill Impairment* effective for our annual goodwill impairment evaluation performed during 2017. We performed a quantitative goodwill impairment analysis for all reporting units during 2017, which required us to estimate the fair value of each reporting unit and compare it with its carrying value. If the carrying value of the reporting unit exceeds its estimated fair value, goodwill would be written down such that the carrying value would equal estimated fair value. Significant judgment is involved in estimating cash flows and fair value. Management's estimates, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35, are based on historical and projected operating performance, recent market transactions and current industry trading multiples. Fair value is determined based on a multiple of cash flows, which was eight times for the evaluations performed during 2017. As of December 31, 2017, the estimated fair value of our goodwill for each reporting unit exceeded their carrying values by more than 10%.

Tradename intangible assets are tested for impairment at least annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. During 2017, we performed a quantitative tradename impairment assessment for each tradename asset, which included comparing their carrying values to an estimated fair value. We estimated the fair value of our tradenames by applying an estimated market royalty rate that could be charged for the use of our tradename to forecasted future revenues, with an adjustment for the present value of such royalties. If the estimated fair value is less than the carrying value, the tradename intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating market royalty rates and long-term revenue forecasts. Management's estimates, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35, are based on historical and projected revenue performance and industry trends. As of December 31, 2017, the estimated fair value of the Company's tradename intangible assets exceeded their carrying values by more than 10%.

Income Taxes

We use an asset and liability approach to financial accounting and reporting for income taxes. Deferred income taxes are provided when tax laws and financial accounting standards differ with respect to the amount of income for a year and the basis of assets and liabilities. A valuation allowance is recorded to reduce the carrying amount of deferred tax assets unless it is more likely than not that such assets will be realized. Income taxes are provided on unremitted earnings from foreign subsidiaries unless such earnings are expected to be indefinitely reinvested. Income taxes have also been provided for potential tax assessments. The evaluation of an uncertain tax position is a two-step process. The first step is recognition: We determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position would be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The second step is measurement: A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements result in (1) a change in a liability for income taxes payable or (2) a change in an income tax refund receivable, a deferred tax asset or a deferred tax liability or both (1) and (2). We accrue interest and penalties on uncertain tax positions. See "Impact of Recent Accounting Developments" below.

Accounting for Investment in National CineMedia, LLC and Related Agreements

We have an investment in NCM. NCM operates a digital in-theatre network in the U.S. for providing cinema advertising and non-film events. Upon joining NCM, the Company and NCM entered into an Exhibitor Services Agreement ("ESA"), pursuant to which NCM provides advertising, promotion and event services to the Company's theatres. On February 13, 2007, National CineMedia, Inc., or NCM Inc., a newly formed entity that 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 and the Exhibitor Services Agreement, or ESA, with NCM and received proceeds related to the modification of the ESA and the Company's sale of certain of its shares in NCM. The ESA modification reflected a shift from circuit share expense under the prior Exhibitor Services Agreement, which obligated NCM to pay the Company a percentage of revenue, to a monthly theatre access fee, which significantly reduced the contractual amounts paid to the Company by NCM. The Company recorded the proceeds related to the ESA modification as deferred revenue, which is being amortized into other revenues over the life of the agreement using the units of revenue method. As a result of the proceeds received as part of the NCM, Inc. initial public offering, the Company had a negative basis in its original membership units in NCM (referred to herein as its Tranche 1 Investment). The Company does not recognize undistributed equity in the earnings on its Tranche 1 Investment until NCM's future net earnings, less distributions received, surpass the amount of the excess distribution. The Company recognizes equity in earnings on its Tranche 1 Investment only to the extent it receives cash distributions from NCM. The Company believes that the accounting model provided by ASC 323-10-35-22 for recognition of equity investee losses in excess of an investor's basis is analogous to the accounting for equity income subsequent to recognizing an excess distribution.

Pursuant to a Common Unit Adjustment Agreement dated as of February 13, 2007 between NCM, Inc. and Cinemark, AMC and Regal, collectively referred to as its Founding Members, annual adjustments to the common membership units are made primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each Founding Member. To account for the receipt of additional common units under the Common Unit Adjustment Agreement, the Company follows the guidance in ASC 323-10-35-29 (formerly EITF 02-18, *Accounting for Subsequent Investments in an Investee after Suspension of Equity Loss Recognition*) by analogy, which also refers to AICPA Technical Practice Aid 2220.14, which indicates that if a subsequent investment is made in an equity method investee that has experienced significant losses, the investor must determine if the subsequent investment constitutes funding of prior losses. The Company concluded that the construction or acquisition of new theatres that has led to the common unit adjustments equates to making additional investments in National CineMedia. The Company evaluated the receipt of the additional common units in National CineMedia and the assets exchanged for these additional units and has determined that the right to use its incremental new screens would not be considered funding of prior losses. The Company accounts for these additional common units (referred to herein as its Tranche 2 Investment) as a separate investment than its Tranche 1 Investment. The common units received are recorded at fair value as an increase in the Company's investment in NCM with an offset to deferred revenue. The deferred revenue is amortized over the remaining term of the ESA. The Tranche 2 Investment is accounted for following the equity method, with undistributed equity earnings related to its Tranche 2 Investment included as a component of equity in income of affiliates and distributions received related to its Tranche 2 Investment are recorded as a reduction of its investment basis. See "Impact of Recent Accounting Developments" below.

Impact of Recent Accounting Developments

Impact of New Revenue Recognition Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ("ASC 606"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASC 606 will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from the contracts with customers.

ASC 606 permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method).

We adopted ASC 606 as of January 1, 2018 using the modified retrospective method. The new standard will therefore be applied to all contracts not completed as of January 1, 2018. While we do not believe the adoption of ASC 606 will have a material impact to our results of operations or cash flows, we do expect ASC 606 to have an impact on the classification of certain revenues and related expenses, as summarized below. Quantitative amounts included below are estimates of the expected effects of our adoption of ASC 606 and represent management's best estimates of the impact of adopting ASC 606 at the time of the preparation of this Annual Report on Form 10-K. The actual impact of ASC 606 is subject to change from these estimates, pending the completion of our assessment during the first quarter of 2018.

- We believe our Exhibitor's Services Agreement ("ESA") with National CineMedia, LLC ("NCM") includes a significant financing component due to the length of time necessary to fulfill the performance obligations under the ESA as compared to the timing of receipt of the advanced payment. Similarly, we believe our Common Unit Adjustment ("CUA") Agreement with NCM includes a significant financing component due to the receipt of common units in advance of the fulfillment of the performance obligations. As a result, we expect other revenues, specifically screen advertising revenues, will increase with a similar offsetting increase in noncash interest expense, but will not have a material impact on our results of operations.

- In addition to recording the impact of significant financing components associated with our NCM ESA and CUA agreement, we have determined that based on how the performance obligations are fulfilled under these agreements, the related deferred revenues will be amortized on a straight-line basis under ASC 606 versus the units of revenue method followed prior to adoption of ASC 606. As a result of the change in amortization method, we expect to record a cumulative effect of accounting change adjustment of no more than \$55 million in retained earnings effective January 1, 2018, with an offsetting decrease in deferred revenue - NCM.
- We currently record online surcharges net of service fees as amounts have been immaterial. We have determined that we are the principal in the arrangement, and therefore, in accordance with ASC 606 guidance, we will recognize online surcharges in revenues on a gross basis and record all related service fees as an operating expense. As a result of this change, our other revenues and utilities and other costs will increase on a prospective basis, but will not have a material impact on our results of operations.
- We currently have a domestic loyalty program that awards points to our members upon completion of various purchases and other transactions. Under ASC 606, we will have to defer a portion of the proceeds received from each purchase as a liability to provide future goods and services (or rewards in exchange for points) to program members. We expect this will result in slight reductions in admissions and concessions revenues with an offsetting increase in other long-term liabilities, but will not have a material impact on our consolidated financial statements.

The timing of revenue recognition for other revenue streams, including revenues for unredeemed gift cards and other advanced sales-type certificates, will also be impacted by the adoption of ASC 606, but we do not expect such changes to be material.

Impact of Tax Reform

On December 22, 2017, the President signed the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act, among other things, lowered the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018 and included a one-time transition tax on certain undistributed earnings of foreign subsidiaries. We recorded a net one-time benefit of \$44.9 million, all non-cash, related to enactment of the Tax Act, including a re-measurement of deferred tax liabilities using the lower U.S. corporate income tax rate, a reassessment of permanently reinvested earnings, a deemed repatriation tax, and a reduction in a deferred tax asset with regard to foreign tax credit carryforwards.

While we have substantially completed our provisional analysis of the income tax effects of the Tax Act and recorded a reasonable estimate of such effects, the net one-time charge related to the Tax Act may differ, possibly materially, due to: further refinement of our calculations, changes in interpretations and assumptions that we have made, and additional guidance that may be issued by the U.S. government. We will complete our analysis over a one-year measurement period ending December 22, 2018, and any adjustments during this measurement period will be included in net income from continuing operations as an adjustment to income tax expense in the reporting period when such adjustments are determined.

Recent Developments

On February 22, 2018, our board of directors approved an increase to our annual dividend of approximately 10%, to \$1.28 per common share. The cash dividend for the fourth quarter of 2017 of \$0.32 per share of common stock is payable to stockholders of record on March 8, 2018, and will be paid on March 22, 2018.

Results of Operations

The following table sets forth, for the periods indicated, the amounts for certain items reflected in our consolidated statements of income along with each of those items as a percentage of revenues.

	Year Ended December 31,		
	2015	2016	2017
Operating data (in millions):			
Revenues			
Admissions	\$ 1,765.5	\$ 1,789.2	\$ 1,795.0
Concession	937.0	990.1	1,038.8
Other	150.1	139.5	157.8
Total revenues	\$ 2,852.6	\$ 2,918.8	\$ 2,991.6
Cost of operations			
Film rentals and advertising	945.6	962.7	966.5
Concession supplies	144.3	154.5	166.3
Salaries and wages	301.1	325.8	354.5
Facility lease expense	319.7	321.3	328.2
Utilities and other	355.9	355.9	355.0
General and administrative expenses	156.7	143.4	153.3
Depreciation and amortization	189.2	209.1	237.5
Impairment of long-lived assets	8.8	2.8	15.1
Loss on sale of assets and other	8.1	20.4	22.8
Total cost of operations	2,429.4	2,495.9	2,599.2
Operating income	\$ 423.2	\$ 422.9	\$ 392.4
Operating data as a percentage of total revenues:			
Revenues			
Admissions	61.9%	61.3%	60.0%
Concession	32.8%	33.9%	34.7%
Other	5.3%	4.8%	5.3%
Total revenues	100.0%	100.0%	100.0%
Cost of operations (1)			
Film rentals and advertising	53.6%	53.8%	53.8%
Concession supplies	15.4%	15.6%	16.0%
Salaries and wages	10.6%	11.2%	11.9%
Facility lease expense	11.2%	11.0%	11.0%
Utilities and other	12.5%	12.2%	11.9%
General and administrative expenses	5.5%	4.9%	5.1%
Depreciation and amortization	6.6%	7.2%	7.9%
Impairment of long-lived assets	0.3%	0.1%	0.5%
Loss on sale of assets and other	0.3%	0.7%	0.8%
Total cost of operations	85.2%	85.5%	86.9%
Operating income	14.8%	14.5%	13.1%
Average screen count (month end average)	5,725	5,856	5,925
Average operating screen count (month end average)	5,692	5,767	5,777
Revenues per average screen (dollars)	\$ 498,272	\$ 498,423	\$ 504,902

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

Comparison of Years Ended December 31, 2017 and December 31, 2016

Revenues. Total revenues increased \$72.8 million to \$2,991.6 million for 2017 from \$2,918.8 million for 2016, representing a 2.5% 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				
	2017	2016	% Change	2017	2016	% Change	Constant Currency (3)		2017	2016	% Change
							2017	% Change			
Admissions revenues (1)	\$ 1,356.9	\$ 1,379.0	(1.6)%	\$ 438.1	\$ 410.2	6.8%	\$ 426.7	4.0%	\$ 1,795.0	\$ 1,789.2	0.3%
Concession revenues (1)	\$ 790.1	\$ 764.6	3.3%	\$ 248.7	\$ 225.5	10.3%	\$ 243.4	7.9%	\$ 1,038.8	\$ 990.1	4.9%
Other revenues (1)(2)	\$ 75.1	\$ 73.6	2.0%	\$ 82.7	\$ 65.9	25.5%	\$ 81.5	23.7%	\$ 157.8	\$ 139.5	13.1%
Total revenues (1)(2)	\$ 2,222.1	\$ 2,217.2	0.2%	\$ 769.5	\$ 701.6	9.7%	\$ 751.6	7.1%	\$ 2,991.6	\$ 2,918.8	2.5%
Attendance (1)	174.4	182.6	(4.5)%	102.6	104.6	(1.9)%			277.0	287.2	(3.6)%
Average ticket price (1)	\$ 7.78	\$ 7.55	3.0%	\$ 4.27	\$ 3.92	8.9%	\$ 4.16	6.1%	\$ 6.48	\$ 6.23	4.0%
Concession revenues per patron (1)	\$ 4.53	\$ 4.19	8.1%	\$ 2.42	\$ 2.16	12.0%	\$ 2.37	9.7%	\$ 3.75	\$ 3.45	8.7%

(1) Revenue and attendance amounts in millions. Average ticket price is calculated as admissions revenues divided by attendance. Concession revenues per patron is calculated as concession revenues divided by attendance.

(2) U.S. operating segment revenues include eliminations of intercompany transactions with the international operating segment. See Note 18 of our consolidated financial statements.

(3) Constant currency revenue amounts, which are non-GAAP measurements, were calculated using the average exchange rates for the corresponding months for 2016. We translate the results of our international operating segment from local currencies into U.S. dollars using currency rates in effect at different points in time. Significant changes in foreign exchange rates from one period to the next can result in meaningful variations in reported results. We are providing constant currency amounts for our international operating segment to present a period-to-period comparison of business performance without the impact of foreign currency fluctuations.

- U.S. Admissions revenues decreased \$22.1 million primarily due to a 4.5% decrease in attendance, partially offset by a 3.0% increase in average ticket price. Concession revenues increased \$25.5 million primarily due to an 8.1% increase in concession revenues per patron, partially offset by the 4.5% decrease in attendance. The decrease in attendance was due to a slate of films in 2017 that had weaker consumer appeal compared to 2016, partially offset by the favorable impact of luxury lounge conversions and new theatres. The increase in average ticket price was primarily due to price increases. The increase in concession revenues per patron was primarily due to incremental sales, expanded offerings, price increases and new theatres.

- International. Admissions revenues increased \$27.9 million as reported, primarily due to an 8.9% increase in average ticket price, partially offset by a 1.9% decrease in attendance. Admissions revenues increased \$16.5 million in constant currency, primarily due to a 6.1% increase in constant currency average ticket price, partially offset by the 1.9% decrease in attendance. Concession revenues increased \$23.2 million as reported, primarily due to a 12.0% increase in concession revenues per patron, partially offset by the 1.9% decrease in attendance. Concession revenues increased \$17.9 million in constant currency, primarily due to a 9.7% increase in constant currency concession revenues per patron, partially offset by the 1.9% decrease in attendance. The decrease in attendance was due to a slate of films in 2017 that had weaker consumer appeal compared to 2016, partially offset by the impact of new theatres. Average ticket price and concession revenues per patron increased primarily due to price increases, which were predominantly driven by local inflation. Other revenues increased primarily due to increased promotional income and incremental screen advertising revenues generated by an expansion of our Flix Media services to affiliates in various countries.

Cost of Operations. The table below summarizes certain of our theatre operating costs by reportable operating segment (in millions) for the years ended December 31, 2016 and 2017.

	U.S. Operating Segment		International Operating Segment			Consolidated	
	2017	2016	2017	2016	Constant Currency 2017 (1)	2017	2016
Film rentals and advertising	\$ 756.4	\$ 768.9	\$ 210.1	\$ 193.8	\$ 205.1	\$ 966.5	\$ 962.7
Concession supplies	112.8	107.3	53.5	47.2	52.3	166.3	154.5
Salaries and wages	265.8	248.2	88.7	77.6	88.2	354.5	325.8
Facility lease expense	241.0	240.7	87.2	80.6	84.6	328.2	321.3
Utilities and other	241.6	250.9	113.4	105.0	111.6	355.0	355.9

(1) Constant currency expense amounts, which are non-GAAP measurements, were calculated using the average exchange rates for the corresponding months for 2016. We translate the results of our international operating segment from local currencies into U.S. dollars using currency rates in effect at different points in time. Significant changes in foreign exchange rates from one period to the next can result in meaningful variations in reported results. We are providing constant currency amounts for our international operating segment to present a period-to-period comparison of business performance without the impact of foreign currency fluctuations.

- U.S. Film rentals and advertising costs were \$756.4 million, or 55.7% of admissions revenues, for 2017 compared to \$768.9 million, or 55.8% of admissions revenues, for 2016. The decrease in the film rentals and advertising rate was primarily due to a higher concentration of blockbuster films during 2016. Concession supplies expense was \$112.8 million, or 14.3% of concession revenues, for 2017 compared to \$107.3 million, or 14.0% of concession revenues, for 2016. The increase in the concession supplies rate was primarily due to the impact of our expanded concession offerings.

Salaries and wages increased to \$265.8 million for 2017 from \$248.2 million for 2016 primarily due to incremental staffing at new and recently remodeled theatres, increases in minimum wages and increased staffing for food and beverage initiatives. Facility lease expense increased to \$241.0 million for 2017 from \$240.7 million for 2016 due to the impact of new theatres. Utilities and other costs decreased to \$241.6 million for 2017 from \$250.9 million for the 2016 period. The decrease was primarily due to the change in classification of transactional fees and decreased equipment lease expenses for 3-D presentations.

- International. Film rentals and advertising costs were \$210.1 million (\$205.1 million in constant currency), or 48.0% of admissions revenues, for 2017 compared to \$193.8 million, or 47.2% of admissions revenues, for 2016. The increase in the film rentals and advertising rate was primarily due to higher advertising costs during 2017. Concession supplies expense was \$53.5 million (\$52.3 million in constant currency), or 21.5% of concession revenues, for 2017 compared to \$47.2 million, or 20.9% of concession revenues, for 2016. The increase in the concession supplies rate was primarily due to the mix of concession products sold.

Salaries and wages increased to \$88.7 million (\$88.2 million in constant currency) for 2017 from \$77.6 million for 2016. The as reported increase was due to increased local currency wage rates primarily due to inflation, new theatres and limited flexibility in scheduling staff caused by shifting government regulations. Facility lease expense increased to \$87.2 million (\$84.6 million in constant currency) for 2017 from \$80.6 million for 2016. The as reported increase was due to the impact of changes in foreign currency exchange rates in certain countries in which we operate and new theatres. Utilities and other costs increased to \$113.4 million (\$111.6 million in constant currency) for 2017 from \$105.0 million for 2016. The as reported increase was due to new theatres, increases in repairs and maintenance expenses and utility expenses and the impact of changes in foreign currency exchange rates in certain countries in which we operate.

General and Administrative Expenses. General and administrative expenses increased to \$153.3 million for 2017 from \$143.4 million for 2016. The increase was primarily due to increased salaries and wages partially due to inflation, professional fees and the impact of changes in foreign currency exchange rates in certain countries in which we operate.

Depreciation and Amortization. Depreciation and amortization expense was \$237.5 million for 2017 compared to \$209.1 million for 2016. The increase was primarily due to depreciation expense related to theatre remodels and new theatres.

Impairment of Long-Lived Assets. We recorded asset impairment charges on assets held and used of \$15.1 million for 2017 compared to \$2.8 million for 2016. Impairment charges for 2017 consisted of theatre properties in the U.S., Colombia, Brazil, Guatemala and Curacao, impacting fifteen of our twenty-seven reporting units. Impairment charges for 2016 consisted of theatre properties in the U.S., Colombia and Ecuador, impacting fourteen of our twenty-seven reporting units. The long-lived asset impairment charges recorded during each of the periods presented were specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or the conditions of the areas surrounding the theatre. See Notes 1 and 8 to our consolidated financial statements.

Loss on Sale of Assets and Other. We recorded a loss on sale of assets and other of \$22.8 million during 2017 compared to \$20.4 million during 2016. The loss recorded during 2017 included the retirement of assets due to theatre remodels and closures and the write-off of a favorable lease intangible asset due to the amendment of a theatre lease, partially offset by gains related to the sale of excess land parcels and a gain on a landlord buyout of a theatre lease. The loss recorded during 2016 included the retirement of assets due to theatre remodels and closures, partially offset by a gain on the sale of our investment in RealD stock (see Note 6 to our consolidated financial statements) and a gain on the sale of a land parcel.

Interest Expense. Interest costs incurred, including amortization of debt issue costs, were \$105.9 million for 2017 compared to \$108.3 million for 2016. The decrease was due to the redemption of our previously outstanding \$200.0 million 7.375% senior subordinated notes (the "7.375% Senior Subordinated Notes") funded by a \$225.0 million add-on to our 4.875% senior notes (the "4.875% Senior Notes"), which occurred on March 21, 2016, as well as amendments to our senior secured credit facility completed during June and December of 2016 and June of 2017, which, in the aggregate, reduced the rate at which our term loan accrues interest by 100 basis points. See Note 10 to our consolidated financial statements for discussion of our long-term debt.

Foreign Currency Exchange Gain. We recorded a foreign currency exchange gain of \$0.9 million during 2017 and a foreign currency exchange gain of \$6.5 million during 2016 primarily related to intercompany transactions and changes in exchange rates from the original transaction date until cash settlement. See Notes 1 and 12 to our consolidated financial statements for discussion of foreign currency translation.

Loss on Debt Amendments and Refinancing. We recorded a loss of \$0.5 million during 2017 related to amendments to our senior secured credit facility that included a reduction in the interest rate at which our term loan accrues interest, revisions to certain definitions within the agreement, a reduction of the interest rates applicable to the revolving credit line and an extension of the maturity of the revolving credit line. We recorded a loss of \$13.4 million during 2016 primarily related to the early redemption of our \$200.0 million 7.375% Senior Subordinated Notes. See Note 10 to our consolidated financial statements for discussion of our long-term debt.

Distributions from NCM. We recorded distributions received from NCM of \$16.4 million during 2017 and \$14.7 million during 2016, which were in excess of the carrying value of our Tranche 1 Investment. See Note 5 to our consolidated financial statements.

Equity in Income of Affiliates. We recorded equity in income of affiliates of \$36.0 million during 2017 and \$32.0 million during 2016. See Notes 5 and 6 to our consolidated financial statements for information about our equity investments.

Income Taxes. Income tax expense of \$79.4 million was recorded for 2017 compared to \$103.8 million recorded for 2016. The effective tax rate for 2017 was 23.0%, which included the impact of a one-time benefit of \$44.9 million related to the enactment of the Tax Act. See Note 16 to our consolidated financial statements. The effective tax rate for 2016 was 28.8%. We expect the effective tax rate for 2018 to be in a mid-to-high 20% range.

Comparison of Years Ended December 31, 2016 and December 31, 2015

Revenues. Total revenues increased \$66.2 million to \$2,918.8 million for 2016 from \$2,852.6 million for 2015, representing a 2.3% 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				
	2016	2015	% Change	2016	2015	% Change	Constant Currency (3)		2016	2015	% Change
							2016	% Change			
Admissions revenues (1)	\$ 1,379.0	\$ 1,338.0	3.1%	\$ 410.2	\$ 427.5	(4.0)%	\$ 483.4	13.1%	\$ 1,789.2	\$ 1,765.5	1.3%
Concession revenues (1)	\$ 764.6	\$ 709.7	7.7%	\$ 225.5	\$ 227.3	(0.8)%	\$ 263.2	15.8%	\$ 990.1	\$ 937.0	5.7%
Other revenues (1)(2)	\$ 73.6	\$ 76.2	(3.4)%	\$ 65.9	\$ 73.9	(10.8)%	\$ 76.0	2.8%	\$ 139.5	\$ 150.1	(7.1)%
Total revenues (1)(2)	\$ 2,217.2	\$ 2,123.9	4.4%	\$ 701.6	\$ 728.7	(3.7)%	\$ 822.6	12.9%	\$ 2,918.8	\$ 2,852.6	2.3%
Attendance (1)	182.6	179.6	1.7%	104.6	100.5	4.1%			287.2	280.1	2.5%
Average ticket price (1)	\$ 7.55	\$ 7.45	1.3%	\$ 3.92	\$ 4.25	(7.8)%	\$ 4.62	8.7%	\$ 6.23	\$ 6.30	(1.1)%
Concession revenues per patron (1)	\$ 4.19	\$ 3.95	6.1%	\$ 2.16	\$ 2.26	(4.4)%	\$ 2.52	11.5%	\$ 3.45	\$ 3.35	3.0%

(1) Revenue and attendance amounts in millions. Average ticket price is calculated as admissions revenues divided by attendance. Concession revenues per patron is calculated as concession revenues divided by attendance.

(2) U.S. operating segment revenues include eliminations of intercompany transactions with the international operating segment. See Note 18 of our consolidated financial statements.

(3) Constant currency revenue amounts, which are non-GAAP measurements, were calculated using the average exchange rates for the corresponding months for 2015. We translate the results of our international operating segment from local currencies into U.S. dollars using currency rates in effect at different points in time. Significant changes in foreign exchange rates from one period to the next can result in meaningful variations in reported results. We are providing constant currency amounts for our international operating segment to present a period-to-period comparison of business performance without the impact of foreign currency fluctuations.

- U.S. Admissions revenues increased \$41.0 million due to a 1.7% increase in attendance and a 1.3% increase in average ticket price. The increase in concession revenues of \$54.9 million was attributable to the 1.7% increase in attendance and a 6.1% increase in concession revenues per patron. The increase in attendance was due to the solid slate of films released during 2016 and new theatres. The increase in average ticket price was primarily due to price increases. The increase in concession revenues per patron was primarily due to incremental sales incidence and price increases.

- International. Admissions revenues decreased \$17.3 million as reported, primarily due to the impact of changes in foreign currency exchange rates in certain countries in which we operate, partially offset by a 4.1% increase in attendance. Admissions revenues increased \$55.9 million in constant currency, primarily due to the 4.1% increase in attendance and an 8.7% increase in constant currency average ticket price. Concession revenues decreased \$1.8 million as reported, primarily due to the impact of changes in foreign currency exchange rates in certain countries in which we operate, partially offset by the 4.1% increase in attendance. Concession revenues increased \$35.9 million in constant currency, primarily due to the 4.1% increase in attendance and an 11.5% increase in constant currency concession revenues per patron. The increase in attendance was due to new theatres and the success of the films released during 2016. The increase in constant currency average ticket price and concession revenues per patron was primarily driven by price increases, which was primarily due to local inflation.

Cost of Operations. The table below summarizes certain of our theatre operating costs by reportable operating segment (in millions) for the years ended December 31, 2015 and 2016.

	U.S. Operating Segment		International Operating Segment			Consolidated	
	2016	2015	2016	2015	Constant Currency 2016 (1)	2016	2015
Film rentals and advertising	\$ 768.9	\$ 744.3	\$ 193.8	\$ 201.3	\$ 228.5	\$ 962.7	\$ 945.6
Concession supplies	107.3	95.4	47.2	48.9	54.9	154.5	144.3
Salaries and wages	248.2	226.9	77.6	74.2	93.9	325.8	301.1
Facility lease expense	240.7	239.4	80.6	80.3	91.8	321.3	319.7
Utilities and other	250.9	251.9	105.0	104.0	123.4	355.9	355.9

(1) Constant currency expense amounts, which are non-GAAP measurements, were calculated using the average exchange rates for the corresponding months for 2015. We translate the results of our international operating segment from local currencies into U.S. dollars using currency rates in effect at different points in time. Significant changes in foreign exchange rates from one period to the next can result in meaningful variations in reported results. We are providing constant currency amounts for our international operating segment to present a period-to-period comparison of business performance without the impact of foreign currency fluctuations.

- *U.S.* Film rentals and advertising costs were \$768.9 million, or 55.8% of admissions revenues, for 2016 compared to \$744.3 million, or 55.6% of admissions revenues, for 2015. The increase in the film rentals and advertising rate was primarily due to the higher concentration of blockbuster films during the 2016 period. Concession supplies expense was \$107.3 million, or 14.0% of concession revenues, for 2016 compared to \$95.4 million, or 13.4% of concession revenues, for 2015. The increase in the concession supplies rate was primarily due to the impact of our expanded concession offerings.

Salaries and wages increased to \$248.2 million for 2016 from \$226.9 million for 2015 primarily due to new theatres and increases in minimum wages. Facility lease expense increased to \$240.7 million for 2016 from \$239.4 million for 2015 primarily due to increased percentage rent expense partially offset by decreased common area maintenance expenses. Utilities and other costs decreased to \$250.9 million for 2016 from \$251.9 million for 2015 primarily due to a decrease in projection and sound equipment maintenance and monitoring expenses, partially offset by increased security expense.

- *International.* Film rentals and advertising costs were \$193.8 million (\$228.5 million in constant currency), or 47.2% of admissions revenues, for 2016 compared to \$201.3 million, or 47.1 % of admissions revenues, for 2015. Concession supplies expense was \$47.2 million (\$54.9 million in constant currency), or 20.9% of concession revenues, for 2016 compared to \$48.9 million, or 21.5% of concession revenues, for 2015. The decrease in the concession supplies rate was primarily due to price increases.

Salaries and wages increased to \$77.6 million (\$93.9 million in constant currency) for 2016 compared to \$74.2 million for 2015. The as reported increase was due to incremental staffing to support the 4.1% increase in attendance, increased wage rates and new theatres, partially offset by the impact of changes in foreign currency exchange rates in certain countries in which we operate. Facility lease expense increased to \$80.6 million (\$91.8 million in constant currency) for 2016 compared to \$80.3 million for the 2015 period. The as reported increase was due to increased percentage rent expense as a result of increased constant currency revenues and new theatres, partially offset by the impact of changes in foreign currency exchange rates in certain countries in which we operate. Utilities and other costs increased to \$105.0 million (\$123.4 million in constant currency) for 2016 compared to \$104.0 million for 2015. The as reported increase was primarily due to increased utilities costs, increased projection and sound equipment and monitoring expenses, increased repairs and maintenance expenses and increased janitorial services, partially offset by the impact of changes in foreign currency exchange rates in certain countries in which we operate.

General and Administrative Expenses. General and administrative expenses decreased to \$143.4 million for 2016 from \$156.7 million for 2015. The decrease was primarily due to the impact of changes in foreign currency exchange rates in certain countries in which we operate, partially offset by increased salaries and incentive compensation expense.

Depreciation and Amortization. Depreciation and amortization expense was \$209.1 million for 2016 compared to \$189.2 million for 2015. The increase was primarily due to depreciation expense related to new theatres as well as remodels and other improvements of existing theatres.

Impairment of Long-Lived Assets. We recorded asset impairment charges on assets held and used of \$2.8 million for 2016 compared to \$8.8 million for 2015. Impairment charges for 2016 consisted of theatre properties in the U.S., Colombia and Ecuador, impacting eight of our twenty-seven reporting units. Impairment charges for 2015 consisted of theatre properties in the U.S., Colombia and Ecuador, impacting fourteen of our twenty-seven reporting units. The long-lived asset impairment charges recorded during each of the periods presented were specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or the conditions of the areas surrounding the theatre. See Notes 1 and 8 to our consolidated financial statements.

Loss on Sale of Assets and Other. We recorded a loss on sale of assets and other of \$20.4 million during 2016 compared to \$8.1 million during 2015. The loss recorded during the 2016 period was primarily due to the retirement of assets due to theatre remodels and closures, partially offset by a gain on the sale of our investment in RealD stock (see Note 6) and a gain on the sale of a land parcel. The loss recorded during 2015 included lease termination costs, contract termination costs and the retirement of assets due to theatre remodels and closures, partially offset by gains related to lease amendments that resulted in a reduction of certain capital lease liabilities, the sale of an investment in a Taiwan joint venture, and the sale of a land parcel in the U.S.

Interest Expense. Interest costs incurred, including amortization of debt issue costs, were \$108.3 million for 2016 compared to \$112.7 million for 2015. The decrease was due to the redemption of our previously outstanding \$200.0 million 7.375% senior subordinated notes (the "7.375% Senior Subordinated Notes") funded by a \$225.0 million add-on to our 4.875% senior notes (the "4.875% Senior Notes"), which occurred on March 21, 2016, as well as the amendments in June and December of 2016 to our senior secured credit facility, each of which reduced the rate at which our \$700.0 million term loan accrues interest. See Note 10 to our consolidated financial statements for further discussion of our long-term debt.

Foreign Currency Exchange Gain (Loss). We recorded a foreign currency exchange gain of \$6.5 million during 2016 compared to a foreign currency exchange loss of \$16.8 million during 2015 primarily related to intercompany transactions and changes in exchange rates from the original transaction date until cash settlement. See Notes 1 and 12 to our consolidated financial statements for discussion of foreign currency translation.

Loss on Debt Amendments and Refinancing. We recorded a loss of \$13.4 million during 2016 primarily related to the early redemption of our 7.375% Senior Subordinated Notes and the amendments, in June and December of 2016, to our senior secured credit facility, each of which reduced the rate at which our \$700.0 million term loan accrues interest. We recorded a loss of \$0.9 million in 2015 related to an amendment to our senior secured credit facility. See Note 10 to our consolidated financial statements for discussion of our long-term debt.

Distributions from NCM. We recorded distributions received from NCM of \$14.7 million during 2016 and \$18.1 million during 2015, which were in excess of the carrying value of our Tranche 1 Investment. See Note 5 to our consolidated financial statements.

Equity in Income of Affiliates. We recorded equity in income of affiliates of \$32.0 million during 2016 and \$28.1 million during 2015. See Notes 5 and 6 to our consolidated financial statements for information about our equity investments.

Income Taxes. Income tax expense of \$103.8 million was recorded for 2016 compared to \$128.9 million recorded for 2015. The effective tax rate for 2016 was 28.8%, which included the impact of the implementation of a foreign holding and financing structure that will allow us to use foreign tax credits that had previously carried a full valuation allowance. The effective tax rate for 2015 was 37.1%. See Note 16 to our 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 concessions. In addition, nearly all of our theatres also provide the patron a choice of using a credit card, debit card or advanced-sale type certificates such as a gift card. 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 amounted to \$455.9 million, \$451.8 million and \$528.5 million for the years ended December 31, 2015, 2016 and 2017, respectively. The increase in cash flows from operating activities for the year ended December 31, 2017 was primarily due to the increase in revenues and the timing of vendor payments for movies released during December 2017.

Investing Activities

Our investing activities have been principally related to the development, remodel and acquisition of theatres. New theatre openings, remodels 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 amounted to \$328.1 million, \$327.8 million and \$410.5 million for the years ended December 31, 2015, 2016 and 2017, respectively. The increases in cash used for investing activities during 2017 was primarily due to increased capital expenditures and increased theatre acquisitions.

Capital expenditures for the years ended December 31, 2015, 2016 and 2017 were as follows (in millions):

Period	New Theatres	Existing Theatres (1)	Total
Year Ended December 31, 2015	\$ 132.4	\$ 199.3	\$ 331.7
Year Ended December 31, 2016	\$ 89.8	\$ 237.1	\$ 326.9
Year Ended December 31, 2017	\$ 58.3	\$ 322.6	\$ 380.9

(1) The amount for the year ended December 31, 2015 includes approximately \$26.3 million for the purchase of our corporate headquarters building in Plano, TX. The amounts for the years ended December 31, 2016 and 2017 include approximately \$3.9 and \$9.4 million, respectively, for the remodel of our corporate headquarters building.

Capital expenditures for existing theatres in the table above includes the costs of remodeling certain of our existing properties to include Luxury Loungers and expanded concession offerings, which began during 2015. During the years ended December 31, 2015, 2016 and 2017, we had an average of 33, 89 and 148 of our domestic screens, respectively, temporarily closed for such remodels.

Our U.S. theatre circuit consisted of 339 theatres with 4,561 screens as of December 31, 2017. We built three new theatres and 26 screens, acquired one theatre with twelve screens and closed four theatres with 36 screens during the year ended December 31, 2017. At December 31, 2017, we had signed commitments to open seven new theatres and 72 screens in domestic markets during 2018 and open six new theatres with 64 screens subsequent to 2018. We estimate the remaining capital expenditures for the development of these 136 domestic screens will be approximately \$98 million.

Our international theatre circuit consisted of 194 theatres with 1,398 screens as of December 31, 2017. We built five new theatres and 40 screens and acquired two theatres with 14 screens during the year ended December 31, 2017. At December 31, 2017, we had signed commitments to open ten new theatres and 55 screens in international markets during 2018 and open one theatre and six screens subsequent to 2018. We estimate the remaining capital expenditures for the development of these 61 international screens will be approximately \$41 million.

Actual expenditures for continued theatre development, remodels and 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, and proceeds from debt issuances, sale leaseback transactions and/or sales of excess real estate.

Financing Activities

Cash used for financing activities was \$151.1 million, \$152.6 million and \$157.5 million during the years ended December 31, 2015, 2016 and 2017, respectively. Cash used for financing activities primarily consists of dividends paid to our stockholders (see Note 4 to the consolidated financial statements). Financing activities for the year ended December 31, 2016 also included the redemption of Cinemark USA, Inc.'s previously outstanding \$200.0 million 7.375% Senior Subordinated Notes with proceeds from the issuance of a \$225.0 million add-on to Cinemark USA, Inc.'s existing 4.875% Senior Notes. See Note 10 to our consolidated financial statements.

We, at the discretion of the board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our common stock. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions as discussed below, future prospects for earnings and cash flows, as well as other relevant factors.

We may from time to time, subject to compliance with our debt instruments, purchase our debt securities on the open market depending upon the availability and prices of such securities.

Long-term debt consisted of the following as of December 31, 2016 and 2017 (in millions):

	As of December 31,	
	2016	2017
Cinemark USA, Inc. term loan	\$ 663.8	\$ 659.5
Cinemark USA, Inc. 5.125% senior notes due 2022	400.0	400.0
Cinemark USA, Inc. 4.875% senior notes due 2023	755.0	755.0
Other	4.2	2.8
Total long-term debt	\$ 1,823.0	\$ 1,817.3
Less current portion	5.7	7.1
Subtotal long-term debt, less current portion	\$ 1,817.3	\$ 1,810.2
Less: Debt discounts and debt issuance costs, net of accumulated amortization	34.9	29.8
Long-term debt, less current portion, net of debt issuance costs	\$ 1,782.4	\$ 1,780.4

As of December 31, 2017, we had \$100.0 million in available borrowing capacity on our revolving credit line.

As of December 31, 2017, 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 and other obligations for each period indicated are summarized as follows:

Contractual Obligations	Payments Due by Period (in millions)				
	Total	Less Than One Year	1 - 3 Years	3 - 5 Years	After 5 Years
Long-term debt (1)	\$ 1,817.3	\$ 7.1	\$ 12.8	\$ 1,042.4	\$ 755.0
Scheduled interest payments on long-term debt(2)	\$ 403.8	81.0	161.2	146.2	15.4
Operating lease obligations	\$ 1,747.5	253.8	448.9	369.3	675.5
Capital lease obligations	\$ 276.7	25.5	55.9	46.9	148.4
Scheduled interest payments on capital leases	\$ 99.1	17.3	28.0	20.1	33.7
Purchase and other commitments(3)	\$ 198.2	138.8	59.2	0.2	—
Current liability for uncertain tax positions(4)	\$ 11.9	11.9	—	—	—
Total obligations	\$ 4,554.5	\$ 535.4	\$ 766.0	\$ 1,625.1	\$ 1,628.0

(1) Amounts are presented before adjusting for debt issuance costs.

(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 December 31, 2017. The average interest rates in effect on our fixed rate and variable rate debt are 5.0% and 3.6%, respectively, as of December 31, 2017.

(3) Includes estimated capital expenditures associated with the construction of new theatres to which we were committed as of December 31, 2017, obligations under employment agreements and contractual purchase commitments.

(4) The contractual obligations table excludes the long-term portion of our liability for uncertain tax positions of \$8.4 million because we cannot make a reliable estimate of the timing of the related cash payments.

Off-Balance Sheet Arrangements

Other than the operating leases and purchase and other commitments disclosed in the tables above, we do not have any off-balance sheet arrangements.

Senior Secured Credit Facility

Cinemark USA, Inc. has a senior secured credit facility that includes a seven year \$700.0 million term loan and a five year \$100.0 million revolving credit line (the "Credit Agreement").

On May 8, 2015, Cinemark USA, Inc., our wholly-owned subsidiary, amended its Credit Agreement to extend the maturity of the \$700.0 million term loan from December 2019 to May 2022. Subsequent to the amendment, quarterly principal payments in the amount of \$1.8 million were due on the term loan through March 31, 2022, with the remaining principal of \$635.3 million due on May 8, 2022. The Company incurred debt issue costs of approximately \$6.9 million in connection with the amendment, which are reflected as a reduction of long term debt on the consolidated balance sheets. In addition, the Company incurred approximately \$0.9 million in legal and other fees that are reflected as loss on debt amendments and refinancing on the consolidated statement of income for the year ended December 31, 2015.

On May 16, 2016, Cinemark USA, Inc. made a pre-payment of \$13.5 million on its term loan using the net proceeds received from the sale of shares of RealD (see Note 6 to our consolidated financial statements). In accordance with the terms of the Credit Agreement, the pre-payment was applied first to the next four principal installments, and second, to the remaining installments pro-rata based on the remaining outstanding principal amount of such installments. Therefore, subsequent to the prepayment, quarterly payments in the amount of \$1.4 million are due on the term loan beginning June 30, 2017 through March 31, 2022, with the remaining principal of \$635.3 million due on May 8, 2022. We did not incur any fees as a result of the pre-payment.

Cinemark USA, Inc. amended its Credit Agreement during 2016 and 2017 as follows:

Effective Date	Nature of Amendment	Debt Issue Costs Paid (1)	Loss on Debt Amendment (2)
June 13, 2016	Reduced term loan interest rate by 0.25%	\$ 0.8	\$ 0.2
December 15, 2016	Reduced term loan interest rate by 0.50%	\$ 2.4	\$ 0.2
June 16, 2017	Reduced term loan interest rate by 0.25%; modified certain definitions and other provisions in the Credit Agreement	\$ 0.5	\$ 0.2
November 28, 2017	Extended maturity of revolving credit line to December 2022; reduced the interest rate applicable to borrowings under the credit line	\$ 0.3	\$ 0.3

(1) Reflected as a reduction of long term debt on the consolidated balance sheet as of December 31, 2016 and 2017.

(2) Reflected as a loss on debt amendments and refinancing on the consolidated statement of income for the year in which the amendments were effective.

Subsequent to the amendments noted above, interest on the term loan accrues at Cinemark USA, Inc.'s option at: (A) the base rate equal to the greater of (1) the US "Prime Rate" as quoted in The Wall Street Journal or if no such rate is quoted therein, in a Federal Reserve Board statistical release, (2) the federal funds effective rate plus 0.50%, and (3) a one-month Eurodollar-based rate plus 1.0%, plus, in each case, a margin of 1.00% per annum, or (B) a Eurodollar-based rate for a period of 1, 2, 3, 6, 9 or 12 months plus a margin of 2.00% per annum. Interest on the revolving credit line accrues, at our option, at: (A) a base rate equal to the greater of (1) the US "Prime Rate" as quoted in The Wall Street Journal or if no such rate is quoted therein, in a Federal Reserve Board statistical release, (2) the federal funds effective rate plus 0.50%, and (3) a one-month Eurodollar-based rate plus 1.0%, plus, in each case, a margin that ranges from 0.50% to 1.25% per annum, or (B) a Eurodollar-based rate for a period of 1, 2, 3, 6, 9 or 12 months plus a margin that ranges from 1.50% to 2.25% per annum. The margin of the revolving credit line is determined by the consolidated net senior secured leverage ratio as defined in the Credit Agreement.

At December 31, 2017, there was \$659.5 million outstanding under the term loan and no borrowings outstanding under the revolving credit line. Cinemark USA, Inc. had \$100.0 million in available borrowing capacity on the revolving credit line. Cinemark USA, Inc. had no borrowings under the revolving credit line during the years ended December 31, 2016 or 2017. The average interest rate on outstanding term loan borrowings under the Credit Agreement at December 31, 2017 was approximately 3.6% per annum.

Cinemark USA, Inc.'s obligations under the Credit Agreement are guaranteed by Cinemark Holdings, 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 certain of Cinemark USA, Inc.'s domestic subsidiaries and 65% of the voting stock of certain of its foreign subsidiaries.

The Credit Agreement contains usual and customary negative covenants for agreements of this type, including, but not limited to, restrictions on Cinemark USA, Inc.'s ability, and in certain instances, its subsidiaries' and our 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 or repurchase stock; and make capital expenditures and investments. If Cinemark USA, Inc. has borrowings outstanding on the revolving credit line, it is required to satisfy a consolidated net senior secured leverage ratio covenant as defined in the Credit Agreement.

The dividend restriction contained in the Credit Agreement prevents the Company and any of its subsidiaries from paying a dividend or otherwise distributing cash to its stockholders unless (1) the Company is not in default, and the distribution would not cause Cinemark USA, Inc. to be in default, under the Credit Agreement; and (2) the aggregate amount of certain dividends, distributions, investments, redemptions and capital expenditures made since December 18, 2012, including dividends declared by the board of directors, 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 December 18, 2012, (b) Cinemark USA, Inc.'s consolidated EBITDA minus 1.75 times its consolidated interest expense, each as defined in the Credit Agreement, and (c) certain other defined amounts. As of December 31, 2017, Cinemark USA, Inc. could have distributed up to approximately \$2,620.0 million to its parent company and sole stockholder, Cinemark Holdings, Inc.

4.875% Senior Notes

On May 24, 2013, Cinemark USA, Inc. issued \$530.0 million aggregate principal amount of 4.875% senior notes due 2023, at par value, (the "4.875% Senior Notes"). Interest on the 4.875% Senior Notes is payable on June 1 and December 1 of each year. The 4.875% Senior Notes mature on June 1, 2023.

On March 21, 2016, Cinemark USA, Inc. issued an additional \$225.0 million aggregate principal amount of the 4.875% Senior Notes, at 99.0% of the principal amount plus accrued and unpaid interest from December 1, 2015. Proceeds, after payment of fees, were used to finance the redemption of Cinemark USA, Inc.'s previously outstanding \$200.0 million 7.375% senior subordinated notes due 2021 (the "7.375% Senior Subordinated Notes"), as discussed below. These additional notes have identical terms, other than the issue date, the issue price and the first interest payment date, and constitute part of the same series as Cinemark USA, Inc.'s existing 4.875% Senior Notes. The aggregate principal amount of \$755.0 million of 4.875% Senior Notes mature on June 1, 2023. The Company incurred debt issue costs of approximately \$3.7 million in connection with the issuance of the additional notes, which, along with the discount of \$2.3 million, are reflected as a reduction of long term debt, net of accumulated amortization, on the consolidated balance sheet as of December 31, 2017.

The 4.875% Senior Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of Cinemark USA, Inc.'s subsidiaries that guarantee, assume or become liable with respect to any of Cinemark USA, Inc.'s or a guarantor's debt. The 4.875% Senior Notes and the guarantees are senior unsecured obligations and rank equally in right of payment with all of Cinemark USA, Inc.'s and its guarantor's existing and future senior unsecured debt and senior in right of payment to all of Cinemark USA, Inc.'s and its guarantor's existing and future senior subordinated debt. The 4.875% Senior Notes and the guarantees are effectively subordinated to all of Cinemark USA, Inc.'s and its guarantor's existing and future secured debt to the extent of the value of the assets securing such debt, including all borrowings under Cinemark USA, Inc.'s Credit Agreement. The 4.875% Senior Notes and the guarantees are structurally subordinated to all existing and future debt and other liabilities of Cinemark USA, Inc.'s subsidiaries that do not guarantee the 4.875% Senior Notes.

The indenture to the 4.875% Senior Notes contains covenants that limit, among other things, the ability of Cinemark USA, Inc. and certain of its subsidiaries to (1) make investments or other restricted payments, including paying dividends, making other distributions or repurchasing subordinated debt or equity, (2) incur additional indebtedness and issue preferred stock, (3) enter into transactions with affiliates, (4) enter new lines of business, (5) merge or consolidate with, or sell all or substantially all of its assets to, another person and (6) create liens. As of December 31, 2017, Cinemark USA, Inc. could have distributed up to approximately \$2,608.2 million to its parent company and sole stockholder, Cinemark Holdings, Inc., under the terms of the indenture to the 4.875% Senior Notes, subject to its available cash and other borrowing restrictions outlined in the indenture. Upon a change of control, as defined in the indenture governing the 4.875% Senior Notes, Cinemark USA, Inc. would be required to make an offer to repurchase the 4.875% Senior Notes at a price equal to 101% of the aggregate principal amount outstanding plus accrued and unpaid interest, if any, through the date of repurchase. The indenture governing the 4.875% Senior Notes allows Cinemark USA, Inc. to incur additional indebtedness if it satisfies the coverage ratio specified in the indenture, after giving effect to the incurrence of the additional indebtedness, and in certain other circumstances. The required minimum coverage ratio is 2 to 1 and our actual ratio as of December 31, 2017 was approximately 6.1 to 1.

Prior to June 1, 2018, Cinemark USA, Inc. may redeem all or any part of the 4.875% Senior Notes at its option at 100% of the principal amount plus a make-whole premium plus accrued and unpaid interest on the 4.875% Senior Notes to the date of redemption. After June 1, 2018, Cinemark USA, Inc. may redeem the 4.875% Senior Notes in whole or in part at redemption prices specified in the indenture.

5.125% Senior Notes

On December 18, 2012, Cinemark USA, Inc. issued \$400.0 million aggregate principal amount of 5.125% senior notes due 2022, at par value (the “5.125% Senior Notes”). Interest on the 5.125% Senior Notes is payable on June 15 and December 15 of each year. The 5.125% Senior Notes mature on December 15, 2022.

The 5.125% Senior Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of Cinemark USA, Inc.’s subsidiaries that guarantee, assume or become liable with respect to any of Cinemark USA, Inc.’s or a guarantor’s debt. The 5.125% Senior Notes and the guarantees are senior unsecured obligations and rank equally in right of payment with all of Cinemark USA, Inc.’s and its guarantor’s existing and future senior unsecured debt and senior in right of payment to all of Cinemark USA, Inc.’s and its guarantor’s existing and future subordinated debt. The 5.125% Senior Notes and the guarantees are effectively subordinated to all of Cinemark USA, Inc.’s and its guarantor’s existing and future secured debt to the extent of the value of the assets securing such debt, including all borrowings under Cinemark USA, Inc.’s Credit Agreement. The 5.125% Senior Notes and the guarantees are structurally subordinated to all existing and future debt and other liabilities of Cinemark USA, Inc.’s subsidiaries that do not guarantee the 5.125% Senior Notes.

The indenture to the 5.125% Senior Notes contains covenants that limit, among other things, the ability of Cinemark USA, Inc. and certain of its subsidiaries to (1) make investments or other restricted payments, including paying dividends, making other distributions or repurchasing subordinated debt or equity, (2) incur additional indebtedness and issue preferred stock, (3) enter into transactions with affiliates, (4) enter new lines of business, (5) merge or consolidate with, or sell all or substantially all of its assets to, another person and (6) create liens. As of December 31, 2017, Cinemark USA, Inc. could have distributed up to approximately \$2,613.3 million to its parent company and sole stockholder, Cinemark Holdings, Inc., under the terms of the indenture to the 5.125% Senior Notes, subject to its available cash and other borrowing restrictions outlined in the indenture. Upon a change of control, as defined in the indenture governing the 5.125% Senior Notes, Cinemark USA, Inc. would be required to make an offer to repurchase the 5.125% Senior Notes at a price equal to 101% of the aggregate principal amount outstanding plus accrued and unpaid interest, if any, through the date of repurchase. The indenture governing the 5.125% Senior Notes allows Cinemark USA, Inc. to incur additional indebtedness if it satisfies the coverage ratio specified in the indenture, after giving effect to the incurrence of the additional indebtedness, and in certain other circumstances. The required minimum coverage ratio is 2 to 1 and our actual ratio as of December 31, 2017 was approximately 6.1 to 1.

7.375% Senior Subordinated Notes

On June 3, 2011, Cinemark USA, Inc. issued \$200.0 million aggregate principal amount of 7.375% senior subordinated notes due 2021, at par value (the “Senior Subordinated Notes”).

On March 21, 2016, Cinemark USA, Inc. redeemed its Senior Subordinated Notes at a make-whole premium of approximately 104% plus accrued and unpaid interest, utilizing the proceeds from the issuance of the additional \$225.0 million Cinemark USA, Inc. 4.875% Senior Notes discussed above. As a result of the redemption, the Company wrote-off approximately \$2.4 million in unamortized debt issue costs, paid a make-whole premium of \$9.4 million and paid other fees of \$1.2 million, all of which are reflected in loss on debt amendments and refinancing during the year ended December 31, 2016.

Covenant Compliance

As of December 31, 2017, we believe we were in full compliance with all agreements, including all related covenants, governing our outstanding debt.

Ratings

We are rated by nationally recognized rating agencies. The rating scales and methodologies used to derive individual ratings may vary from agency to agency. Credit ratings are issued by credit rating agencies based on evaluations of our ability to pay back our outstanding debt and the likelihood that we would default on that debt prior to its maturity. The credit ratings issued by the credit rating agencies represent the credit rating agency's evaluation of both qualitative and quantitative information for our company. The credit ratings that are issued are based on the credit rating agency's judgment and experience in determining what information should be considered in giving a rating to a particular company. Ratings are always subject to change and there can be no assurance that our current ratings will continue for any given period of time. A downgrade of our debt ratings, depending on the extent, could increase the cost to borrow funds. Below are our current credit ratings.

Category	Moody's	Standard and Poor's
Cinemark USA, Inc. Credit Agreement	Ba1	BBB-
Cinemark USA, Inc. 4.875% Senior Notes	B2	BB
Cinemark USA, Inc. 5.125% Senior Notes	B2	BB

With respect to the ratings issued by Moody's as noted above, Moody's defines these ratings as follows:

- 'Ba1' – Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. The Prime-1 rating indicates the issuer has a superior ability to repay short-term debt obligations.
- 'B2' – Obligations rated B are considered speculative and are subject to high credit risk. The Prime-2 portion of the rating indicates issuer has a strong ability to repay short-term debt obligations.

With respect to the ratings issued by Standard and Poor's as noted above, Standard and Poor's defines these ratings as follows:

- BBB - An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- BB - An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (“ASU 2014-09”). The purpose of ASU 2014-09 is to clarify the principles for recognizing revenue and create a common revenue standard for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The following subsequent Accounting Standards Updates either clarified or revised guidance set forth in ASU 2014-09:

- In August 2015, the FASB issued Accounting Standards Update 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, (“ASU 2015-14”). ASU 2015-14 deferred the effective date of ASU 2014-09. The guidance in ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period.
- In March 2016, the FASB issued Accounting Standards Update 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenues Gross versus Net)*, (“ASU 2016-08”). The purpose of ASU 2016-08 is to clarify the implementation of revenue recognition guidance for principal versus agent considerations.
- In April 2016, the FASB issued Accounting Standards Update 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, (“ASU 2016-10”). The purpose of ASU 2016-10 is to clarify certain aspects of identifying performance obligations and licensing implementation guidance.
- In May 2016, the FASB issued Accounting Standards Update 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, (“ASU 2016-12”). The purpose of ASU 2016-12 is to address certain narrow aspects of Accounting Standards Codification (“ASC”) Topic 606 including assessing collectability, presentation of sales taxes, noncash considerations, contract modifications and completed contracts at transition.
- In December 2016, the FASB issued Accounting Standards Update 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, (“ASU 2016-20”). The purpose of ASU 2016-20 is to amend certain narrow aspects of the guidance issued in ASU 2014-09 related to the disclosure of performance obligations, as well as other amendments related to loan guarantee fees, contract costs, refund liabilities, advertising costs and the clarification of certain examples.

See *Critical Accounting Policies/Impact of Recent Accounting Developments* for summary of impact of this standard and its amendments.

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*, (“ASU 2016-02”). The purpose of ASU 2016-02 is to provide financial statement users a better understanding of the amount, timing, and uncertainty of cash flows arising from leases. The adoption of ASU 2016-02 will result in the recognition of a right-of-use asset and a lease liability for most operating leases. New disclosure requirements include qualitative and quantitative information about the amounts recorded in the financial statements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. ASU 2016-02 requires a modified retrospective transition by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which the guidance is effective with the option to elect certain practical expedients. Early adoption is permitted. We are currently evaluating the impact of ASU 2016-02 on its consolidated financial statements. The most significant impact of the amendments in ASU 2016-02 will be the recognition of new right-of-use assets and lease liabilities for assets currently subject to operating leases. We will adopt the amendments in ASU 2016-02 in the first quarter of 2019.

In March 2016, the FASB issued Accounting Standards Update 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, (“ASU 2016-09”). The purpose of ASU 2016-09 is to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification of such activity on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within that year. Prospective, retrospective, or modified retrospective application may be used dependent on the specific requirements of the amendments within ASU 2016-09. Effective January 1, 2017, we adopted ASU 2016-09 on a prospective basis (see Note 3). As such, prior periods have not been adjusted.

In August 2016, the FASB issued Accounting Standards Update 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments – a consensus of the FASB Emerging Issues Task Force*, (“ASU 2016-15”). The purpose of ASU 2016-15 is to reduce the diversity in practice regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. A retrospective transition method should be used in the application of the amendments within ASU 2016-15. Early adoption is permitted. Upon adoption, we will reclassify \$9,519 of cash payments recorded in loss on debt amendments and refinancing from operating activities to financing activities for the year ended December 31, 2016. We do not expect ASU 2016-15 to have any other material impact on our consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, (“ASU 2017-04”). The purpose of ASU 2017-04 is to simplify the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendments should be applied on a prospective basis. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within that year. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We adopted the amendments in ASU 2017-04 during the second quarter of 2017 in order to reduce the complexity of performing its goodwill impairment tests. As discussed in Note 1, these tests are generally performed in the fourth quarter of each year. ASU 2017-04 did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update 2017-09, *Compensation – Stock Compensation (Topic 718): Scope Modification Accounting*, (“ASU 2017-09”). The amendments in ASU 2017-09 provide guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting as described in ASC Topic 718. The amendments should be applied on a prospective basis. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Early adoption is permitted. We do not expect ASU 2017-09 to have a material impact on our consolidated financial statements.

In August 2017, the FASB issued Accounting Standards Update 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, (“ASU 2017-12”). The amendments in ASU 2017-12 improve the financial reporting of hedging relationships to better reflect the economic results of an entity’s risk management activities in its financial statements. Additionally, the amendments in ASU 2017-12 simplify certain steps of applying hedge accounting guidance. ASU 2017-12 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Early adoption is permitted. We do not expect ASU 2017-12 to have a material impact on our consolidated financial statements.

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 summer months in the U.S., extending from May to July, and during the holiday season, extending from November through year-end. The timing of releases, however, has become less pronounced as distributors have begun releasing content more evenly throughout the year. In our Latin American markets, while Hollywood content has similar release dates as in the U.S., the local holidays and seasons can vary. The unexpected emergence of a hit film during other periods can alter this seasonality trend. The timing and quality 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 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

We are currently party to variable rate debt facilities. An increase or decrease in interest rates would affect our interest expense relating to our variable rate debt facilities. At December 31, 2017, there was an aggregate of approximately \$659.5 million of variable rate debt outstanding under these facilities. Based on the interest rates in effect on the variable rate debt outstanding at December 31, 2017, a 100 basis point increase in market interest rates would increase our annual interest expense by approximately \$6.6 million.

The table below provides information about our fixed rate and variable rate long-term debt agreements as of December 31, 2017:

	Expected Maturity for the Twelve-Month Periods Ending December 31,								Average Interest Rate
	(in millions)								
	2018	2019	2020	2021	2022	Thereafter	Total	Fair Value	
Fixed rate	\$ 1.4	\$ 1.4	\$ —	\$ —	\$ 400.0	\$ 755.0	\$ 1,157.8	\$ 1,178.1	5.0%
Variable rate	5.7	5.7	5.7	5.7	636.7	0.0	659.5	662.8	3.6%
Total debt (1)	\$ 7.1	\$ 7.1	\$ 5.7	\$ 5.7	\$ 1,036.7	\$ 755.0	\$ 1,817.3	\$ 1,840.9	

(1) Amounts are presented before adjusting for debt issuance costs.

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 interior finish items and other operating supplies used by our international subsidiaries. A majority of the revenues and operating expenses of our international subsidiaries are transacted in the country's local currency. U.S. GAAP requires 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, U.S. GAAP requires that the U.S. dollar be used as the functional currency for the subsidiary, which could impact future results of operations as reported. Currency fluctuations in the countries in which we operate result in us reporting exchange gains (losses) or foreign currency translation adjustments. Based upon our equity ownership in our international subsidiaries as of December 31, 2017, 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 aggregate net book value of our investments in our international subsidiaries by approximately \$51 million and would decrease the aggregate net income of our international subsidiaries for the year ended December 31, 2017 by \$11 million, respectively.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data are listed on the Index on page F-1 of this Form 10-K. Such financial statements and supplementary data are included herein beginning on page F-3.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2017, under the supervision and with the participation of our principal executive officer and principal financial officer, we carried out an evaluation required by the Exchange Act of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2017, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and were effective to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 that occurred during the quarter ended December 31, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control framework and processes are designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements in accordance with the accounting principles generally accepted in the U.S. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in *Internal Control—Integrated Framework (2013)*. As a result of this assessment, management concluded that, as of December 31, 2017, our internal control over financial reporting was effective.

Certifications of our Chief Executive Officer and our Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Exchange Act, are attached as exhibits to this Annual Report. This "Controls and Procedures" section includes the information concerning the controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, which has direct access to the Company's board of directors through its Audit Committee, have audited the consolidated financial statements prepared by the Company. Their report on the consolidated financial statements is included in Part II, Item 8, Financial Statements and Supplementary Data. Deloitte & Touche LLP has issued an attestation report on the Company's internal control over financial reporting.

Limitations on Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors or fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Item 9B. Other Information

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Cinemark Holdings, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited the internal control over financial reporting of Cinemark Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2017 of the Company and our report dated February 23, 2018, expressed an unqualified opinion on those financial statements and financial statement schedule.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Dallas, Texas
February 23, 2018

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated by reference to the Company's proxy statement for its annual stockholders meeting (under the headings "Election of Directors", "Section 16(a) Beneficial Ownership Reporting Compliance", "Corporate Governance" and "Executive Officers") to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Item 11. Executive Compensation

Incorporated by reference to the Company's proxy statement for its annual stockholders meeting (under the heading "Executive Compensation") to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference to the Company's proxy statement for its annual stockholders meeting (under the headings "Security Ownership of Certain Beneficial Owners and Management") to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference to the Company's proxy statement for its annual stockholders meeting (under the heading "Certain Relationships and Related Party Transactions" and "Corporate Governance") to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

Item 14. Principal Accounting Fees and Services

Incorporated by reference to the Company's proxy statement for its annual stockholders meeting (under the heading "Board Committees – Audit Committee – Fees Paid to Independent Registered Public Accounting Firm") to be held on May 24, 2018 and to be filed with the SEC within 120 days after December 31, 2017.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents Filed as Part of this Report

1. The financial statement schedules and related data listed in the accompanying Index beginning on page F-1 are filed as a part of this report.
2. The exhibits listed in the accompanying Index beginning on page 51 are filed as a part of this report.

(b) Exhibits

See the accompanying Index beginning on page 51.

(c) Financial Statement Schedules

Schedule I – Condensed Financial Information of Registrant beginning on page S-1.

All Schedules not identified above have been omitted because they are not required, are not applicable or the information is included in the consolidated financial statements or notes contained in this report.

EXHIBIT INDEX

Number	Exhibit Title
3.1	<u>Second Amended and Restated Certificate of Incorporation of Cinemark Holdings, Inc. filed with the Delaware Secretary of State on April 9, 2007 (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to our Registration Statement on Form S-1, File No. 333-140390, filed April 9, 2007).</u>
3.2(a)	<u>Amended and Restated Bylaws of Cinemark Holdings, Inc. dated April 9, 2007 (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to our Registration Statement on Form S-1, File No. 333-140390, filed April 9, 2007).</u>
3.2(b)	<u>First Amendment to the Amended and Restated Bylaws of Cinemark Holdings, Inc. dated April 16, 2007 (incorporated by reference to Exhibit 3.2(b) to Amendment No. 4 to our Registration Statement on Form S-1, File No. 333-140390, filed April 19, 2007).</u>
3.2(c)	<u>Second Amendment to the Amended and Restated Bylaws of Cinemark Holdings, Inc. dated August 20, 2015 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8K, File No. 001-33401, filed August 21, 2015).</u>
4.1	<u>Specimen stock certificate of Cinemark Holdings, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to our Registration Statement on Form S-1, File No. 333-140390, filed April 9, 2007).</u>
4.3(a)	<u>Indenture, dated as of June 3, 2011, between Cinemark USA, Inc. and Wells Fargo Bank, N.A. governing the 7.375% senior subordinated notes issued thereunder (incorporated by reference to Exhibit 4.1 to Cinemark Holdings, Inc.'s Current Report on Form 8K, File No. 001-33401, filed on July 6, 2011).</u>
4.3(b)	<u>Form of 7.375% senior subordinated notes of Cinemark USA, Inc. (contained in the Indenture listed as Exhibit 4.3(a) above) (incorporated by reference to Exhibit 4.1 to the Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on July 6, 2011).</u>
4.4(a)	<u>Indenture, dated as of December 18, 2012, between Cinemark USA, Inc. and Wells Fargo Bank, N.A. governing the 5.125% senior notes issued thereunder (incorporated by reference to Exhibit 4.1 to Cinemark Holdings, Inc.'s Current Report on Form 8K, File No. 001-33401, filed on December 20, 2012).</u>
4.4(b)	<u>Form of 5.125% senior notes of Cinemark USA, Inc. (contained in the Indenture listed as Exhibit 4.4(a) above) (incorporated by reference to Exhibit 4.1 to the Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on December 20, 2012).</u>
4.5(a)	<u>Indenture, dated as of May 24, 2013, between Cinemark USA, Inc. and Well Fargo Bank, N.A. governing the 4.875% Senior Notes issued thereunder (incorporated by reference to Exhibit 4.1 to Cinemark Holdings, Inc.'s Current Report on Form 8K, File No. 001-33401 filed May 28, 2013).</u>
4.5(b)	<u>Form of 4.875% Senior Notes of Cinemark USA, Inc. (contained in the Indenture listed as Exhibit 4.5(a) above (incorporated by reference to Exhibit 4.1 to Cinemark Holdings, Inc.'s Current Report on Form 8K, File No. 001-33401, filed May 28, 2013).</u>
4.6	<u>First Supplemental Indenture, dated as of March 21, 2016, among Cinemark USA, Inc., the Guarantors named therein and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.3 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on March 21, 2016).</u>
10.1(a)	Management Agreement, dated December 10, 1993, between Laredo Theatre, Ltd. and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.14(b) to Cinemark USA, Inc.'s Annual Report on Form 10-K, File No. 033-47040, filed March 31, 1994). (P)
10.1(b)	<u>First Amendment to Management Agreement of Laredo Theatre, Ltd., effective as of December 10, 2003, between CNMK Texas Properties, Ltd. (successor in interest to Cinemark USA, Inc.) and Laredo Theatre Ltd. (incorporated by reference to Exhibit 10.1(d) to Cinemark, Inc.'s Registration Statement on Form S-4, File No. 333-116292, filed June 8, 2004).</u>
10.1(c)	<u>Second Amendment to Management Agreement of Laredo Theatres, Ltd., effective as of December 10, 2008, between CNMK Texas Properties, L.L.C. (Successor in interest to Cinemark USA, Inc.) and Laredo Theatre Ltd. (incorporated by reference to Exhibit 10.1(c) to the Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed March 13, 2009).</u>
10.1(d)	<u>Third Amendment to Management Agreement of Laredo Theatres, Ltd., effective as of December 10, 2013, between CNMK Texas Properties, L.L.C. (Successor in interest to Cinemark USA, Inc.) and Laredo Theatre Ltd. (incorporated by reference to Exhibit 10.1(d) to the Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 24, 2016).</u>
10.2	License Agreement, dated December 10, 1993, between Laredo Joint Venture and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.14(c) to Cinemark USA, Inc.'s Annual Report on Form 10-K, File No. 033-47040, filed March 31, 1994). (P)
10.3(a)	<u>Amended and Restated Credit Agreement, dated as of December 18, 2012, among Cinemark USA, Inc., Cinemark Holdings, Inc., the several banks and other financial institutions and entities from time to time parties thereto, Barclays Bank PLC, Deutsche Bank Securities Inc., Morgan Stanley Senior Funding, Inc. and Wells Fargo Securities, LLC, as joint bookrunners, Morgan Stanley Senior Funding, Inc., as syndication agent, Deutsche Bank Securities Inc., Wells Fargo Securities, Inc. and Webster Bank, N.A., as co-documentation agents, and Barclays Bank PLC, as administrative agent. (incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on December 20, 2012).</u>

- 10.3(b) [Second Amendment to the Amended and Restated Credit Agreement, dated as of May 8, 2015, among Cinemark USA, Inc., Cinemark Holdings, Inc., the several banks and other financial institutions and entities from time to time parties thereto, Barclays Bank PLC as administrative agent, Barclays Bank PLC as lead arranger, Barclays, Morgan Stanley Senior Funding, Inc., Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, as joint bookrunners, J.P.Morgan Securities LLC, Webster Bank, N.A., as co-arrangers \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on May 14, 2015\).](#)
- 10.3 (c) [Third Amendment to the Amended and Restated Credit Agreement, dated as of June 13, 2016, among Cinemark Holdings, Inc., Cinemark USA, Inc., the several banks and other financial institutions party thereto, Barclays Bank PLC, as administrative agent, and the other agents party thereto \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on June 17, 2016\).](#)
- 10.3 (d) [Fourth Amendment to the Amended and Restated Credit Agreement, dated as of December 15, 2016, among Cinemark Holdings, Inc., Cinemark USA, Inc., the several banks and other financial institutions party thereto, Barclays Bank PLC, as administrative agent, and the other agents party thereto \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on December 20, 2016\).](#)
- 10.3 (e) [Fifth Amendment to the Amended and Restated Credit Agreement, dated as of June 16, 2017, among Cinemark Holdings, Inc., Cinemark USA, Inc., the several banks and other financial institutions party thereto, Barclays Bank PLC, as administrative agent, and the other agents party thereto \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on June 20, 2017\).](#)
- 10.3 (f) [Sixth Amendment to the Amended and Restated Credit Agreement, dated as of November 28, 2017, among Cinemark Holdings, Inc., Cinemark USA, Inc., the several banks and other financial institutions party thereto, Barclays Bank PLC, as administrative agent, and the other agents party thereto \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed on December 4, 2017\).](#)
- 10.3(g) [Guarantee and Collateral Agreement, dated as of October 5, 2006, among Cinemark Holdings, Inc., Cinemark, Inc., CNMK Holding, Inc., Cinemark USA, Inc. and each subsidiary guarantor party thereto \(incorporated by reference to Exhibit 10.6 to Current Report on Form 8-K, File No. 033-47040, filed by Cinemark USA, Inc. on October 12, 2006\).](#)
- 10.3(h) [Reaffirmation agreement, dated as of December 18, 2012, between Cinemark Holdings, Inc., Cinemark USA, Inc. and each subsidiary guarantor party thereto \(incorporated by reference to Exhibit 10.4\(c\) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 28, 2013\).](#)
- 10.4 Tax Sharing Agreement, between Cinemark USA, Inc. and Cinemark International, L.L.C. (f/k/a Cinemark II, Inc.), dated as of June 10, 1992 (incorporated by reference to Exhibit 10.22 to Cinemark USA, Inc.'s Annual Report on Form 10-K, File No. 033-47040, filed March 31, 1993). (P)
- +10.5(a) [Employment Agreement, dated as of December 15, 2008, between Cinemark Holdings, Inc. and Lee Roy Mitchell \(incorporated by reference to Exhibit 10.5 \(q\) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed March 13, 2009\).](#)
- +10.5(b) [Amendment to Employment Agreement dated as of November 12, 2014 between Cinemark Holdings, Inc. and Lee Roy Mitchell \(incorporated by reference to Exhibit 10.6\(h\) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015\).](#)
- +10.5(c) [Employment Agreement, dated as of December 15, 2008, between Cinemark Holdings, Inc. and Rob Carmony \(incorporated by reference to Exhibit 10.5 \(r\) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed March 13, 2009\).](#)
- +10.5(d) [Employment Agreement dated as of June 23, 2014, by and between Cinemark Holdings, Inc. and Sean Gamble \(incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No.001-33401, filed June 23, 2014\).](#)
- +10.5(e) [Employment agreement, dated as of June 16, 2008, between Cinemark Holdings, Inc. and Michael Cavalier \(incorporated by reference to Exhibit 10.4 to Cinemark Holdings, Inc.'s Quarterly Report on Form 10-Q, File No. 001-33401, filed August 8, 2008\).](#)
- +10.5(f) [Employment Agreement, dated as of February 15, 2010, between Cinemark Holdings, Inc. and Valmir Fernandes \(incorporated by reference to Exhibit 10.5\(u\) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed March 10, 2010\).](#)
- +10.5(g) [Amended and Restated Employment Agreement, dated as of February 19, 2016, between Cinemark Holdings, Inc. and Mark Zoradi \(incorporated by reference to Exhibit 10.6\(l\) to the Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 24, 2016\).](#)
- +10.6(a) [Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan \(incorporated by reference to Exhibit 4.1 to Cinemark Holdings, Inc.'s Quarterly Report on form 10-Q, File No. 001-33401, filed May 9, 2008\).](#)
- +10.6(b) [First Amendment to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K, File No. 001-33401, filed February 18, 2014\).](#)
- +10.6(c) [Form of Stock Option Agreement \(incorporated by reference to Exhibit 10.7\(b\) to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed February 1, 2007\).](#)
- +10.6(d) [Form of Restricted Share Award Agreement pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan \(incorporated by reference to Exhibit 4.6 to Cinemark Holdings, Inc.'s Registration Statement on Form S-8, File No. 333-146349, filed August 29, 2008\).](#)

Number	Exhibit Title
+10.6(e)	Form of Restricted Stock Unit Award Agreement pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan (incorporated by reference to Exhibit 10.7(f) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 29, 2012).
+10.6(f)	Form of Restricted Stock Unit Award Agreement pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.7(f) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015).
+10.6(g)	Form of Restricted Share Unit Award Agreement pursuant to the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.7(h) to the Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 24, 2016).
*+10.7(a)	Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan.
+10.7(b)	Form of Stock Option Award Agreement pursuant to the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-8, File No. 333-218697, filed June 13, 2017).
+10.7(c)	Form of Performance Stock Award Agreement pursuant to the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.4 to Cinemark Holdings, Inc.'s Registration Statement on Form S-8, File No. 333-218697, filed June 13, 2017).
*+10.7(d)	Form of Restricted Stock Award Agreement pursuant to the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan.
+10.7(e)	Form of Performance Stock Unit Award Agreement pursuant to the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.6 to Cinemark Holdings, Inc.'s Registration Statement on Form S-8, File No. 333-218697, filed June 13, 2017).
+10.7(f)	Form of Restricted Stock Unit Award Agreement pursuant to the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.7 to Cinemark Holdings, Inc.'s Registration Statement on Form S-8, File No. 333-218697, filed June 13, 2017).
10.8	Amended and Restated Exhibitor Services Agreement between National CineMedia, LLC and Cinemark USA, Inc., dated as of December 26, 2013(incorporated by reference to Exhibit 10.45 to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 28, 2014).
10.9	Third Amended and Restated Limited Liability Company Operating Agreement, dated as of February 12, 2007, by and between Cinemark Media, Inc., American Multi-Cinema, Inc., Regal CineMedia, LLC and National CineMedia, Inc. (incorporated by reference to Exhibit 10.9 to Amendment No. 1 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed March 16, 2007).
10.10(a)	Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 14, Sacramento, CA (incorporated by reference to Exhibit 10.10(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.10(b)	First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 14, Sacramento, CA (incorporated by reference to Exhibit 10.10(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.10(c)	Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 14, Sacramento, CA (incorporated by reference to Exhibit 10.10(c) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.10(d)	Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 14, Sacramento, CA (incorporated by reference to Exhibit 10.10(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).
10.10(e)	Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc.(succeeded by Century Theatres, Inc.), as tenant, for Century Stadium 14, Sacramento, CA. (incorporated by reference to Exhibit 10.10(a) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).
10.11(a)	Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Laguna 16, Elk Grove, CA (incorporated by reference to Exhibit 10.11(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.11(b)	First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Laguna 16, Elk Grove, CA (incorporated by reference to Exhibit 10.11(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).

- 10.11(c) [Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Laguna 16, Elk Grove, CA \(incorporated by reference to Exhibit 10.11\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.11(d) [Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Laguna 16, Elk Grove, CA \(incorporated by reference to Exhibit 10.11\(d\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.11(e) [Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. \(succeeded by Century Theatres, Inc.\), as tenant, for Century Laguna 16, Elk Grove, CA. \(incorporated by reference to Exhibit 10.10\(b\) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013\).](#)
- 10.11(f) [Fifth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. \(succeeded by Century Theatres, Inc.\), as tenant, for Century Laguna 16, Elk Grove, CA. \(incorporated by reference to Exhibit 10.5 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018\).](#)
- 10.12(a) [Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 14, Folsom, CA \(incorporated by reference to Exhibit 10.14\(a\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.12(b) [First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 14, Folsom, CA \(incorporated by reference to Exhibit 10.14\(b\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.12(c) [Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 14, Folsom, CA \(incorporated by reference to Exhibit 10.14\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.12(d) [Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 14, Folsom, CA \(incorporated by reference to Exhibit 10.14\(d\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.12(e) [Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. \(succeeded by Century Theatres, Inc.\), as tenant, for Century 14, Folsom, CA. \(incorporated by reference to Exhibit 10.10\(c\) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013\).](#)
- 10.12(f) [Fifth Amendment, dated as of January 29, 2018 to Indenture of Lease, dated as of December 1, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. \(succeeded by Century Theatres, Inc.\), as tenant, for Century 14, Folsom, CA. \(incorporated by reference to Exhibit 10.4 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018\).](#)
- 10.13(a) [Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of Nevada, Inc., as tenant, for Cinedome 12, Henderson, NV \(incorporated by reference to Exhibit 10.15\(a\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.13(b) [First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of Nevada, Inc., as tenant, for Cinedome 12, Henderson, NV \(incorporated by reference to Exhibit 10.15\(b\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.13(c) [Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of Nevada, Inc., as tenant, for Cinedome 12, Henderson, NV \(incorporated by reference to Exhibit 10.15\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.13(d) [Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of Nevada, Inc., as tenant, for Cinedome 12, Henderson, NV \(incorporated by reference to Exhibit 10.15\(d\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.13(e) [Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of Nevada, Inc., as tenant, for Cinedome 12, Henderson, NV \(incorporated by reference to Exhibit 10.15\(e\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)

Number	Exhibit Title
10.13(f)	Fifth Amendment to Indenture of Lease, dated as of October 5, 2012 by and between Syufy Enterprises, L.P. as landlord and Century Theatres, Inc., as tenant, for Cinedome 12, Henderson, NV. (incorporated by reference to Exhibit 10.13(f) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015).
10.13(g)	Sixth Amendment to Indenture of Lease, dated as of January 29, 2018 by and between Syufy Enterprises, L.P. as landlord and Century Theatres, Inc., as tenant, for Cinedome 12, Henderson, NV. (incorporated by reference to Exhibit 10.3 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).
10.14(a)	Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century 8, North Hollywood, CA (incorporated by reference to Exhibit 10.17(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.14(b)	First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century 8, North Hollywood, CA (incorporated by reference to Exhibit 10.17(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.14(c)	Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century 8, North Hollywood, CA (incorporated by reference to Exhibit 10.17(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).
10.14(d)	Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century 8, North Hollywood, CA (incorporated by reference to Exhibit 10.17(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).
10.14(e)	Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century 8, North Hollywood, CA (incorporated by reference to Exhibit 10.17(e) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.14(f)	Fifth Amendment, dated as of May 1, 2014, to Indenture of Lease by and between Syufy Enterprises, L.P. as landlord and Century Theatres, Inc., as tenant for Century 8, North Hollywood, CA. (incorporated by reference to Exhibit 10.14(f) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015).
*10.14(g)	Sixth Amendment, dated as of July 28, 2015, to Indenture of Lease by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant for Century 8, North Hollywood, CA.
10.14(h)	Seventh Amendment, dated as of January 29, 2018, to Indenture of Lease by and between Syufy Enterprises, L.P. as landlord and Century Theatres, Inc., as tenant for Century 8, North Hollywood, CA. (incorporated by reference to Exhibit 10.1 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).
10.15(a)	Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century Cinema 16, Mountain View, CA (incorporated by reference to Exhibit 10.21(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.15(b)	First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century Cinema 16, Mountain View, CA (incorporated by reference to Exhibit 10.21(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.15(c)	Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century Cinema 16, Mountain View, CA (incorporated by reference to Exhibit 10.21(c) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).
10.15(d)	Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Century Cinema 16, Mountain View, CA (incorporated by reference to Exhibit 10.21(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).
10.15(e)	Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc. (succeeded by Century Theatres, Inc.), as tenant, for Century Cinema 16, Mountain View, CA. (incorporated by reference to Exhibit 10.10(d) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).
10.15(f)	Fifth Amendment, dated as of January 29, 2018, to Indenture of Lease dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc. (succeeded by Century Theatres, Inc.), as tenant, for Century Cinema 16, Mountain View, CA. (incorporated by reference to Exhibit 10.2 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).
10.16(a)	Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P. as landlord and Century Theatres of California, Inc., as tenant, for Cinedome 8, Napa, CA (incorporated by reference to Exhibit 10.24(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).

- 10.16(b) [First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Cinedome 8, Napa, CA \(incorporated by reference to Exhibit 10.24\(b\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.16(c) [Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Cinedome 8, Napa, CA \(incorporated by reference to Exhibit 10.24\(c\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.16(d) [Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Cinedome 8, Napa, CA \(incorporated by reference to Exhibit 10.24\(d\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.16(e) [Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Cinedome 8, Napa, CA \(incorporated by reference to Exhibit 10.24\(e\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.17(a) [Lease Agreement, dated as of April 10, 1998, by and between Dyer Triangle LLC, as landlord and Century Theatres, Inc., as tenant, for Century 25 Union Landing, Union City, CA \(incorporated by reference to Exhibit 10.25\(a\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.17(b) [First Amendment, dated as of April 15, 2005, to Lease Agreement, dated as of April 10, 1998, by and between Dyer Triangle LLC, as landlord and Century Theatres, Inc., as tenant, for Century 25 Union Landing, Union City, CA \(incorporated by reference to Exhibit 10.25\(b\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.17(c) [Second Amendment, dated as of September 29, 2005, to Lease Agreement, dated as of April 10, 1998, by and between Dyer Triangle LLC, as landlord and Century Theatres, Inc., as tenant, for Century 25 Union Landing, Union City, CA \(incorporated by reference to Exhibit 10.25\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.17(d) [Third Amendment, dated as of August 5, 2006, to Lease Agreement, dated as of April 10, 1998, by and between Dyer Triangle LLC, as landlord and Century Theatres, Inc., as tenant, for Century 25 Union Landing, Union City, CA. \(incorporated by reference to Exhibit 10.10\(j\) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013\).](#)
- 10.18(a) [Indenture of Lease, dated as of March 7, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Sparks, Sparks, NV \(incorporated by reference to Exhibit 10.26\(a\) to Amendment No. 5 to Cinemark Holdings Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.18(b) [First Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of March 7, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Sparks, Sparks, NV \(incorporated by reference to Exhibit 10.26\(b\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.18(c) [Second Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of March 7, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Sparks, Sparks, NV \(incorporated by reference to Exhibit 10.26\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.18(d) [Third Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of March 7, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Sparks, Sparks, NV. \(incorporated by reference to Exhibit 10.10\(i\) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013\).](#)
- 10.19(a) [Lease Agreement, dated as of October 1, 1996, by and between Syufy Enterprises, L.P.\(succeeded by Stadium Promenade LLC\), as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, CA \(incorporated by reference to Exhibit 10.27\(a\) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007\).](#)
- 10.19(b) [First Amendment, dated as of April 15, 2005, to Lease Agreement, dated as of October 1, 1996, by and between Syufy Enterprises, L.P. \(succeeded by Stadium Promenade LLC\), as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, \(incorporated by reference to Exhibit 10.27\(b\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.19(c) [Second Amendment, dated as of September 29, 2005, to Lease Agreement, dated as of October 1, 1996, by and between Syufy Enterprises, L.P. \(succeeded by Stadium Promenade LLC\), as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, \(incorporated by reference to Exhibit 10.27\(c\) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007\).](#)
- 10.19(d) [Third Amendment, dated as of August 5, 2006, to Lease Agreement, dated as of October 1, 1996, by and between Stadium Promenade LLC, as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, CA. \(incorporated by reference to Exhibit 10.10\(h\) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013\).](#)
- *10.19(e) [Fourth Amendment, dated as of August 15, 2014, to Lease Agreement, dated as of October 1, 1996, by and between Stadium Promenade LLC, as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, CA.](#)

Number	Exhibit Title
*10.19(f)	<u>Fifth Amendment, dated as of August 3, 2015, to Lease Agreement, dated as of October 1, 1996, by and between Stadium Promenade LLC, as landlord and Century Theatres, Inc., as tenant, for Century Stadium 25, Orange, CA.</u>
10.20(a)	<u>Indenture of Lease, dated as of July 1, 1996, by and between Synm Properties Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres, Inc., as tenant, Century Rio 24, Albuquerque, NM (incorporated by reference to Exhibit 10.28(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.20(b)	<u>First Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of July 1, 1996, by and between Synm Properties Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres, Inc., as tenant, Century Rio 24, Albuquerque, NM (incorporated by reference to Exhibit 10.28(b) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.20(c)	<u>Second Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of July 1, 1996, by and between Synm Properties Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres, Inc., as tenant, Century Rio 24, Albuquerque, NM (incorporated by reference to Exhibit 10.28(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.20(d)	<u>Third Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of July 1, 1996, by and between SYNМ Properties Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres, Inc., as tenant, Century Rio 24, Albuquerque, NM. (incorporated by reference to Exhibit 10.10(g) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
10.20(e)	<u>Fourth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of July 1, 1996, by and between SYNМ Properties Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres, Inc., as tenant, Century Rio 24, Albuquerque, NM. (incorporated by reference to Exhibit 10.7 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
10.21(a)	<u>Indenture of Lease, dated as of September 3, 1996, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century 14, Roseville, CA (incorporated by reference to Exhibit 10.29(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.21(b)	<u>First Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 3, 1996, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century 14, Roseville, CA (incorporated by reference to Exhibit 10.29(b) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.21(c)	<u>Second Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 3, 1996, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century 14, Roseville, CA (incorporated by reference to Exhibit 10.29(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.21(d)	<u>Third Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 3, 1996, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century 14, Roseville, CA. (incorporated by reference to Exhibit 10.10(e) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
10.21(e)	<u>Fourth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of September 3, 1996, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century 14, Roseville, CA. (incorporated by reference to Exhibit 10.6 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
10.22(a)	<u>Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.31(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.22(b)	<u>First Amendment, dated as of October 1, 1996, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.31(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.22(c)	<u>Second Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.31(c) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.22(d)	<u>Third Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.31(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.22 (e)	<u>Fourth Amendment dated as of September 29, 2005 to Indenture of Lease, dated September 30, 1995 between Syufy Enterprises L.P., as landlord and Century Theatres, Inc., as tenant for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.22(e) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015).</u>
10.22(f)	<u>Fifth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.31(e) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>

Number	Exhibit Title
10.22(g)	<u>Sixth Amendment dated November 29, 2012 to Indenture of Lease, dated as of September 30, 1995, between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Stadium 16, Ventura, CA (incorporated by reference to Exhibit 10.22(g) to Cinemark Holdings, Inc.'s Annual Report on Form 10-K, File No. 001-33401, filed February 27, 2015).</u>
10.23(a)	<u>Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA (incorporated by reference to Exhibit 10.32(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.23(b)	<u>First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA (incorporated by reference to Exhibit 10.32(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.23(c)	<u>Second Amendment, dated as of October 1, 2001, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA (incorporated by reference to Exhibit 10.32(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.23(d)	<u>Third Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA. (incorporated by reference to Exhibit 10.10(m) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
*10.23(e)	<u>Fourth Amendment, dated as of August 4, 2017, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA.</u>
10.23(f)	<u>Fifth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Northridge 14, Salinas, CA. (incorporated by reference to Exhibit 10.10 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
10.24(a)	<u>Indenture of Lease, dated as of September 30, 1995, by and between Syufy Properties, Inc. (succeeded by Syufy Enterprises, L.P.), as landlord and Century Theatres of Utah, Inc., as tenant, for Century 16, Salt Lake City, UT (incorporated by reference to Exhibit 10.33(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.24(b)	<u>First Amendment, dated as of January 4, 1998, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Properties, Inc. (succeeded by Syufy Enterprises, L.P.), as landlord and Century Theatres of Utah, Inc., as tenant, for Century 16, Salt Lake City, UT (incorporated by reference to Exhibit 10.33(b) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.24(c)	<u>Second Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Properties, Inc. (succeeded by Syufy Enterprises, L.P.), as landlord and Century Theatres of Utah, Inc., as tenant, for Century 16, Salt Lake City, UT (incorporated by reference to Exhibit 10.33(c) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.24(d)	<u>Third Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Properties, Inc. (succeeded by Syufy Enterprises, L.P.), as landlord and Century Theatres of Utah, Inc., as tenant, for Century 16, Salt Lake City, UT (incorporated by reference to Exhibit 10.33(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.24(e)	<u>Fourth Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Properties, Inc. (succeeded by Syufy Enterprises, L.P.), as landlord and Century Theatres of Utah, Inc., as tenant, for Century 16, Salt Lake City, UT (incorporated by reference to Exhibit 10.33(e) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.24(f)	<u>Fifth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between SYUT Properties, Inc. (succeeded by Syufy Properties, Inc.), as landlord and Century Theatres of Utah, Inc. (succeeded by Century Theatres, Inc.), as tenant, for Century 16, Salt Lake City, UT. (incorporated by reference to Exhibit 10.10(l) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
10.25(a)	<u>Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA (incorporated by reference to Exhibit 10.34(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.25(b)	<u>First Amendment, dated as of April 30, 2003, to Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA (incorporated by reference to Exhibit 10.34(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.25(c)	<u>Second Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA (incorporated by reference to Exhibit 10.34(c) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>

Number	Exhibit Title
10.25(d)	<u>Third Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA (incorporated by reference to Exhibit 10.34(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.25(e)	<u>Fourth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA. (incorporated by reference to Exhibit 10.10(k) of Cinemark Holdings, Inc. Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
10.25(f)	<u>Fifth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of April 17, 1998, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Larkspur, Larkspur, CA. (incorporated by reference to Exhibit 10.9 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
10.26(a)	<u>Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV (incorporated by reference to Exhibit 10.35(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.26(b)	<u>First Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV (incorporated by reference to Exhibit 10.35(b) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.26(c)	<u>Second Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV (incorporated by reference to Exhibit 10.35(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.26(d)	<u>Third Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV. (incorporated by reference to Exhibit 10.10(f) of Cinemark Holdings, Inc.'s Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
*10.26(e)	<u>Fourth Amendment, dated as of August 8, 2017, to Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV.</u>
10.26(4)	<u>Fifth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of August 1, 1997, by and between Syufy Enterprises, L.P., as landlord and Century Theatres, Inc., as tenant, for Century Park Lane 16, Reno, NV. (incorporated by reference to Exhibit 10.8 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
10.27(a)	<u>Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.36(a) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.27(b)	<u>First Amendment, dated as of September 1, 2000, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.36(b) to Amendment No. 5 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 20, 2007).</u>
10.27(c)	<u>Second Amendment, dated as of October 1, 2001, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.36(c) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.27(d)	<u>Third Amendment, dated as of April 15, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.36(d) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.27(e)	<u>Fourth Amendment, dated as of September 29, 2005, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc., as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.36(e) to Amendment No. 3 to Cinemark Holdings, Inc.'s Registration Statement on Form S-1, File No. 333-140390, filed April 18, 2007).</u>
10.27(f)	<u>Fifth Amendment, dated as of August 7, 2006, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. (succeeded by Century Theatres, Inc.), as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.10(n) of Cinemark Holdings, Inc.'s Quarterly Report on Form 10-Q, File No. 001-33401, filed November 7, 2013).</u>
10.27(g)	<u>Sixth Amendment, dated as of January 29, 2018, to Indenture of Lease, dated as of September 30, 1995, by and between Syufy Enterprises, L.P., as landlord and Century Theatres of California, Inc. (succeeded by Century Theatres, Inc.), as tenant, for Century 16, Sacramento, CA (incorporated by reference to Exhibit 10.11 to Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed January 29, 2018).</u>
*10.28 (a)	<u>Lease Agreement, dated as of May 26, 2015, by and between Sy Arden Way LLC, as landlord and Century Theatres, Inc., as tenant, for Howe 'Bout Arden Center, Sacramento, CA.</u>

Number	Exhibit Title
*10.28 (b)	<u>Letter Agreement, dated as of February 8, 2016, to Lease Agreement, dated as of May 26, 2015, by and between Sy Arden Way LLC, as landlord and Century Theatres, Inc., as tenant, for Howe 'Bout Arden Center, Sacramento, CA.</u>
10.29	<u>Cinemark Holdings, Inc. Performance Bonus Plan, as amended (incorporated by reference to Appendix B to Cinemark Holdings, Inc.'s Definitive Proxy Statement, filed April 11, 2013).</u>
*+10.30	<u>Third Amended and Restated Non-Employee Director Compensation Policy, dated as of February 15, 2017.</u>
10.31	<u>Aircraft Time Sharing Agreement, dated as of September 2, 2009, between Copper Beach Capital, LLC and Cinemark USA, Inc. (incorporated by reference to Exhibit 10.1 of Cinemark Holdings, Inc.'s Current Report on Form 8-K, File No. 001-33401, filed September 8, 2009).</u>
*12	<u>Calculation of Ratio of Earnings to Fixed Charges.</u>
*21	<u>Subsidiaries of Cinemark Holdings, Inc.</u>
*23.1	<u>Consent of Deloitte & Touche LLP.</u>
*31.1	<u>Certification of Mark Zoradi, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
*31.2	<u>Certification of Sean Gamble, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
*32.1	<u>Certification of Mark Zoradi, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002.</u>
*32.2	<u>Certification of Sean Gamble, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002.</u>
*101	The following financial information from Cinemark Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on February 23, 2017, formatted in XBRL includes: (i) Consolidated Balance Sheets (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements tagged as detailed text.

- * Filed herewith.
+ Any management contract, compensatory plan or arrangement.
(P) Paper filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 23, 2018

CINEMARK HOLDINGS, INC

BY: /s/ Mark Zoradi
Mark Zoradi
Chief Executive Officer

BY: /s/ Sean Gamble
Sean Gamble
Chief Financial Officer and
Principal Accounting Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby severally constitutes and appoints Mark Zoradi and Sean Gamble his true and lawful attorney-in-fact and agent, each with the power of substitution and resubstitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with accompanying exhibits and other related documents, with the Securities and Exchange Commission, and ratify and confirm all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue of said appointment.

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Lee Roy Mitchell</u> Lee Roy Mitchell	Chairman of the Board of Directors and Director	February 23, 2018
<u>/s/ Mark Zoradi</u> Mark Zoradi	Chief Executive Officer and Director (principal executive officer)	February 23, 2018
<u>/s/ Sean Gamble</u> Sean Gamble	Chief Financial Officer (principal financial and accounting officer)	February 23, 2018
<u>/s/ Benjamin D. Chereskin</u> Benjamin D. Chereskin	Director	February 23, 2018
<u>/s/ Enrique F. Senior</u> Enrique F. Senior	Director	February 23, 2018
<u>/s/ Raymond W. Syufy</u> Raymond W. Syufy	Director	February 23, 2018
<u>/s/ Carlos M. Sepulveda</u> Carlos M. Sepulveda	Director	February 23, 2018
<u>/s/ Steven Rosenberg</u> Steven Rosenberg	Director	February 23, 2018
<u>/s/ Nina Vaca</u> Nina Vaca	Director	February 23, 2018
<u>/s/ Darcy Antonellis</u> Darcy Antonellis	Director	February 23, 2018
<u>/s/ Nancy Loewe</u> Nancy Loewe	Director	February 23, 2018

**SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO
SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED
SECURITIES PURSUANT TO SECTION 12 OF THE ACT.**

No annual report or proxy material has been sent to our stockholders. An annual report and proxy material may be sent to our stockholders subsequent to the filing of this Form 10-K. We shall furnish to the SEC copies of any annual report or proxy material that is sent to our stockholders.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
CINEMARK HOLDINGS, INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS:	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets, December 31, 2016 and 2017	F-3
Consolidated Statements of Income for the Years Ended December 31, 2015, 2016 and 2017	F-4
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2016 and 2017	F-5
Consolidated Statements of Equity for the Years Ended December 31, 2015, 2016 and 2017	F-6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2016 and 2017	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Cinemark Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cinemark Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2017, the related consolidated statements of income, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Dallas, Texas
February 23, 2018

We have served as the Company's auditor since 1988.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statement

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2016	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 561,235	\$ 522,547
Inventories	16,961	17,507
Accounts receivable	74,993	89,250
Current income tax receivable	7,367	11,730
Prepaid expenses and other	15,761	16,536
Total current assets	676,317	657,570
Theatre properties and equipment		
Land	103,080	104,207
Buildings	474,453	490,394
Property under capital lease	383,826	430,764
Theatre furniture and equipment	1,089,040	1,199,702
Leasehold interests and improvements	1,009,355	1,103,522
Total	3,059,754	3,328,589
Less: accumulated depreciation and amortization	1,355,218	1,500,535
Theatre properties and equipment, net	1,704,536	1,828,054
Other assets		
Goodwill	1,262,963	1,284,079
Intangible assets - net	334,899	336,761
Investment in NCM	189,995	200,550
Investments in and advances to affiliates	98,317	120,045
Long-term deferred tax asset	2,051	4,067
Deferred charges and other assets - net	37,555	39,767
Total other assets	1,925,780	1,985,269
Total assets	\$ 4,306,633	\$ 4,470,893
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	\$ 5,671	\$ 7,099
Current portion of capital lease obligations	21,139	25,511
Current income tax payable	5,071	5,509
Current liability for uncertain tax positions	10,085	11,873
Accounts payable	110,172	109,984
Accrued film rentals	97,504	106,738
Accrued payroll	49,707	50,349
Accrued property taxes	33,043	31,353
Accrued other current liabilities	110,833	120,497
Total current liabilities	443,225	468,913
Long-term liabilities		
Long-term debt, less current portion	1,782,441	1,780,381
Capital lease obligations, less current portion	234,281	251,151
Long-term deferred tax liability	135,014	121,787
Long-term liability for uncertain tax positions	8,105	8,358
Deferred lease expenses	42,378	40,929
Deferred revenue - NCM	343,928	351,706
Other long-term liabilities	44,301	41,980
Total long-term liabilities	2,590,448	2,596,292
Commitments and contingencies (see Note 17)		
Equity		
Cinemark Holdings, Inc.'s stockholders' equity:		
Common stock, \$0.001 par value; 300,000,000 shares authorized, 120,657,254 shares issued and 116,210,252 shares outstanding at December 31, 2016 and 121,000,903 shares issued and 116,475,033 shares outstanding at December 31, 2017	121	121
Additional paid-in-capital	1,128,442	1,141,088
Treasury stock, 4,447,002 and 4,525,870 shares, at cost, at December 31, 2016 and December 31, 2017, respectively	(73,411)	(76,354)
Retained earnings	453,679	582,222
Accumulated other comprehensive loss	(247,013)	(253,282)
Total Cinemark Holdings, Inc.'s stockholders' equity	1,261,818	1,393,795
Noncontrolling interests	11,142	11,893
Total equity	1,272,960	1,405,688
Total liabilities and equity	\$ 4,306,633	\$ 4,470,893

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

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017
(in thousands, except per share data)

	2015	2016	2017
Revenues			
Admissions	\$ 1,765,519	\$ 1,789,137	\$ 1,794,982
Concession	936,970	990,103	1,038,788
Other	150,120	139,525	157,777
Total revenues	<u>2,852,609</u>	<u>2,918,765</u>	<u>2,991,547</u>
Cost of operations			
Film rentals and advertising	945,640	962,655	966,510
Concession supplies	144,270	154,469	166,320
Salaries and wages	301,099	325,765	354,510
Facility lease expense	319,761	321,294	328,197
Utilities and other	355,801	355,926	355,041
General and administrative expenses	156,736	143,355	153,278
Depreciation and amortization	189,206	209,071	237,513
Impairment of long-lived assets	8,801	2,836	15,084
Loss on sale of assets and other	8,143	20,459	22,812
Total cost of operations	<u>2,429,457</u>	<u>2,495,830</u>	<u>2,599,265</u>
Operating income	423,152	422,935	392,282
Other income (expense)			
Interest expense	(112,741)	(108,313)	(105,918)
Loss on debt amendments and refinancing	(925)	(13,445)	(521)
Interest income	8,708	6,396	6,249
Foreign currency exchange gain (loss)	(16,793)	6,455	893
Distributions from NCM	18,140	14,656	16,407
Equity in income of affiliates	28,126	31,962	35,985
Total other expense	<u>(75,485)</u>	<u>(62,289)</u>	<u>(46,905)</u>
Income before income taxes	347,667	360,646	345,377
Income taxes	128,939	103,819	79,358
Net income	\$ 218,728	\$ 256,827	\$ 266,019
Less: Net income attributable to noncontrolling interests	1,859	1,736	1,839
Net income attributable to Cinemark Holdings, Inc.	<u>\$ 216,869</u>	<u>\$ 255,091</u>	<u>\$ 264,180</u>
Weighted average shares outstanding			
Basic	<u>115,080</u>	<u>115,508</u>	<u>115,766</u>
Diluted	<u>115,399</u>	<u>115,783</u>	<u>116,059</u>
Earnings per share attributable to Cinemark Holdings, Inc.'s common stockholders			
Basic	<u>\$ 1.87</u>	<u>\$ 2.19</u>	<u>\$ 2.26</u>
Diluted	<u>\$ 1.87</u>	<u>\$ 2.19</u>	<u>\$ 2.26</u>

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

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017
(In thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net income	\$ 218,728	\$ 256,827	\$ 266,019
Other comprehensive income (loss), net of tax			
Unrealized gain due to fair value adjustments on interest rate swap agreements, net of taxes of \$1,562, \$138 and \$0, net of settlements	2,636	234	—
Unrealized loss due to fair value adjustments on available-for-sale securities, net of taxes of \$572, \$0 and \$0	(957)	—	—
Other comprehensive income (loss) in equity method investments	(3,119)	89	248
Foreign currency translation adjustments	(125,512)	26,394	(4,966)
Total other comprehensive income (loss), net of tax	<u>(126,952)</u>	<u>26,717</u>	<u>(4,718)</u>
Total comprehensive income, net of tax	91,776	283,544	261,301
Comprehensive income attributable to noncontrolling interests	(1,821)	(1,769)	(1,839)
Comprehensive income attributable to Cinemark Holdings, Inc.	<u>\$ 89,955</u>	<u>\$ 281,775</u>	<u>\$ 259,462</u>

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

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017
(in thousands, except per share amounts)

	Common Stock		Treasury Stock		Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Cinemark Holdings, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares Issued	Amount	Shares Acquired	Amount						
Balance at January 1, 2015	119,758	\$ 120	(4,057)	\$ (61,807)	\$ 1,095,040	\$ 224,219	\$ (144,772)	\$ 1,112,800	\$ 10,329	\$ 1,123,129
Issuance of restricted stock	226	—	—	—	—	—	—	—	—	—
Issuance of stock upon vesting of restricted stock units	124	—	—	—	—	—	—	—	—	—
Restricted stock forfeitures and stock withholdings related to share based awards that vested during the year ended December 31, 2015	—	—	(127)	(4,770)	—	—	—	(4,770)	—	(4,770)
Share based awards compensation expense	—	—	—	—	15,758	—	—	15,758	—	15,758
Tax benefit related to share based award vestings	—	—	—	—	2,421	—	—	2,421	—	2,421
Dividends paid to stockholders, \$1.00 per share	—	—	—	—	—	(115,863)	—	(115,863)	—	(115,863)
Dividends accrued on unvested restricted stock unit awards	—	—	—	—	—	(593)	—	(593)	—	(593)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,045)	(1,045)
Net income	—	—	—	—	—	216,869	—	216,869	1,859	218,728
Other comprehensive loss	—	—	—	—	—	—	(126,914)	(126,914)	(38)	(126,952)
Balance at December 31, 2015	120,108	\$ 120	(4,184)	\$ (66,577)	\$ 1,113,219	\$ 324,632	\$ (271,686)	\$ 1,099,708	\$ 11,105	\$ 1,110,813
Issuance of restricted stock	334	1	—	—	—	—	—	1	—	1
Issuance of stock upon vesting of restricted stock units	215	—	—	—	—	—	—	—	—	—
Restricted stock forfeitures and stock withholdings related to share based awards that vested during the year ended December 31, 2016	—	—	(263)	(6,834)	—	—	—	(6,834)	—	(6,834)
Share based awards compensation expense	—	—	—	—	13,394	—	—	13,394	—	13,394
Tax benefit related to share based award vestings	—	—	—	—	1,856	—	—	1,856	—	1,856
Dividends paid to stockholders, \$1.08 per share	—	—	—	—	—	(125,490)	—	(125,490)	—	(125,490)
Dividends accrued on unvested restricted stock unit awards	—	—	—	—	—	(554)	—	(554)	—	(554)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,309)	(1,309)
Buyout of noncontrolling interests' share of Chilean subsidiary	—	—	—	—	(27)	—	—	(27)	(423)	(450)
Gain realized on available-for-sale securities, net of taxes of \$1,180	—	—	—	—	—	—	(2,011)	(2,011)	—	(2,011)
Net income	—	—	—	—	—	255,091	—	255,091	1,736	256,827
Other comprehensive income	—	—	—	—	—	—	26,684	26,684	33	26,717
Balance at December 31, 2016	120,657	\$ 121	(4,447)	\$ (73,411)	\$ 1,128,442	\$ 453,679	\$ (247,013)	\$ 1,261,818	\$ 11,142	\$ 1,272,960
Issuance of restricted stock	247	—	—	—	—	—	—	—	—	—
Issuance of stock upon vesting of restricted stock units	97	—	—	—	—	—	—	—	—	—
Restricted stock forfeitures and stock withholdings related to share based awards that vested during the year ended December 31, 2017	—	—	(79)	(2,943)	—	—	—	(2,943)	—	(2,943)
Share based awards compensation expense	—	—	—	—	12,681	—	—	12,681	—	12,681
Tax expense related to share based award vestings	—	—	—	—	(35)	—	—	(35)	—	(35)
Dividends paid to stockholders, \$1.16 per share	—	—	—	—	—	(135,079)	—	(135,079)	—	(135,079)
Dividends accrued on unvested restricted stock unit awards	—	—	—	—	—	(558)	—	(558)	—	(558)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,088)	(1,088)
Net income	—	—	—	—	—	264,180	—	264,180	1,839	266,019
Reclassification of cumulative translation adjustments for a former Canadian subsidiary	—	—	—	—	—	—	(1,551)	(1,551)	—	(1,551)
Other comprehensive loss	—	—	—	—	—	—	(4,718)	(4,718)	—	(4,718)
Balance at December 31, 2017	121,001	\$ 121	(4,526)	\$ (76,354)	\$ 1,141,088	\$ 582,222	\$ (253,282)	\$ 1,393,795	\$ 11,893	\$ 1,405,688

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

CINEMARK HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015, 2016 AND 2017
(In thousands)

	2015	2016	2017
Operating activities			
Net income	\$ 218,728	\$ 256,827	\$ 266,019
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	186,898	207,091	235,093
Amortization of intangible and other assets and favorable/unfavorable leases	2,308	1,980	2,420
Amortization of long-term prepaid rents	2,361	1,826	2,274
Amortization of debt issue costs	5,151	5,492	6,197
Amortization of deferred revenues, deferred lease incentives and other	(17,163)	(16,731)	(16,211)
Impairment of long-lived assets	8,801	2,836	15,084
Share based awards compensation expense	15,758	13,394	12,681
Loss on sale of assets and other	8,143	20,459	22,812
Write-off of unamortized debt issue costs associated with early retirement of debt	—	2,369	-
Deferred lease expenses	(1,806)	(990)	(1,268)
Reclassification of cumulative translation adjustments for a former Canadian subsidiary	—	—	(1,551)
Equity in income of affiliates	(28,126)	(31,962)	(35,985)
Deferred income tax expenses	11,095	(5,467)	(15,015)
Distributions from equity investees	19,027	21,916	25,973
Changes in other assets and liabilities:			
Inventories	(2,535)	(1,007)	(541)
Accounts receivable	(26,370)	(706)	(13,195)
Income tax receivable	(3,527)	15,510	(4,363)
Prepaid expenses and other	(2,557)	(2,267)	(775)
Deferred charges and other assets - net	8,126	(1,619)	(4,956)
Accounts payable and accrued expenses	43,827	(30,516)	23,405
Income tax payable	936	(2,261)	438
Liabilities for uncertain tax positions	1,315	1,182	2,041
Other long-term liabilities	5,481	(5,522)	7,900
Net cash provided by operating activities	455,871	451,834	528,477
Investing activities			
Additions to theatre properties and equipment and other	(331,726)	(326,908)	(380,862)
Proceeds from sale of theatre properties and equipment and other	9,966	3,570	15,098
Acquisitions of theatres in the U.S. and international markets, net of cash acquired	(2,651)	(15,300)	(40,997)
Acquisition of screen advertising business	—	(1,450)	-
Proceeds from sale of marketable securities	—	13,451	-
Investment in joint ventures and other	(3,711)	(1,132)	(3,715)
Net cash used for investing activities	(328,122)	(327,769)	(410,476)
Financing activities			
Dividends paid to stockholders	(115,863)	(125,490)	(135,079)
Payroll taxes paid as a result of restricted stock withholdings	(4,770)	(6,834)	(2,943)
Proceeds from issuance of Senior Notes, net of discount	—	222,750	-
Retirement of Senior Subordinated Notes	—	(200,000)	-
Repayments of long-term debt	(8,420)	(16,605)	(5,671)
Payment of debt issue costs	(6,957)	(7,217)	(1,146)
Payments on capital leases	(16,513)	(19,343)	(21,725)
Proceeds from financing lease	—	-	10,200
Purchases of non-controlling interests	—	(450)	—
Other	1,376	554	(1,123)
Net cash used for financing activities	(151,147)	(152,635)	(157,487)
Effect of exchange rate changes on cash and cash equivalents	(26,932)	1,266	798
Decrease in cash and cash equivalents	(50,330)	(27,304)	(38,688)
Cash and cash equivalents:			
Beginning of period	638,869	588,539	561,235
End of period	\$ 588,539	\$ 561,235	\$ 522,547

Supplemental information (see Note 15)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business — Cinemark Holdings, Inc. and subsidiaries (the “Company”) operates in the motion picture exhibition industry, with theatres in the United States (“U.S.”), Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curaçao and Paraguay.

Principles of Consolidation — The consolidated financial statements include the accounts of Cinemark Holdings, Inc. and its subsidiaries. Majority-owned subsidiaries that the Company has control of are consolidated while those affiliates of which the Company owns between 20% and 50% and does not control are accounted for under the equity method. Those affiliates of which the Company owns less than 20% are generally accounted for 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 equity method investees are included in the consolidated financial statements effective with their formation or from their dates of acquisition. Intercompany balances and transactions are eliminated in consolidation.

Cash and Cash Equivalents — Cash and cash equivalents consist of operating funds held in financial institutions, petty cash held by the theatres and highly liquid investments with original maturities of three months or less when purchased. Cash investments are primarily in money market funds or other similar funds.

Accounts Receivable — Accounts receivable, which are recorded at net realizable value, consist primarily of receivables related to screen advertising, receivables related to discounted tickets sold to retail locations, receivables from landlords related to theatre construction and remodels, rebates earned from the Company’s concession vendors and value-added and other non-income tax receivables.

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

Theatre Properties and Equipment — Theatre properties and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Useful Life</u>
Buildings on owned land	40 years
Buildings on leased land	Lesser of lease term or useful life
Land and buildings under capital lease (1)	Lesser of lease term or useful life
Theatre furniture and equipment	3 to 15 years
Leasehold improvements	Lesser of lease term or useful life

(1) Amortization of capital lease assets is included in depreciation and amortization expense on the consolidated statements of income. Accumulated amortization of capital lease assets as of December 31, 2016 and 2017 was \$175,166 and \$200,683, respectively.

The Company reviews long-lived assets for impairment indicators 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 also performs a full quantitative impairment evaluation on an annual basis. The Company considers actual theatre level cash flows, budgeted theatre level cash flows, theatre property and equipment carrying values, amortizing intangible asset carrying values, the age of a recently built theatre, competitive theatres in the marketplace, the impact of recent ticket price changes, the impact of recent theatre remodels or other substantial improvements, available lease renewal options and other factors considered relevant 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 undiscounted cash flows from continuing use through the remainder of the theatre’s useful life. The remainder of the theatre’s useful life correlates with the available remaining lease period, which includes

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

the probability the exercise of available renewal periods or extensions, for leased properties and the lesser of twenty years or the building's remaining useful life for fee-owned properties. If the estimated undiscounted 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. When the estimated fair value is determined to be lower than the carrying value of the asset group, the asset group is written down to its estimated fair value. Significant judgment is involved in estimating cash flows and fair value. Management's estimates, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820-10-35, are based on historical and projected operating performance, recent market transactions and current industry trading multiples. Fair value is determined based on a multiple of cash flows, which was six and a half times for the evaluations performed during 2015, 2016 and 2017. The long-lived asset impairment charges recorded during each of the periods presented are specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or the conditions of the areas surrounding the theatre. See Note 8.

Goodwill and Other Intangible Assets— The Company evaluates goodwill for impairment annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value of the goodwill may not be fully recoverable. The Company evaluates goodwill for impairment at the reporting unit level. Management considers the reporting unit to be each of its nineteen regions in the U.S. and seven countries internationally with Honduras, El Salvador, Nicaragua, Costa Rica, Panama and Guatemala considered one reporting unit (the Company does not have goodwill recorded for all of its international locations). Significant judgment is involved in estimating cash flows and fair value. Management's estimates, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35, are based on historical and projected operating performance, recent market transactions and current industry trading multiples. Fair value is determined based on a multiple of estimated cash flows, which was eight times, for the evaluations performed during 2015 and 2017.

During the year ended December 31, 2015, the Company performed a qualitative goodwill impairment assessment on all reporting units except one, in accordance with ASU 2011-08 *Testing Goodwill for Impairment* ("ASU 2011-08"). The qualitative assessment included consideration of historical and expected future industry performance, estimated future performance of the Company, current industry trading multiples and other economic factors, as compared to the assumptions used in the Company's previous qualitative assessment performed during 2014. Based on the qualitative assessment performed, the Company determined that it was not more likely than not that the fair value of the reporting units were less than their carrying values. The Company performed the quantitative two-step approach on a new U.S. region that had not previously been assessed for goodwill impairment. The estimated fair value for the new reporting unit exceeded its carrying value by more than 10%.

During the year ended December 31, 2016, the Company performed a qualitative goodwill impairment assessment on all reporting units. Based on the qualitative assessment performed, the Company determined that it was not more likely than not that the fair value of the reporting units were less than their carrying values.

During the year ended December 31, 2017, the Company performed a quantitative goodwill impairment assessment for all reporting units. As of December 31, 2017, the estimated fair value of the Company's goodwill exceeded their carrying values by more than 10%.

Tradename intangible assets are tested for impairment at least annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. The Company estimates the fair value of its tradenames by applying an estimated market royalty rate that could be charged for the use of its tradename to forecasted future revenues, with an adjustment for the present value of such royalties. If the estimated fair value is less than the carrying value, the tradename intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating market royalty rates and long-term revenue forecasts. Management's estimates, which fall under Level 3 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35, are based on historical and projected revenue performance and industry trends.

During the year ended December 31, 2015, the Company performed a qualitative tradename intangible asset impairment assessment in accordance with ASU 2011-08. The qualitative assessments included consideration of the Company's historical and forecasted revenues and estimated royalty rates for each tradename intangible asset. Based on the qualitative assessment performed, the Company determined that it was not more likely than not that the fair values of the tradename assets were less than their carrying values as of December 31, 2015.

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

During the year ended December 31, 2016, the Company performed a qualitative assessment for all indefinite-lived tradename assets other than our tradename in Ecuador, for which the Company performed a quantitative assessment. The qualitative assessments included consideration of the Company's historical and forecasted revenues and estimated royalty rates for each tradename intangible asset. The quantitative test for our tradename in Ecuador included estimating the fair value of the tradename based on forecasted revenues for our Ecuador theatres multiplied by an estimated market royalty rate that could be charged for the use of the tradename, with an adjustment for the present value of such royalties. Based on the qualitative and quantitative assessments performed, the Company determined that it was not more likely than not that the fair values of tradename intangible assets were less than their carrying values as of December 31, 2016.

During the year ended December 31, 2016, the Company also performed a quantitative test on its definite-lived tradename associated with the Rave theatres acquired in 2013. During the year ended December 31, 2016, the Company rebranded certain of these theatres with Cinemark signage as part of recliner conversions and other renovations. The Company estimated the fair value of the Rave tradename by applying an estimated market royalty rate that could be charged for the use of the tradename to forecasted future revenues for the theatres using the Rave tradename, with an adjustment for the present value of such royalties. As of December 31, 2016, the estimated fair value of the Rave tradename intangible asset exceeded their carrying value by more than 10%.

During the year ended 2017, the Company performed a quantitative test on all indefinite and definite-lived tradename assets. As of December 31, 2017, the estimated fair value of the Company's tradename assets exceeded their carrying values by more than 10%

The table below summarizes the Company's intangible assets and the amortization method used for each type of intangible asset:

<u>Intangible Asset</u>	<u>Amortization Method</u>
Goodwill	Indefinite-lived
Tradename	Indefinite-lived
Vendor contracts	Straight-line method over the terms of the underlying contracts. The remaining terms of the underlying contracts range from one to three years.
Favorable/unfavorable leases	Based on the pattern in which the economic benefits are realized over the terms of the lease agreements. The remaining terms of the lease agreements range from approximately two to nineteen years.
Other intangible assets	Straight-line method over the terms of the underlying agreement or the expected useful life of the intangible asset. The remaining useful lives of these intangible assets range from one to twelve years.

Deferred Charges and Other Assets — Deferred charges and other assets consist of long-term prepaid rents, construction and other deposits, equipment to be placed in service, and other assets of a long-term nature. Long-term prepaid rents represent prepayments of rent on operating leases. These payments are recognized as facility lease expense over the period for which the rent was paid in advance as outlined in the lease agreements. The remaining amortization periods generally range from one to fifteen years.

Lease Accounting — The Company evaluates each lease for classification as either a capital lease or an operating lease. The Company records the lease as a capital lease at its inception if 1) the present value of future minimum lease payments exceeds 90% of the leased property's estimated fair value; 2) the lease term exceeds 75% of the property's estimated useful life; 3) the lease contains a bargain purchase option; or 4) ownership transfers to the Company at the end of the lease. The Company performs this evaluation at the inception of the lease and when a modification is made to a lease. If the lease agreement calls for a scheduled rent increase during the lease term, the Company recognizes the lease expense on a straight-line basis over the lease term. The Company determines the straight-line rent expense impact of an operating lease upon inception of the lease. For some new build theatres, the landlord is responsible for constructing a theatre using guidelines and specifications agreed to by the Company and assumes substantially all of the risk of construction. For other theatres, the Company is responsible for managing construction of the theatre and the landlord contributes an agreed upon amount to the costs of construction. If the

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

Company concludes that it has substantially all of the construction period risks, it records a construction asset and related liability for the amount of total project costs incurred during the construction period. At the end of the construction period, the Company determines if the transaction qualifies for sale-leaseback accounting treatment in regards to lease classification. If the Company receives a lease incentive payment from a landlord, the Company records the proceeds as a deferred lease incentive liability and amortizes the liability as a reduction in rent expense over the initial term of the respective lease if a new theatre, or over the remaining lease term if an existing theatre.

Deferred Revenues — Advances collected on long-term screen advertising, concession and other contracts are recorded as deferred revenues. In accordance with the terms of the agreements, the advances collected on such contracts are recognized during the period in which the advances are earned, which may differ from the period in which the advances are collected. These advances are recognized on either a straight-line basis over the term of the contracts or as such revenues are earned in accordance with the terms of the contracts. The remaining amortization periods generally range from one to twenty years. See Note 2 for discussion of impact of new revenue recognition accounting pronouncement and Note 5 for discussion of deferred revenue – NCM.

Self-Insurance Reserves — The Company is self-insured for general liability claims subject to an annual cap. For the years ended December 31, 2015, 2016 and 2017, general liability claims were capped at \$100, \$100 and \$250, respectively, per occurrence with annual caps of approximately \$2,900, \$3,350 and \$3,900, respectively. The Company was fully insured for workers compensation claims during the years ended December 31, 2015 and 2016. During 2017, the Company implemented a fully-funded deductible workers compensation insurance plan under which the Company is responsible for pre-funding claims and is responsible for claims up to \$250 per occurrence, with an annual cap of \$5,000. The Company was also self-insured for medical claims up to \$125, \$150 and \$250 per occurrence for the years ended December 31, 2015, 2016 and 2017, respectively. As of December 31, 2016 and 2017, the Company's insurance reserves were \$7,837 and \$8,252, respectively, and are reflected in accrued other current liabilities in the consolidated balance sheets.

Revenue and Expense Recognition — Revenues are recognized when admissions and concession sales are received at the box office. Other revenues include screen advertising and other ancillary revenues such as vendor marketing promotions, meeting rentals and electronic video games located in the Company's theatres. Screen advertising revenues are recognized over the period that the related advertising is delivered on-screen or in-theatre. The Company records proceeds from the sale of gift cards and other advanced sale-type certificates in current liabilities and recognizes admissions or concession revenue when a holder redeems the card or certificate. The Company recognizes unredeemed gift cards and other advanced sale-type certificates as revenue only after such a period of time indicates, based on historical experience, the likelihood of redemption is remote, and based on applicable laws and regulations. In evaluating the likelihood of redemption, the Company considers the period outstanding, the level and frequency of activity, and the period of inactivity. As of December 31, 2016 and 2017, the Company's liabilities for advanced sale-type certificates were approximately \$70,247 and \$77,623, respectively, and are reflected in accrued other current liabilities on the consolidated balance sheets. The Company recognized unredeemed gift cards and other advanced sale-type certificates as revenues in the amount of \$11,786, \$11,522 and \$11,861 during the years ended December 31, 2015, 2016 and 2017, respectively. See Note 2 for discussion of impact of new revenue recognition accounting pronouncements.

Film rental costs are accrued based on the applicable box office receipts and either firm terms or a sliding scale formula, which are generally established prior to the opening of the film, or estimates of the final settlement rate, which occurs at the conclusion of the film run, subject to the film licensing arrangement. Under a firm terms formula, the Company pays the distributor a percentage of box office receipts, which reflects either an aggregate rate for the life of the film or rates that decline over the term of the run. Under a sliding scale formula, film rental is paid as a percentage of box office revenues using a pre-determined matrix based upon box office performance of the film. The settlement process allows for negotiation of film rental fees upon the conclusion of the film run based upon how the film performs. Estimates are based on the expected success of a film. The success of a film can typically be determined a few weeks after a film is released when initial box office performance of the film is known. Accordingly, final settlements typically approximate estimates since box office receipts are known at the time the estimate is made and the expected success of a film can typically be estimated early in the film's run. If actual settlements are different than those estimates, film rental costs are adjusted at the time of settlement.

Loyalty Programs — The Company launched its app-based Connections loyalty program for its domestic markets in February 2016. Customers earn points for initial sign-up and for various transactions as tracked within

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

the app. Points may be redeemed for concessions items, concession discounts and experiential rewards, each of which are offered for limited periods of time and at varying times during the year. The Company has determined that the values of the rewards offered to the customer are insignificant to the original transactions required to earn such rewards and has applied the incremental cost approach to accounting for the rewards earned. The Company also has loyalty programs in certain of its international markets, which generally consist of the customer paying a membership fee in exchange for discounts during the membership period. The Company had approximately \$5,527 recorded in accrued other current liabilities for its loyalty programs as of December 31, 2017. See Note 2 for discussion of impact of new revenue recognition accounting pronouncements.

Accounting for Share Based Awards — The Company measures the cost of employee services received in exchange for an equity award based on the fair value of the award on the date of the grant. The grant date fair value is estimated using a market observed price. Such costs are recognized over the period during which an employee is required to provide service in exchange for the award (which is usually the vesting period). At the time of the grant, the Company also estimates the number of awards that will ultimately be forfeited. See Note 14 for discussion of the Company's share based awards and related compensation expense.

Income Taxes — The Company uses an asset and liability approach to financial accounting and reporting for income taxes. Deferred income taxes are provided when tax laws and financial accounting standards differ with respect to the amount of income for a year and the basis of assets and liabilities. A valuation allowance is recorded to reduce the carrying amount of deferred tax assets unless it is more likely than not that such assets will be realized. Income taxes are provided on unremitted earnings from foreign subsidiaries unless such earnings are expected to be indefinitely reinvested. Income taxes have also been provided for potential tax assessments. The evaluation of an uncertain tax position is a two-step process. The first step is recognition: The Company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company should presume that the position would be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The second step is measurement: A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements result in (1) a change in a liability for income taxes payable or (2) a change in an income tax refund receivable, a deferred tax asset or a deferred tax liability or both (1) and (2). The Company accrues interest and penalties on its uncertain tax positions as a component of income tax expense.

Segments — For the years ended December 31, 2015, 2016 and 2017, the Company managed its business under two reportable operating segments, U.S. markets and international markets. See Note 18.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The Company's consolidated financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

Foreign Currency Translations — The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at current exchange rates as of the balance sheet date, and revenues and expenses are translated at average monthly exchange rates. The resulting translation adjustments are recorded in the consolidated balance sheets in accumulated other comprehensive loss. See Note 12 for a summary of the translation adjustments recorded in accumulated other comprehensive loss for the years ended December 31, 2015, 2016 and 2017. The Company recognizes foreign currency transaction gains and losses when changes in exchange rates impact transactions, other than intercompany transactions of a long-term investment nature, that have been denominated in a currency other than the functional currency.

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

Fair Value Measurements — According to authoritative guidance, inputs used in fair value measurements fall into three different categories; Level 1, Level 2 and Level 3. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company had an interest rate swap agreement and investments in marketable securities that were adjusted to fair value on a recurring basis (quarterly). With respect to its interest rate swap agreement, the Company used the income approach to determine the fair value of its interest rate swap agreement and under this approach, the Company used projected future interest rates as provided by the counterparties to the interest rate swap agreement and the fixed rate that the Company was obligated to pay under the agreement. Therefore, the Company's fair value measurements for its interest rate swap used significant unobservable inputs, which fall in Level 3. The interest rate swap agreement expired in April 2016. With respect to its investments in marketable securities, the Company used quoted market prices, which fall under Level 1 of the hierarchy. There were no changes in valuation techniques during the period and no transfers in or out of Level 1, Level 2 or Level 3 during the years ended December 31, 2015, 2016 and 2017. See Note 11 for further discussion of the Company's fair value measurements. The Company also uses fair value measurements on a nonrecurring basis, primarily in the impairment evaluations for goodwill, intangible assets and other long-lived assets. See *Goodwill and Other Intangible Assets* and *Theatre Properties and Equipment* included above for discussion of such fair value measurements.

Acquisitions — The Company accounts for acquisitions under the acquisition method of accounting. The acquisition method requires that the acquired assets and liabilities, including contingencies, be recorded at fair value determined on the acquisition date and changes thereafter reflected in income. For significant acquisitions, the Company obtains independent third party valuation studies for certain of the assets acquired and liabilities assumed to assist the Company in determining fair value. The estimation of the fair values of the assets acquired and liabilities assumed involves a number of estimates and assumptions that could differ materially from the actual amounts realized. The Company provides assumptions, including both quantitative and qualitative information, about the specified asset or liability to the third party valuation firms. The Company primarily utilizes the third parties to accumulate comparative data from multiple sources and assemble a report that summarizes the information obtained. The Company then uses the information to record estimated fair value. The third party valuation firms are supervised by Company personnel who are knowledgeable about valuations and fair value. The Company evaluates the appropriateness of the assumptions and valuation methodologies utilized by the third party valuation firm.

2. NEW ACCOUNTING PRONOUNCEMENTS

Impact of New Revenue Recognition Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ("ASC 606"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASC 606 will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from the contracts with customers.

ASC 606 permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method).

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

The Company adopted ASC 606 as of January 1, 2018 using the modified retrospective method. The new standard will therefore be applied to all contracts not completed as of January 1, 2018. While the Company does not believe the adoption of ASC 606 will have a material impact to its results of operations or cash flows, it does expect ASC 606 to have an impact on the classification of certain revenues and related expenses, as summarized below. Quantitative amounts included below are estimates of the expected effects of the Company's adoption of ASC 606 and represent management's best estimates of the impact of adopting ASC 606 at the time of the preparation of this Annual Report on Form 10-K. The actual impact of ASC 606 is subject to change from these estimates, pending the completion of the Company's assessment during the first quarter of 2018.

- The Company believes its Exhibitor's Services Agreement ("ESA") with National CineMedia, LLC ("NCM") includes a significant financing component due to the length of time necessary to fulfill the performance obligations under the ESA as compared to the timing of receipt of the advanced payment. Similarly, the Company believes its Common Unit Adjustment ("CUA") Agreement with NCM includes a significant financing component due to the receipt of common units in advance of the fulfillment of the performance obligations. As a result, the Company expects other revenues, specifically screen advertising revenues, will increase with a similar offsetting increase in noncash interest expense, but will not have a material impact on the Company's results of operations.
- In addition to recording the impact of significant financing components associated with its NCM ESA and CUA agreement, the Company has determined that based on how the performance obligations are fulfilled under these agreements, the related deferred revenues will be amortized on a straight-line basis under ASC 606 versus the units of revenue method followed prior to adoption of ASC 606. As a result of the change in amortization method, the Company expects to record a cumulative effect of accounting change adjustment of no more than \$55,000 in retained earnings effective January 1, 2018, with an offsetting decrease in deferred revenue - NCM.
- The Company currently records online surcharges net of service fees as amounts have been immaterial. The Company has determined that it is the principal in the arrangement, and therefore, in accordance with ASC 606 guidance, the Company will recognize online surcharges in revenues on a gross basis and record all related service fees as an operating expense. As a result of this change, the Company's other revenues and utilities and other costs will increase on a prospective basis, but will not have a material impact on the Company's results of operations.
- The Company currently has a domestic loyalty program that awards points to its members upon completion of various purchases and other transactions. Under ASC 606, the Company will have to defer a portion of the proceeds received from each purchase as a liability to provide future goods and services (or rewards in exchange for points) to program members. The Company expects this will result in slight reductions in admissions and concessions revenues with an offsetting increase in other long-term liabilities, but will not have a material impact on the consolidated financial statements.

The timing of revenue recognition for other revenue streams, including revenues for unredeemed gift cards and other advanced sales-type certificates, will also be impacted by the adoption of ASC 606, but we do not expect such changes to be material.

Other New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*, ("ASU 2016-02"). The purpose of ASU 2016-02 is to provide financial statement users a better understanding of the amount, timing, and uncertainty of cash flows arising from leases. The adoption of ASU 2016-02 will result in the recognition of a right-of-use asset and a lease liability for most operating leases. New disclosure requirements include qualitative and quantitative information about the amounts recorded in the financial statements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. ASU 2016-02 requires a modified retrospective transition by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which the guidance is effective with the option to elect certain practical expedients. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements. The most significant impact of the amendments in ASU 2016-02 will be the recognition of new right-of-use assets and lease liabilities for assets currently subject to operating leases. The Company will adopt the amendments in ASU 2016-02 in the first quarter of 2019.

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

In March 2016, the FASB issued Accounting Standards Update 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, (“ASU 2016-09”). The purpose of ASU 2016-09 is to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification of such activity on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within that year. Prospective, retrospective, or modified retrospective application may be used dependent on the specific requirements of the amendments within ASU 2016-09. Effective January 1, 2017, the Company adopted ASU 2016-09 on a prospective basis (see Note 3). As such, prior periods have not been adjusted.

In August 2016, the FASB issued Accounting Standards Update 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments – a consensus of the FASB Emerging Issues Task Force*, (“ASU 2016-15”). The purpose of ASU 2016-15 is to reduce the diversity in practice regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. A retrospective transition method should be used in the application of the amendments within ASU 2016-15. Early adoption is permitted. Upon adoption, the Company will reclassify \$9,519 of cash payments recorded in loss on debt amendments and refinancing from operating activities to financing activities for the year ended December 31, 2016. The Company does not expect ASU 2016-15 to have any other material impact on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, (“ASU 2017-04”). The purpose of ASU 2017-04 is to simplify the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendments should be applied on a prospective basis. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within that year. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted the amendments in ASU 2017-04 during the second quarter of 2017 in order to reduce the complexity of performing its goodwill impairment tests. As discussed in Note 1, these tests are generally performed in the fourth quarter of each year. ASU 2017-04 did not have a material impact on its consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update 2017-09, *Compensation – Stock Compensation (Topic 718): Scope Modification Accounting*, (“ASU 2017-09”). The amendments in ASU 2017-09 provide guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting as described in ASC Topic 718. The amendments should be applied on a prospective basis. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Early adoption is permitted. The Company does not expect ASU 2017-09 to have a material impact on its consolidated financial statements.

In August 2017, the FASB issued Accounting Standards Update 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, (“ASU 2017-12”). The amendments in ASU 2017-12 improve the financial reporting of hedging relationships to better reflect the economic results of an entity’s risk management activities in its financial statements. Additionally, the amendments in ASU 2017-12 simplify certain steps of applying hedge accounting guidance. ASU 2017-12 is effective for fiscal years beginning after December 15, 2017, including interim periods within that year. Early adoption is permitted. The Company does not expect ASU 2017-12 to have a material impact on its consolidated financial statements.

3. EARNINGS PER SHARE

The Company considers its unvested share based payment awards, which contain non-forfeitable rights to dividends, participating securities, and includes such participating securities in its computation of earnings per share pursuant to the two-class method. Basic earnings per share for the two classes of stock (common stock and unvested restricted stock) is calculated by dividing net income by the weighted average number of shares of common stock and unvested restricted stock outstanding during the reporting period. Diluted earnings per share is calculated using the weighted average number of shares of common stock plus the potentially dilutive effect of common equivalent shares outstanding determined under both the two class method and the treasury stock method.

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

Effective January 1, 2017, the Company adopted ASU 2016-09 on a prospective basis. In accordance with the amendments in ASU 2016-09, the Company's diluted earnings per share calculation for the year ended December 31, 2017 excludes the estimated income tax benefits and deficiencies in the application of the treasury stock method. Excess income tax benefits or deficiencies related to share based awards are recognized as discrete items in the income statement during the period in which they occur. See Note 14 for a discussion of share based awards and related income tax benefits recognized during the years ended December 31, 2017 and 2016.

The following table presents computations of basic and diluted earnings per share under the two class method:

	Year Ended December 31,		
	2015	2016	2017
Numerator:			
Net income attributable to Cinemark Holdings, Inc.	\$ 216,869	\$ 255,091	\$ 264,180
Earnings allocated to participating share-based awards (1)	(1,306)	(1,187)	(1,350)
Net income attributable to common stockholders	<u>\$ 215,563</u>	<u>\$ 253,904</u>	<u>\$ 262,830</u>
Denominator (shares in thousands):			
Basic weighted average common stock outstanding	115,080	115,508	115,766
Common equivalent shares for restricted stock units	<u>319</u>	<u>275</u>	<u>293</u>
Diluted	<u>115,399</u>	<u>115,783</u>	<u>116,059</u>
Basic earnings per share attributable to common stockholders	<u>\$ 1.87</u>	<u>\$ 2.19</u>	<u>\$ 2.26</u>
Diluted earnings per share attributable to common stockholders	<u>\$ 1.87</u>	<u>\$ 2.19</u>	<u>\$ 2.26</u>

(1) For the years ended December 31, 2015, 2016 and 2017, a weighted average of approximately 699 shares, 542 shares and 596 shares, of unvested restricted stock, respectively, are considered participating securities.

4. DIVIDENDS

Below is a summary of dividends declared for the fiscal periods indicated.

Declaration Date	Record Date	Payable Date	Amount per Share of Common Stock (1)		Total Dividends (2)
2/17/2015	3/4/2015	3/18/2015	\$	0.25	\$ 29,025
5/18/2015	6/5/2015	6/19/2015		0.25	29,075
8/20/2015	8/31/2015	9/11/2015		0.25	29,080
11/13/2015	12/2/2015	12/16/2015		0.25	29,276
		Total	\$	<u>1.00</u>	<u>\$ 116,456</u>
2/24/2016	3/7/2016	3/18/2016	\$	0.27	\$ 31,544
5/26/2016	6/8/2016	6/22/2016		0.27	31,459
8/18/2016	8/31/2016	9/13/2016		0.27	31,473
11/16/2016	12/2/2016	12/16/2016		0.27	31,568
		Total	\$	<u>1.08</u>	<u>\$ 126,044</u>
2/23/2017	3/8/2017	3/20/2017	\$	0.29	\$ 33,912
5/25/2017	6/8/2017	6/22/2017		0.29	33,904
8/10/2017	8/31/2017	9/13/2017		0.29	33,911
11/17/2017	12/1/2017	12/15/2017		0.29	33,910
		Total	\$	<u>1.16</u>	<u>\$ 135,637</u>

(1) Beginning with the dividend declared on February 24, 2016, the Company's board of directors raised the quarterly dividend to \$0.27 per common share. Beginning with the dividend declared on February 23, 2017, the Company's board of directors raised the quarterly dividend to \$0.29 per common share.

(2) Of the dividends recorded during 2015, 2016 and 2017, \$593, \$554 and \$558, respectively, were related to outstanding restricted stock units and will not be paid until such units vest. See Note 14.

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

5. INVESTMENT IN NATIONAL CINEMEDIA LLC

The Company has an investment in National CineMedia, LLC ("NCM"). NCM operates a digital in-theatre network in the U.S. for providing cinema advertising and non-film events. Upon joining NCM, the Company entered into an Exhibitor Services Agreement, or the ESA, with NCM, pursuant to which NCM provides advertising, promotion and event services to our theatres. On February 13, 2007, National CineMedia, Inc. ("NCMI"), an entity that serves as the sole manager of NCM, completed an IPO of its common stock. In connection with the NCMI initial public offering, the Company amended its operating agreement and the ESA with NCMI. The ESA modification reflected a shift from circuit share expense under the prior ESA, which obligated NCM to pay the Company a percentage of revenue, to a monthly theatre access fee, which significantly reduced the contractual amounts paid to us by NCM. The Company recorded the proceeds related to the ESA modification as deferred revenue, which is being amortized into other revenues over the life of the agreement using the units of revenue method. In consideration for NCM's exclusive access to the Company's theatre attendees for on-screen advertising and use of off-screen areas within the Company's theatres for lobby entertainment and lobby promotions, the Company receives a monthly theatre access fee under the modified ESA. 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 reasons outlined in the modified ESA. The payment per theatre patron increases 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, increases annually by 5%. For 2015, 2016 and 2017, the annual payment per digital screen was one thousand one hundred eighty-two dollars, one thousand two hundred forty-one dollars and one thousand three hundred three dollars, respectively. The theatre access fee paid in the aggregate to Regal Entertainment Group ("Regal"), AMC Entertainment, Inc. ("AMC") and the Company will not be less than 12% of NCM's Aggregate Advertising Revenue (as defined in the modified ESA), 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 modified ESA has, except with respect to certain limited services, a remaining term of approximately 19 years.

As a result of the application of a portion of the proceeds it received from the NCMI initial public offering, the Company had a negative basis in its original membership units in NCM, which is referred to herein as the Company's Tranche 1 Investment. Following the NCMI IPO, the Company does not recognize undistributed equity in the earnings on its Tranche 1 Investment until NCM's net earnings, less distributions received, surpass the amount of the excess distribution. The Company recognizes equity in earnings on its Tranche 1 Investment only to the extent it receives cash distributions from NCM. The Company recognizes cash distributions it receives from NCM on its Tranche 1 Investment as a component of earnings as Distributions from NCM. The Company believes that the accounting model provided by ASC 323-10-35-22 for recognition of equity investee losses in excess of an investor's basis is analogous to the accounting for equity income subsequent to recognizing an excess distribution.

Common Unit Adjustments

Pursuant to a Common Unit Adjustment Agreement dated as of February 13, 2007 between NCMI and the Company, AMC and Regal, which we refer to collectively as the Founding Members, annual adjustments to the common membership units are made primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each Founding Member. To account for the receipt of additional common units under the Common Unit Adjustment Agreement, we follow the guidance in FASB ASC 323-10-35-29 (formerly EITF 02-18, "Accounting for Subsequent Investments in an Investee after Suspension of Equity Loss Recognition") by analogy, which also refers to AICPA Technical Practice Aid 2220.14, which indicates that if a subsequent investment is made in an equity method investee that has experienced significant losses, the investor must determine if the subsequent investment constitutes funding of prior losses. We concluded that the construction or acquisition of new theatres that has led to the common unit adjustments equates to making additional investments in NCM. We evaluated the receipt of the additional common units in NCM and the assets exchanged for these additional units and have determined that the right to use our incremental new screens would not be considered funding of prior losses. We account for these additional common units, which we refer to herein as our Tranche 2 Investment, as a separate investment than our Tranche 1 Investment. The common units received are recorded at fair value as an increase in our investment in NCM with an offset to deferred revenue. The deferred revenue is amortized over the remaining term of the ESA. Our Tranche 2 Investment is accounted for following the equity method, with

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

undistributed equity earnings related to our Tranche 2 Investment included as a component of earnings in equity in income of affiliates and distributions received related to our Tranche 2 Investment are recorded as a reduction of our investment basis. In the event that a common unit adjustment is determined to be a negative number, the Founding Member can elect to either transfer and surrender to NCM the number of common units equal to all or part of such Founding Member's common unit adjustment or to pay to NCM an amount equal to such Founding Member's common unit adjustment calculated in accordance with the Common Unit Adjustment Agreement. If the Company then elects to surrender common units as part of a negative common unit adjustment, the Company would record a reduction to deferred revenue at the then fair value of the common units surrendered and a reduction of the Company's Tranche 2 Investment at an amount equal to the weighted average cost for Tranche 2 common units, with the difference between the two values recorded as a gain or loss on sale of assets and other.

Below is a summary of common units received by the Company under the Common Unit Adjustment Agreement during the years ended December 31, 2015, 2016 and 2017:

Event	Date Common Units Received	Number of Common Units Received	Fair Value of Common Units Received
2015 Annual common unit adjustment	3/31/2015	1,074,910	\$ 15,421
2016 Annual common unit adjustment	3/31/2016	753,598	\$ 11,111
2017 Annual common unit adjustment	3/31/2017	1,487,218	\$ 18,363

Each common unit received by the Company is convertible into one share of NCMI common stock. The fair value of the common units received was estimated based on the market price of NCMI stock at the time that the common units were received, adjusted for volatility associated with the estimated period of time it would take to convert the common units and register the respective shares. The fair value measurement used for the common units falls under Level 2 of the U.S. GAAP fair value hierarchy as defined by ASC Topic 820-10-35. The Company records additional common units it receives as part of its Tranche 2 Investment at estimated fair value with a corresponding adjustment to deferred revenue.

As of December 31, 2017, the Company owned a total of 27,871,862 common units of NCM, which represented an interest of approximately 18%. Each common unit is convertible into one share of NCMI common stock. The estimated fair value of the Company's investment in NCM was approximately \$191,201 based on NCM, Inc.'s stock price as of December 31, 2017 of \$6.86 per share (Level 1 input as defined in FASB ASC Topic 820), which was less than the Company's carrying value of \$200,550. The Company does not believe that the decline in NCM, Inc.'s stock price is other than temporary and therefore, no impairment of the Company's investment in NCM was recorded during the year ended December 31, 2017. The market value of NCM, Inc.'s stock price may continue to vary due to the performance of the business, industry trends, general and economic conditions and other factors.

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

Summary of Activity with NCM

Below is a summary of activity with NCM included in the Company's consolidated financial statements for the periods indicated. See Note 2 for discussion of impact of new revenue recognition accounting pronouncements.

	Investment in NCM	Deferred Revenue	Distributions from NCM	Equity in Earnings	Other Revenue	Other Comprehensive Loss	Cash Received
Balance as of January 1, 2015	\$ 178,939	\$ (335,219)					
Receipt of common units due to annual common unit adjustment	15,421	(15,421)	\$ —	\$ —	\$ —	\$ —	\$ —
Revenues earned under ESA (1)	—	—	—	—	(11,330)	—	11,330
Receipt of excess cash distributions	(14,072)	—	(15,396)	—	—	—	29,468
Receipt under tax receivable agreement	(2,308)	—	(2,744)	—	—	—	5,052
Equity in earnings	8,510	—	—	(8,510)	—	—	—
Equity in other comprehensive loss	(2,735)	—	—	—	—	2,735	—
Amortization of deferred revenue	—	8,506	—	—	(8,506)	—	—
Balance as of and for the twelve months ended December 31, 2015	<u>\$ 183,755</u>	<u>\$ (342,134)</u>	<u>\$ (18,140)</u>	<u>\$ (8,510)</u>	<u>\$ (19,836)</u>	<u>\$ 2,735</u>	<u>\$ 45,850</u>
Receipt of common units due to annual common unit adjustment	11,111	(11,111)	\$ —	\$ —	\$ —	\$ —	\$ —
Revenues earned under ESA (1)	—	—	—	—	(11,048)	—	11,048
Receipt of excess cash distributions	(11,233)	—	(11,483)	—	—	—	22,716
Receipt under tax receivable agreement	(2,985)	—	(3,173)	—	—	—	6,158
Equity in earnings	9,347	—	—	(9,347)	—	—	—
Amortization of deferred revenue	—	9,317	—	—	(9,317)	—	—
Balance as of and for the twelve months ended December 31, 2016	<u>\$ 189,995</u>	<u>\$ (343,928)</u>	<u>\$ (14,656)</u>	<u>\$ (9,347)</u>	<u>\$ (20,365)</u>	<u>\$ —</u>	<u>\$ 39,922</u>
Receipt of common units due to annual common unit adjustment	18,363	(18,363)	\$ —	\$ —	\$ —	\$ —	\$ —
Revenues earned under ESA (1)	—	—	—	—	(11,274)	—	11,274
Receipt of excess cash distributions	(15,093)	—	(14,158)	—	—	—	29,251
Receipt under tax receivable agreement	(2,265)	—	(2,249)	—	—	—	4,514
Equity in earnings	9,550	—	—	(9,550)	—	—	—
Amortization of deferred revenue	—	10,585	—	—	(10,585)	—	—
Balance as of and for the twelve months ended December 31, 2017	<u>\$ 200,550</u>	<u>\$ (351,706)</u>	<u>\$ (16,407)</u>	<u>\$ (9,550)</u>	<u>\$ (21,859)</u>	<u>\$ —</u>	<u>\$ 45,039</u>

(1) Amounts include the per patron and per digital screen theatre access fees due to the Company, net of amounts due to NCM for on-screen advertising time provided to the Company's beverage concessionaire. The amounts due to NCM for on-screen advertising time provided to the Company's beverage concessionaire were approximately \$9,819, \$10,523 and \$11,110 for the years ended December 31, 2015, 2016 and 2017, respectively.

The Company made payments to NCM of approximately \$50, \$49 and \$102 during the years ended December 31, 2015, 2016 and 2017, respectively, related to installation of certain equipment used for digital advertising, which is included in theatre furniture and equipment on the consolidated balance sheets.

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

The tables below present summary financial information for NCM for the periods indicated (financial information for NCM's fiscal year ended December 29, 2017 is not yet available):

	Year Ended December 31, 2015	Year Ended December 29, 2016	Nine Months Ended September 28, 2017
Revenues	\$ 446,500	\$ 447,600	\$ 285,400
Operating income	\$ 140,500	\$ 173,000	\$ 83,700
Net income	\$ 87,500	\$ 109,300	\$ 44,800

	As of December 29, 2016	As of September 28, 2017
Current assets	\$ 180,900	\$ 130,100
Noncurrent assets	\$ 607,600	\$ 776,900
Current liabilities	\$ 121,100	\$ 96,700
Noncurrent liabilities	\$ 924,300	\$ 910,800
Members' deficit	\$ (256,900)	\$ (100,500)

6. OTHER INVESTMENTS

Below is a summary of activity for each of the Company's other investments for the periods indicated:

	DCIP	RealD	AC JV, LLC	DCDC	Other	Total
Balance at December 31, 2014	\$ 51,277	\$ 14,429	\$ 7,899	\$ 2,438	\$ 1,615	\$ 77,658
Cash contributions	3,211	—	—	—	500	3,711
Equity in income	18,522	—	970	124	—	19,616
Equity in comprehensive loss	(384)	—	—	—	—	(384)
Unrealized holding loss	—	(1,529)	—	—	—	(1,529)
Sale of investment in Taiwan (1)	—	—	—	—	(1,383)	(1,383)
Cash distributions received	(1,047)	—	(1,600)	—	—	(2,647)
Other	—	—	—	—	(69)	(69)
Balance at December 31, 2015	\$ 71,579	\$ 12,900	\$ 7,269	\$ 2,562	\$ 663	\$ 94,973
Cash contributions	717	—	—	—	415	1,132
Equity in income	21,434	—	311	870	—	22,615
Equity in comprehensive income	89	—	—	—	—	89
Sale of investment (2)	—	(12,900)	—	—	—	(12,900)
Cash distributions received	(6,000)	—	(1,600)	(98)	—	(7,698)
Other	—	—	—	(584)	690	106
Balance at December 31, 2016	\$ 87,819	\$ —	\$ 5,980	\$ 2,750	\$ 1,768	\$ 98,317
Cash contributions	1,112	—	—	—	2,603	3,715
Equity in income	22,900	—	2,336	1,199	—	26,435
Equity in comprehensive income	248	—	—	—	—	248
Cash distributions received	(5,864)	—	(2,400)	(351)	—	(8,615)
Other	—	—	—	—	(55)	(55)
Balance at December 31, 2017	<u>\$ 106,215</u>	<u>\$ —</u>	<u>\$ 5,916</u>	<u>\$ 3,598</u>	<u>\$ 4,316</u>	<u>\$ 120,045</u>

(1) The Company sold its investment in a Taiwan joint venture for \$2,634, resulting in a gain of \$1,251, which is included in loss on sale of assets and other for the year ended December 31, 2015.

(2) See further discussion of the sale of the investment held by the Company under *RealD, Inc.* below.

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

Digital Cinema Implementation Partners LLC (“DCIP”)

On February 12, 2007, the Company, AMC and Regal entered into a joint venture known as 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. As of December 31, 2017, the Company had a 33% voting interest in DCIP and a 24.3% economic interest in DCIP. The Company accounts for its investment in DCIP and its subsidiaries under the equity method of accounting.

Below is summary financial information for DCIP as of and for the years ended December 31, 2015, 2016 and 2017.

	Year ended December 31,		
	2015	2016	2017
Revenues	\$ 171,203	\$ 178,836	\$ 177,382
Operating income	\$ 103,449	\$ 107,919	\$ 106,687
Net income	\$ 79,255	\$ 89,152	\$ 93,103

	As of	
	December 31, 2016	December 31, 2017
Current assets	\$ 45,087	\$ 56,296
Noncurrent assets	\$ 861,290	\$ 772,438
Current liabilities	\$ 44,771	\$ 59,153
Noncurrent liabilities	\$ 464,246	\$ 296,889
Members' equity	\$ 397,360	\$ 472,692

The digital projection systems are being leased from Kasima LLC (“Kasima”), which is an indirect subsidiary of DCIP and a related party to the Company, under an operating lease with an initial term of twelve years that contains ten one-year fair value renewal options. The equipment lease agreement also contains a fair value purchase option. Under the equipment lease agreement, the Company pays annual rent of one thousand dollars per digital projection system. The Company may also be subject to various types of other rent if such digital projection systems do not meet minimum performance requirements as outlined in the agreements. Certain of the other rent payments are subject to either a monthly or an annual maximum. As of December 31, 2017, the Company had 3,805 digital projection systems being leased under the master equipment lease agreement with Kasima. The Company had the following transactions with DCIP during the years ended December 31, 2015, 2016 and 2017:

	Year Ended December 31,		
	2015	2016	2017
Equipment lease payments	\$ 4,474	\$ 5,217	\$ 5,743
Warranty reimbursements from DCIP	\$ (4,329)	\$ (6,091)	\$ (8,511)
Management services fees	\$ 825	\$ 825	\$ 823

RealD, Inc. (“RealD”)

The Company licenses 3-D systems from RealD. Under its license agreement with RealD, the Company earned options to purchase shares of RealD common stock as it installed a certain number of 3-D systems as outlined in the license agreement. During 2010 and 2011, the Company vested in a total of 1,222,780 RealD options. Upon vesting in these options, the Company recorded an investment in RealD and a deferred lease incentive liability using the estimated fair value of the RealD options at the time of vesting. During March 2011, the Company exercised all of its options to purchase shares of common stock in RealD for \$0.00667 per share.

The Company owned 1,222,780 shares of RealD and accounted for its investment in RealD as a marketable security, specifically an available-for-sale security, in accordance with ASC Topic 320-10-35-1, therefore unrealized holding gains and losses were reported as a component of accumulated other comprehensive loss until realized.

On March 22, 2016, an affiliate of Rizvi Traverse Management, LLC acquired RealD for \$11.00 per share. As a result of the transaction, the Company sold its shares for approximately \$13,451 and recognized a gain of \$3,742, which included the recognition of a cumulative unrealized holding gain of \$3,191 previously recorded in

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

accumulated other comprehensive loss. The gain is reflected within loss on sale of assets and other on the consolidated statement of income for the year ended December 31, 2016. The Company used the proceeds to make a pre-payment on its term loan in accordance with the terms of its senior secured credit facility (see Note 10).

AC JV, LLC

During December 2013, the Company, Regal, AMC (the “AC Founding Members”) and NCM entered into a series of agreements that resulted in the formation of AC JV, LLC (“AC”), a new joint venture that now owns “Fathom Events” (consisting of Fathom Events and Fathom Consumer Events) formerly operated by NCM. The Fathom Events business focuses on the marketing and distribution of live and pre-recorded entertainment programming to various theatre operators to provide additional programs to augment their feature film schedule. The Fathom Consumer Events business includes live and pre-recorded concerts featuring contemporary music, opera and symphony, DVD product releases and marketing events, theatrical premieres, Broadway plays, live sporting events and other special events. The Company paid event fees to AC of \$11,440, \$10,871 and \$13,950 for the years ended December 31, 2015, 2016 and 2017, respectively, which are included in film rentals and advertising costs on the consolidated statements of income.

AC was formed by the AC Founding Members and NCM. NCM, under a contribution agreement, contributed the assets associated with its Fathom Events division to AC in exchange for 97% ownership of the Class A Units of AC. Under a separate contribution agreement, the Founding Members each contributed cash of approximately \$268 to AC in exchange for 1% of the Class A Units of AC. Subsequently, NCM and the Founding Members entered into a Membership Interest Purchase Agreement, under which NCM sold each of the Founding Members 31% of its Class A Units in AC, the aggregate value of which was determined to be \$25,000, in exchange for a six-year Promissory Note. Each of the Founding Members’ Promissory Notes were originally for \$8,333, bear interest at 5% per annum and require annual principal and interest payments. The remaining outstanding balance of the note payable from the Company to NCM as of December 31, 2017 was \$2,778.

Digital Cinema Distribution Coalition

The Company is a party to a joint venture with certain exhibitors and distributors called Digital Cinema Distribution Coalition (“DCDC”). DCDC operates a satellite distribution network that distributes all digital content to U.S. theatres via satellite. The Company has an approximate 14.6% ownership in DCDC. The Company paid approximately \$807, \$939 and \$848 to DCDC during the years ended December 31, 2015, 2016 and 2017, respectively, related to content delivery services, which is included in film rentals and advertising costs on the consolidated statements of income.

7. GOODWILL AND OTHER INTANGIBLE ASSETS — NET

The Company’s goodwill was as follows:

	U.S. Operating Segment	International Operating Segment	Total
Balance at December 31, 2015 ⁽¹⁾	\$ 1,156,556	\$ 90,992	\$ 1,247,548
Acquisitions of theatres	7,607	—	7,607
Other acquisitions ⁽²⁾	—	1,410	1,410
Foreign currency translation adjustments	—	6,398	6,398
Balance at December 31, 2016 ⁽¹⁾	\$ 1,164,163	\$ 98,800	\$ 1,262,963
Acquisitions of theatres ⁽³⁾	9,878	13,211	23,089
Foreign currency translation adjustments	—	(1,973)	(1,973)
Balance at December 31, 2017 ⁽¹⁾	<u>\$ 1,174,041</u>	<u>\$ 110,038</u>	<u>\$ 1,284,079</u>

(1) Balances are presented net of accumulated impairment losses of \$214,031 for the U.S. operating segment and \$27,622 for the international operating segment.

(2) Acquisition of screen advertising companies in Central America and Colombia.

(3) Acquisition of theatres in the U.S. and international markets.

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

As of December 31, intangible assets-net, consisted of the following:

	Balance at January 1, 2016	Additions (1)	Amortization	Other (2)	Balance at December 31, 2016
<i>Intangible assets with finite lives:</i>					
Gross carrying amount	\$ 99,968	\$ 503	\$ —	\$ (675)	\$ 99,796
Accumulated amortization	(59,706)	—	(5,538)	638	(64,606)
Total net intangible assets with finite lives	\$ 40,262	\$ 503	\$ (5,538)	\$ (37)	\$ 35,190
<i>Intangible assets with indefinite lives:</i>					
Tradenname	299,382	—	—	327	299,709
Total intangible assets — net	<u>\$ 339,644</u>	<u>\$ 503</u>	<u>\$ (5,538)</u>	<u>\$ 290</u>	<u>\$ 334,899</u>

	Balance at January 1, 2017	Additions (3)	Amortization	Other (2)	Balance at December 31, 2017
<i>Intangible assets with finite lives:</i>					
Gross carrying amount	\$ 99,796	\$ 11,584	\$ —	\$ (5,485)	\$ 105,895
Accumulated amortization	(64,606)	—	(5,563)	1,300	(68,869)
Total net intangible assets with finite lives	\$ 35,190	\$ 11,584	\$ (5,563)	\$ (4,185)	\$ 37,026
<i>Intangible assets with indefinite lives:</i>					
Tradenname	299,709	—	—	26	299,735
Total intangible assets — net	<u>\$ 334,899</u>	<u>\$ 11,584</u>	<u>\$ (5,563)</u>	<u>\$ (4,159)</u>	<u>\$ 336,761</u>

(1) Activity for 2016 reflects addition of non-compete agreement and favorable lease associated with theatres acquired in the U.S.

(2) Amounts represent foreign currency translation adjustments and the write-off of certain lease intangibles for theatre closures and lease amendments.

(3) Amounts represent fair values allocated to intangible assets acquired as part of acquisitions of theatres in the U.S. and international markets.

Estimated aggregate future amortization expense for intangible assets is as follows:

For the year ended December 31, 2018	\$ 5,725
For the year ended December 31, 2019	5,267
For the year ended December 31, 2020	5,535
For the year ended December 31, 2021	3,685
For the year ended December 31, 2022	3,280
Thereafter	13,534
Total	<u>\$ 37,026</u>

8. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets for impairment indicators on a quarterly basis or whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable. See Note 1 for discussion of the Company's impairment policy.

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

The Company's long-lived asset impairment losses are summarized in the following table:

	Year Ended December 31,		
	2015	2016	2017
U.S. theatre properties	\$ 7,052	\$ 1,929	\$ 5,227
International theatre properties	757	907	9,857
Subtotal	7,809	2,836	15,084
Intangible assets (1)	992	—	—
Impairment of long-lived assets	<u>\$ 8,801</u>	<u>\$ 2,836</u>	<u>\$ 15,084</u>

(1) Activity for 2015 was related to the impairment of a favorable lease for one theatre.

The long-lived asset impairment charges recorded during each of the years presented are specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics, or adverse changes in the development or the conditions of the areas surrounding the theatre. As of December 31, 2017, the estimated aggregate remaining fair value of the long-lived assets impaired during the year ended December 31, 2017 was approximately \$8,953.

9. DEFERRED CHARGES AND OTHER ASSETS — NET

As of December 31, deferred charges and other assets — net consisted of the following:

	December 31,	
	2016	2017
Long-term prepaid rents	\$ 5,996	\$ 7,762
Construction and other deposits	10,881	12,167
Equipment to be placed in service	12,856	13,868
Other	7,822	5,970
Total	<u>\$ 37,555</u>	<u>\$ 39,767</u>

10. LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

	December 31,	
	2016	2017
Cinemark USA, Inc. term loan	\$ 663,799	\$ 659,517
Cinemark USA, Inc. 4.875% senior notes due 2023	755,000	755,000
Cinemark USA, Inc. 5.125% senior notes due 2022	400,000	400,000
Other (1)	4,167	2,778
Total long-term debt	1,822,966	1,817,295
Less current portion	5,671	7,099
Less debt issuance costs, net of accumulated amortization of \$19,364 and \$25,549, respectively	34,854	29,815
Long-term debt, less current portion	<u>\$ 1,782,441</u>	<u>\$ 1,780,381</u>

(1) Primarily represents debt owed to NCM in relation to the recently-formed joint venture AC JV, LLC. See Note 6.

Senior Secured Credit Facility

Cinemark USA, Inc. has a senior secured credit facility that includes a seven year \$700,000 term loan and a five year \$100,000 revolving credit line (the "Credit Agreement").

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

On May 8, 2015, Cinemark USA, Inc., the Company's wholly-owned subsidiary, amended its Credit Agreement to extend the maturity of the \$700,000 term loan from December 2019 to May 2022. After the amendment, quarterly principal payments in the amount of \$1,750 were due on the term loan through March 31, 2022, with the remaining principal of \$635,250 due on May 8, 2022. The Company incurred debt issue costs of approximately \$6,957 in connection with the amendment, which is reflected as a reduction of long-term debt on the consolidated balance sheets. In addition, the Company incurred approximately \$925 in legal and other fees that are reflected as loss on debt amendments and refinancing on the consolidated statement of income for the year ended December 31, 2015.

On May 16, 2016, Cinemark USA, Inc. made a pre-payment of \$13,451 on its term loan using the net proceeds received from the sale of shares of RealD (see Note 6). In accordance with the terms of the Credit Agreement, the pre-payment was applied first to the next four principal installments, and second, to the remaining installments pro-rata based on the remaining outstanding principal amount of such installments. Therefore, subsequent to the prepayment, quarterly payments in the amount of \$1,427 are due on the term loan beginning June 30, 2017 through March 31, 2022, with the remaining principal of \$635,250 due on May 8, 2022. The Company did not incur any fees as a result of the pre-payment.

Cinemark USA, Inc. amended its Credit Agreement as follows during 2016 and 2017:

Effective Date	Nature of Amendment	Debt Issue Costs Paid (1)	Loss on Debt Amendment (2)
June 13, 2016	Reduced term loan interest rate by 0.25%	\$ 783	\$ 249
December 15, 2016	Reduced term loan interest rate by 0.50%	\$ 2,446	\$ 161
June 16, 2017	Reduced term loan interest rate by 0.25%; modified certain definitions and other provisions in the Credit Agreement	\$ 521	\$ 190
November 28, 2017	Extended maturity of revolving credit line to December 2022; reduced the interest rate applicable to borrowings under the credit line	\$ 330	\$ 331

(1) Reflected as a reduction of long term debt on the consolidated balance sheet as of December 31, 2016 and 2017.

(2) Reflected as a loss on debt amendments and refinancing on the consolidated statement of income for the year in which the amendments were effective.

Subsequent to the amendments noted above, interest on the term loan accrues at Cinemark USA, Inc.'s option at: (A) the base rate equal to the greater of (1) the US "Prime Rate" as quoted in The Wall Street Journal or if no such rate is quoted therein, in a Federal Reserve Board statistical release, (2) the federal funds effective rate plus 0.50%, and (3) a one-month Eurodollar-based rate plus 1.0%, plus, in each case, a margin of 1.00% per annum, or (B) a Eurodollar-based rate for a period of 1, 2, 3, 6, 9 or 12 months plus a margin of 2.00% per annum. Interest on the revolving credit line accrues, at our option, at: (A) a base rate equal to the greater of (1) the US "Prime Rate" as quoted in The Wall Street Journal or if no such rate is quoted therein, in a Federal Reserve Board statistical release, (2) the federal funds effective rate plus 0.50%, and (3) a one-month Eurodollar-based rate plus 1.0%, plus, in each case, a margin that ranges from 0.50% to 1.25% per annum, or (B) a Eurodollar-based rate for a period of 1, 2, 3, 6, 9 or 12 months plus a margin that ranges from 1.50% to 2.25% per annum. The margin of the revolving credit line is determined by the consolidated net senior secured leverage ratio as defined in the Credit Agreement.

At December 31, 2017, there was \$659,517 outstanding under the term loan and no borrowings outstanding under the revolving credit line. Cinemark USA, Inc. had \$100.0 million in available borrowing capacity on the revolving credit line. Cinemark USA, Inc. had no borrowings under the revolving credit line during the years ended December 31, 2016 or 2017. The average interest rate on outstanding term loan borrowings under the Credit Agreement at December 31, 2017 was approximately 3.6% per annum.

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

Cinemark USA, Inc.'s obligations under the Credit Agreement are guaranteed by Cinemark Holdings, 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 certain of Cinemark USA, Inc.'s domestic subsidiaries and 65% of the voting stock of certain of its foreign subsidiaries.

The Credit Agreement contains usual and customary negative covenants for agreements of this type, including, but not limited to, restrictions on Cinemark USA, Inc.'s ability, and in certain instances, its subsidiaries' and our 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 or repurchase stock; and make capital expenditures and investments. If Cinemark USA, Inc. has borrowings outstanding on the revolving credit line, it is required to satisfy a consolidated net senior secured leverage ratio covenant as defined in the Credit Agreement.

The dividend restriction contained in the Credit Agreement prevents the Company and any of its subsidiaries from paying a dividend or otherwise distributing cash to its stockholders unless (1) the Company is not in default, and the distribution would not cause Cinemark USA, Inc. to be in default, under the Credit Agreement; and (2) the aggregate amount of certain dividends, distributions, investments, redemptions and capital expenditures made since December 18, 2012, including dividends declared by the board of directors, 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 December 18, 2012, (b) Cinemark USA, Inc.'s consolidated EBITDA minus 1.75 times its consolidated interest expense, each as defined in the Credit Agreement, and (c) certain other defined amounts. As of December 31, 2017, Cinemark USA, Inc. could have distributed up to approximately \$2,620,026 to its parent company and sole stockholder, Cinemark Holdings, Inc.

4.875% Senior Notes

On May 24, 2013, Cinemark USA, Inc. issued \$530,000 aggregate principal amount of 4.875% senior notes due 2023, at par value, (the "4.875% Senior Notes"). Interest on the 4.875% Senior Notes is payable on June 1 and December 1 of each year. The 4.875% Senior Notes mature on June 1, 2023.

On March 21, 2016, Cinemark USA, Inc. issued an additional \$225,000 aggregate principal amount of the 4.875% Senior Notes, at 99.0% of the principal amount plus accrued and unpaid interest from December 1, 2015. Proceeds, after payment of fees, were used to finance the redemption of Cinemark USA, Inc.'s previously outstanding \$200,000 7.375% senior subordinated notes due 2021 (the "7.375% Senior Subordinated Notes"), as discussed below. These additional notes have identical terms, other than the issue date, the issue price and the first interest payment date, and constitute part of the same series as Cinemark USA, Inc.'s existing 4.875% Senior Notes. The aggregate principal amount of \$755,000 of 4.875% Senior Notes mature on June 1, 2023. The Company incurred debt issue costs of approximately \$3,702 in connection with the issuance of the additional notes, which, along with the discount of \$2,250, are reflected as a reduction of long term debt, net of accumulated amortization, on the consolidated balance sheets as of December 31, 2016 and 2017.

The 4.875% Senior Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of Cinemark USA, Inc.'s subsidiaries that guarantee, assume or become liable with respect to any of Cinemark USA, Inc.'s or a guarantor's debt. The 4.875% Senior Notes and the guarantees are senior unsecured obligations and rank equally in right of payment with all of Cinemark USA, Inc.'s and its guarantor's existing and future senior unsecured debt and senior in right of payment to all of Cinemark USA, Inc.'s and its guarantor's existing and future senior subordinated debt. The 4.875% Senior Notes and the guarantees are effectively subordinated to all of Cinemark USA, Inc.'s and its guarantor's existing and future secured debt to the extent of the value of the assets securing such debt, including all borrowings under Cinemark USA, Inc.'s Credit Agreement. The 4.875% Senior Notes and the guarantees are structurally subordinated to all existing and future debt and other liabilities of Cinemark USA, Inc.'s subsidiaries that do not guarantee the 4.875% Senior Notes.

The indenture to the 4.875% Senior Notes contains covenants that limit, among other things, the ability of Cinemark USA, Inc. and certain of its subsidiaries to (1) make investments or other restricted payments, including paying dividends, making other distributions or repurchasing subordinated debt or equity, (2) incur additional

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

indebtedness and issue preferred stock, (3) enter into transactions with affiliates, (4) enter new lines of business, (5) merge or consolidate with, or sell all or substantially all of its assets to, another person and (6) create liens. As of December 31, 2017, Cinemark USA, Inc. could have distributed up to approximately \$2,608,237 to its parent company and sole stockholder, Cinemark Holdings, Inc., under the terms of the indenture to the 4.875% Senior Notes, subject to its available cash and other borrowing restrictions outlined in the indenture. Upon a change of control, as defined in the indenture governing the 4.875% Senior Notes, Cinemark USA, Inc. would be required to make an offer to repurchase the 4.875% Senior Notes at a price equal to 101% of the aggregate principal amount outstanding plus accrued and unpaid interest, if any, through the date of repurchase. The indenture governing the 4.875% Senior Notes allows Cinemark USA, Inc. to incur additional indebtedness if it satisfies the coverage ratio specified in the indenture, after giving effect to the incurrence of the additional indebtedness, and in certain other circumstances. The required minimum coverage ratio is 2 to 1 and our actual ratio as of December 31, 2017 was approximately 6.1 to 1.

5.125% Senior Notes

On December 18, 2012, Cinemark USA, Inc. issued \$400,000 aggregate principal amount of 5.125% senior notes due 2022, at par value (the "5.125% Senior Notes"). Interest on the 5.125% Senior Notes is payable on June 15 and December 15 of each year. The 5.125% Senior Notes mature on December 15, 2022.

The 5.125% Senior Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of Cinemark USA, Inc.'s subsidiaries that guarantee, assume or become liable with respect to any of Cinemark USA, Inc.'s or a guarantor's debt. The 5.125% Senior Notes and the guarantees are senior unsecured obligations and rank equally in right of payment with all of Cinemark USA, Inc.'s and its guarantor's existing and future senior unsecured debt and senior in right of payment to all of Cinemark USA, Inc.'s and its guarantor's existing and future subordinated debt. The 5.125% Senior Notes and the guarantees are effectively subordinated to all of Cinemark USA, Inc.'s and its guarantor's existing and future secured debt to the extent of the value of the assets securing such debt, including all borrowings under Cinemark USA, Inc.'s Credit Agreement. The 5.125% Senior Notes and the guarantees are structurally subordinated to all existing and future debt and other liabilities of Cinemark USA, Inc.'s subsidiaries that do not guarantee the 5.125% Senior Notes.

The indenture to the 5.125% Senior Notes contains covenants that limit, among other things, the ability of Cinemark USA, Inc. and certain of its subsidiaries to (1) make investments or other restricted payments, including paying dividends, making other distributions or repurchasing subordinated debt or equity, (2) incur additional indebtedness and issue preferred stock, (3) enter into transactions with affiliates, (4) enter new lines of business, (5) merge or consolidate with, or sell all or substantially all of its assets to, another person and (6) create liens. As of December 31, 2016, Cinemark USA, Inc. could have distributed up to approximately \$2,613,268 to its parent company and sole stockholder, Cinemark Holdings, Inc., under the terms of the indenture to the 5.125% Senior Notes, subject to its available cash and other borrowing restrictions outlined in the indenture. Upon a change of control, as defined in the indenture governing the 5.125% Senior Notes, Cinemark USA, Inc. would be required to make an offer to repurchase the 5.125% Senior Notes at a price equal to 101% of the aggregate principal amount outstanding plus accrued and unpaid interest, if any, through the date of repurchase. The indenture governing the 5.125% Senior Notes allows Cinemark USA, Inc. to incur additional indebtedness if it satisfies the coverage ratio specified in the indenture, after giving effect to the incurrence of the additional indebtedness, and in certain other circumstances. The required minimum coverage ratio is 2 to 1 and our actual ratio as of December 31, 2017 was approximately 6.1 to 1.

7.375% Senior Subordinated Notes

On June 3, 2011, Cinemark USA, Inc. issued \$200,000 aggregate principal amount of 7.375% senior subordinated notes due 2021, at par value (the "Senior Subordinated Notes").

On March 21, 2016, Cinemark USA, Inc. redeemed its Senior Subordinated Notes at a make-whole premium of approximately 104% plus accrued and unpaid interest, utilizing the proceeds from the issuance of the additional \$225,000 Cinemark USA, Inc. 4.875% Senior Notes discussed above. As a result of the redemption, the Company wrote-off approximately \$2,369 in unamortized debt issue costs, paid a make-whole premium of \$9,444 and paid other fees of \$1,222, all of which are reflected in loss on debt amendments and refinancing during the year ended December 31, 2016.

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

Fair Value of Long Term Debt

The Company estimates the fair value of its long-term debt primarily using quoted market prices, which fall under Level 2 of the U.S. GAAP fair value hierarchy as defined by FASB ASC Topic 820-10-35. The carrying value of the Company's long term debt was \$1,822,966 and \$1,817,295 as of December 31, 2016 and 2017, respectively, excluding debt issuance costs of \$34,854 and \$29,815, respectively. The fair value of the Company's long term debt was \$1,850,212 and \$1,840,918 as of December 31, 2016 and 2017, respectively.

Covenant Compliance and Debt Maturity

As of December 31, 2017, the Company believes it was in full financial compliance with all agreements, including related covenants, governing its outstanding debt.

The Company's long-term debt, excluding unamortized debt issuance costs, at December 31, 2017 matures as follows:

2018	\$	7,099
2019		7,099
2020		5,710
2021		5,710
2022		1,036,677
Thereafter		755,000
Total	\$	<u>1,817,295</u>

11. FAIR VALUE MEASUREMENTS

The Company determines fair value measurements in accordance with FASB ASC Topic 820, which establishes a fair value hierarchy under which an asset or liability is categorized based on the lowest level of input significant to its fair value measurement. The levels of input defined by FASB ASC Topic 820 are as follows:

Level 1 – quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date;

Level 2 – other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – unobservable and should be used to measure fair value to the extent that observable inputs are not available.

As of December 31, 2017, the Company did not have any assets or liabilities measured at fair value on a recurring basis under FASB ASC Topic 820.

Below is a reconciliation of the beginning and ending balance for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Liabilities</u>	<u>Liabilities</u>
	<u>2016</u>	<u>2017</u>
Beginning balance - January 1	\$ 373	\$ —
Total loss included in accumulated other comprehensive loss	71	—
Settlements included in interest expense	(444)	—
Ending balance - December 31	<u>\$ —</u>	<u>\$ —</u>

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

The Company also uses the market approach for fair value measurements on a nonrecurring basis in the impairment evaluations of its long-lived assets (see Note 7 and Note 8). Additionally, the Company uses the market approach to estimate the fair value of its long-term debt (see Note 10). There were no changes in valuation techniques during the period. There were no transfers in or out of Level 1, Level 2 or Level 3 during the years ended December 31, 2015, 2016 and 2017.

12. FOREIGN CURRENCY TRANSLATION

The accumulated other comprehensive loss account in stockholders' equity of \$247,013 and \$253,282 at December 31, 2016 and 2017, respectively, includes the cumulative foreign currency losses of \$247,046 and \$253,565, respectively, from translating the financial statements of the Company's international subsidiaries, the change in fair values of the Company's interest rate swap agreements that were designated as hedges and the changes in fair value of the Company's previously held available-for-sale securities.

All foreign countries where the Company has operations are non-highly inflationary and the local currency is the same as the functional currency in all of the locations. Thus, any fluctuation in the currency results in a cumulative foreign currency translation adjustment recorded to accumulated other comprehensive loss.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the financial statements of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. There has been a steady devaluation of the Argentine peso relative to the U.S. dollar in recent years. As of December 31, 2017, the Company has not designated Argentina as highly inflationary for accounting purposes. The Company will continue to monitor the inflation on a quarterly basis to determine whether remeasurement is necessary.

Below is a summary of the impact of translating the financial statements of the Company's international subsidiaries as of and for the years ended December 31, 2015, 2016 and 2017.

Country	Exchange Rate as of December 31,			Other Comprehensive Income (Loss) For the Year Ended December 31,		
	2015	2016	2017	2015	2016	2017
	Brazil	3.96	3.26	3.31	\$ (74,559)	\$ 37,286
Argentina	12.95	16.04	18.65	(30,520)	(13,362)	(8,200)
Colombia	3,149.47	3,000.71	2,936.67	(8,043)	1,278	246
Chile	709.16	679.09	615.97	(6,572)	1,855	5,672
Peru	3.46	3.45	3.24	(4,882)	87	2,752
All other				(898)	(783)	(869)
				<u>\$ (125,474)</u>	<u>\$ 26,361</u>	<u>\$ (4,966)</u>

During the year ended December 31, 2017, the Company reclassified \$1,551 of cumulative foreign currency translation adjustments, related to a Canadian subsidiary that was liquidated, from accumulated other comprehensive loss to foreign currency exchange gain on the consolidated statement of income.

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

13. NONCONTROLLING INTERESTS IN SUBSIDIARIES

Noncontrolling interests in subsidiaries of the Company were as follows at December 31:

	December 31,	
	2016	2017
Cinemark Partners II — 24.6% interest (in one theatre)	\$ 8,249	\$ 8,795
Laredo Theatres — 25% interest (in two theatres)	1,695	1,746
Greeley Ltd. — 49% interest (in one theatre)	689	843
Other	509	509
Total	\$ 11,142	\$ 11,893

During December 2016 the Company purchased the remaining 25% noncontrolling interest of one of its Chilean subsidiaries, Flix Impirica S.A. (“Flix Impirica”), for approximately \$450 in cash. The increase in the Company’s ownership interest in the Chilean subsidiary was accounted for as an equity transaction in accordance with ASC Topic 810-10-45-23. The Company recorded a decrease in additional paid-in-capital of approximately \$27, which represented the difference between the cash paid and the book value of the Chilean subsidiary’s noncontrolling interest account, which was approximately \$423. As a result of this transaction, the Company now owns 100% of the shares in Flix Impirica.

Below is a summary of the impact of changes in the Company’s ownership interest in its subsidiaries on its equity:

	Year ended December 31,		
	2015	2016	2017
Net income attributable to Cinemark Holdings, Inc.	\$ 216,869	\$ 255,091	\$ 264,180
Transfers from noncontrolling interests			
Decrease in Cinemark Holdings, Inc. additional paid-in-capital for the buyout of Flix Impirica non-controlling interest	—	(27)	—
Net transfers from non-controlling interests	—	(27)	—
Change from net income attributable to Cinemark Holdings, Inc. and transfers from noncontrolling interests	<u>\$ 216,869</u>	<u>\$ 255,064</u>	<u>\$ 264,180</u>

14. CAPITAL STOCK

Common Stock — Common stockholders are entitled to vote on all matters submitted to a vote of the Company’s stockholders. Subject to the rights of holders of any then outstanding shares of the Company’s preferred stock, the Company’s common stockholders are entitled to any dividends that may be declared by the board of directors. The shares of the Company’s common stock are not subject to any redemption provisions. The Company has no issued and outstanding shares of preferred stock.

The Company’s ability to pay dividends is effectively limited by its status as a holding company and the terms of its subsidiary’s indentures and senior secured credit facility, which also significantly restricts the ability of certain of the Company’s subsidiaries to pay dividends directly or indirectly to the Company. See Note 10. Furthermore, certain of the Company’s foreign subsidiaries currently have a deficit in retained earnings which prevents the Company from declaring and paying dividends from those subsidiaries.

Treasury Stock — Treasury stock represents shares of common stock repurchased by the Company and not yet retired. The Company has applied the cost method in recording its treasury shares.

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

Below is a summary of the Company's treasury stock activity for the years ended December 31, 2015, 2016 and 2017.

	Number of Treasury Shares	Cost
Balance at December 31, 2014	4,057,135	\$ 61,807
Restricted stock forfeitures (1)	17,897	—
Restricted stock withholdings (2)	108,472	4,770
Balance at December 31, 2015	4,183,504	\$ 66,577
Restricted stock forfeitures (1)	56,808	—
Restricted stock withholdings (2)	206,690	6,834
Balance at December 31, 2016	4,447,002	\$ 73,411
Restricted stock forfeitures (1)	10,341	—
Restricted stock withholdings (2)	68,527	2,943
Balance at December 31, 2017	4,525,870	\$ 76,354

(1) The Company repurchased forfeited and canceled restricted shares at a cost of \$0.001 per share in accordance with the Company's 2017 Omnibus Incentive Plan.

(2) The Company withheld restricted shares as a result of the election by certain employees to satisfy their tax liabilities upon vesting in restricted stock. The Company determined the number of shares to be withheld based upon market values that ranged from \$29.17 to \$44.67 per share.

As of December 31, 2017, the Company had no plans to retire any shares of treasury stock.

Restricted Stock — Below is a summary of restricted stock activity for the years ended December 31, 2015, 2016 and 2017:

	Year Ended December 31, 2015		Year Ended December 31, 2016		Year Ended December 31, 2017	
	Shares of Restricted Stock	Weighted Average Grant Date Fair Value	Shares of Restricted Stock	Weighted Average Grant Date Fair Value	Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding at January 1	878,897	\$ 24.92	757,775	\$ 30.73	606,618	\$ 33.51
Granted	226,212	\$ 42.79	335,707	\$ 30.98	246,534	\$ 41.70
Vested	(329,437)	\$ 23.72	(430,056)	\$ 26.60	(192,230)	\$ 36.26
Forfeited	(17,897)	\$ 27.58	(56,808)	\$ 33.81	(10,341)	\$ 33.48
Outstanding at December 31	757,775	\$ 30.73	606,618	\$ 33.51	650,581	\$ 35.81

During the year ended December 31, 2017, the Company granted 246,534 shares of restricted stock to directors and employees of the Company. The fair value of the restricted stock granted was determined based on the market value of the Company's common stock on the date of grant, which ranged from \$34.82 to \$42.37 per share. The Company assumed forfeiture rates ranging from 0% to 10% for the restricted stock awards. Restricted stock granted to directors vests over a one-year period. Restricted stock granted to employees vests over periods ranging from one year to four years based on continued service. 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.

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

Below is a summary of restricted stock award activity recorded for the periods indicated.

	Year Ended December 31,		
	2015	2016	2017
Compensation expense recognized during the period	\$ 9,600	\$ 8,250	\$ 8,384
Fair value of restricted shares that vested during the period	\$ 14,424	\$ 14,662	\$ 8,172
Income tax deduction upon vesting of restricted stock awards	\$ 3,823	\$ 5,555	\$ 2,667

As of December 31, 2017, the remaining unrecognized compensation expense related to these restricted stock awards was approximately \$13,049. The weighted average period over which this remaining compensation expense will be recognized is approximately two years.

Restricted Stock Units — During the years ended December 31, 2015, 2016 and 2017, the Company granted restricted stock units representing 142,917, 253,661 and 175,634 hypothetical shares of common stock, respectively, to employees. 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”) for a two year measurement period, as defined in the award agreement, 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 and vest on a prorata basis according to the IRR achieved by the Company during the performance period. As an example, if the Company achieves an IRR equal to 11.0% for the 2015 grant, the number of restricted stock units that shall vest will be greater than the target but less than the maximum number that would have vested had the Company achieved the highest IRR. 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 the fourth anniversary of the grant date.

The financial performance factors and respective vesting rates for each of the 2015, 2016 and 2017 grants are as follows:

	Year Ended December 31,			Percentage of Shares Vesting
	2015	2016	2017	
Threshold IRR	7.5%	6.0%	7.0%	33.3%
Target IRR	9.5%	8.0%	9.5%	66.6%
Maximum IRR	11.5%	10.0%	13.0%	100.0%

At the time of each of the restricted stock unit grants, the Company assumes the IRR level to be reached for the defined measurement period will be the mid-point IRR level in determining the amount of compensation expense to record for such grants. If and when additional information becomes available to indicate that something other than the mid-point IRR level will be achieved, the Company adjusts compensation expense on a prospective basis over the remaining service period. The Company assumed a forfeiture rate of 5% for the restricted stock unit awards granted during 2017. Restricted stock unit award participants are eligible to receive dividend equivalent payments if and at the time the restricted stock unit awards vest.

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

Below is a table summarizing the potential number of units that could vest under restricted stock unit awards granted during the years ended December 31, 2015, 2016 and 2017 at each of the three levels of financial performance (excluding forfeitures):

	Granted During the Year Ended December 31,					
	2015		2016		2017	
	Number of Units	Value at Grant⁽¹⁾	Number of Units	Value at Grant⁽¹⁾	Number of Units	Value at Grant⁽¹⁾
at threshold IRR	47,640	\$ 2,057	84,554	\$ 2,522	58,545	\$ 2,481
at target IRR	95,282	\$ 4,115	169,107	\$ 5,044	117,089	\$ 4,961
at maximum IRR	142,917	\$ 6,173	253,661	\$ 7,568	175,634	\$ 7,442

(1) The grant date fair values for units issued during the years ended December 31, 2015, 2016, and 2017 were \$43.19, \$29.83 and \$42.37, respectively.

Below is a summary of activity for restricted stock unit awards for the periods indicated:

	Year Ended December 31,		
	2015	2016	2017
Number of restricted stock unit awards that vested during the period	123,769	213,984	97,115
Fair value of restricted stock unit awards that vested during the period	\$ 5,483	\$ 7,260	\$ 4,155
Accumulated dividends paid upon vesting of restricted stock unit awards	\$ 442	\$ 662	\$ 558
Income tax benefit recognized upon vesting of restricted stock unit awards	\$ 2,303	\$ 3,049	\$ 1,745
Compensation expense recognized during the period	\$ 6,158	\$ 5,144	\$ 4,297

During the year ended December 31, 2015, the Compensation Committee of the Board of Directors approved a modification to each of the 2013 and 2014 restricted stock unit grants. The modifications resulted in a cap on the foreign currency exchange rate devaluation impact to be used in calculating the IRR for the respective measurement periods. The Company revalued each of the grants based on the Company's stock price at the date of modification, which was \$33.02. The modifications resulted in incremental compensation expense of approximately \$2,460 for the year ended December 31, 2015.

During the year ended December 31, 2016, the Compensation Committee of the Board of Directors approved a modification to the 2015 restricted stock unit grants. The modification resulted in a cap on the foreign currency exchange rate devaluation impact to be used in calculating the IRR for the respective measurement periods. The Company revalued each of the grants based on the Company's stock price at the date of modification, which was \$37.98. The modifications resulted in incremental compensation expense of approximately \$562 for the year ended December 31, 2016.

As of December 31, 2017, the Company had restricted stock units outstanding that represented a total 628,189 hypothetical shares of common stock, net of actual cumulative forfeitures of 7,407 units, assuming the maximum IRR is achieved for all of the outstanding restricted stock unit awards.

As of December 31, 2017, the remaining unrecognized compensation expense related to the outstanding restricted stock unit awards was \$6,820, which reflects the maximum IRR level that was achieved for the 2014 and 2015 grants, an IRR level of 8.0% that is estimated for the 2016 grants and an IRR level of 9.5% that is estimated for the 2017 grants. The weighted average period over which this remaining compensation expense will be recognized is approximately two years.

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

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Year Ended December 31,		
	2015	2016	2017
Cash paid for interest	\$ 105,155	\$ 108,101	\$ 99,232
Cash paid for income taxes, net of refunds received	\$ 108,435	\$ 93,368	\$ 95,043
Noncash investing and financing activities:			
Change in accounts payable and accrued expenses for the acquisition of theatre properties and equipment ⁽¹⁾	\$ 2,491	\$ (29,471)	\$ 9,349
Theatre properties and equipment acquired under capital lease	\$ 36,544	\$ 33,282	\$ 46,727
Investment in NCM - receipt of common units (see Note 5)	\$ 15,421	\$ 11,111	\$ 18,363
Dividends accrued on unvested restricted stock unit awards	\$ (593)	\$ (554)	\$ (558)
Receipt of promissory note related to sale of investment in a Taiwan joint venture	\$ 2,304	\$ —	\$ —

(1) Additions to theatre properties and equipment included in accounts payable as of December 31, 2016 and 2017 were \$40,625 and \$31,276, respectively.

16. INCOME TAXES

On December 22, 2017, the President signed the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act, among other things, lowered the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018.

The Company recorded a net one-time benefit of \$44,889, all non-cash, related to enactment of the Tax Act, including a re-measurement of deferred tax liabilities using the lower U.S. corporate income tax rate, a reassessment of permanently reinvested earnings, a deemed repatriation tax, and a reduction in a deferred tax asset with regard to foreign tax credit carryforwards.

The adjustments to deferred tax assets and liabilities and the liability related to the transition tax are provisional amounts based on information available as of December 31, 2017. These amounts may change due to, among other things, further refinement of the Company's calculations, changes in interpretations and assumptions that the Company has made, and additional guidance that may be issued by the U.S. government. The Company will complete its analysis over a one-year measurement period ending December 22, 2018, and any adjustments during this measurement period will be included in net income from continuing operations as an adjustment to income tax expense in the reporting period when such adjustments are determined.

The Company's provision for federal and foreign income tax expense for continuing operations consisted of the following:

	Year Ended December 31,		
	2015	2016	2017
Income before income taxes:			
U.S.	\$ 259,652	\$ 274,756	\$ 280,535
Foreign	88,015	85,890	64,842
Total	<u>\$ 347,667</u>	<u>\$ 360,646</u>	<u>\$ 345,377</u>

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

Current and deferred income taxes were as follows:

	Year Ended December 31,		
	2015	2016	2017
Current:			
Federal	\$ 71,288	\$ 65,303	\$ 54,435
Foreign	35,874	32,047	29,306
State	10,682	11,936	10,632
Total current expense	\$ 117,844	\$ 109,286	\$ 94,373
Deferred:			
Federal	\$ 10,420	\$ (13,667)	\$ (14,046)
Foreign	(3,339)	1,674	(4,270)
State	4,014	6,526	3,301
Total deferred taxes	\$ 11,095	\$ (5,467)	\$ (15,015)
Income taxes	\$ 128,939	\$ 103,819	\$ 79,358

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

	Year Ended December 31,		
	2015	2016	2017
Computed statutory tax expense	\$ 121,683	\$ 126,226	\$ 120,882
Foreign inflation adjustments	(1,295)	(281)	—
State and local income taxes, net of federal income tax impact	9,559	11,999	12,786
Foreign losses not benefited and changes in valuation allowance	(2,408)	(34,757)	249
Foreign tax rate differential	(2,660)	(942)	(245)
Foreign dividends	—	68,684	13,662
Foreign tax credits	—	(62,815)	(21,647)
Impacts related to 2017 Tax Act ⁽¹⁾	—	—	(44,889)
Changes in uncertain tax positions	3,717	921	983
Other — net	343	(5,216)	(2,423)
Income taxes	\$ 128,939	\$ 103,819	\$ 79,358

(1) Includes one-time benefit due to re-measurement of net deferred tax liabilities using a lower U.S. corporate tax rate and a reassessment of permanently reinvested earnings of (\$79,834), a deemed repatriation tax of \$14,512, and a reduction in deferred tax assets with regard to foreign tax credit carryforwards of \$20,433.

U.S. income taxes have been provided on deemed repatriated earnings of \$352,632 related to the Company's non-U.S. companies as of December 31, 2017 as a result of the enactment of the Tax Act. The Company recorded a net transition tax of \$14,512 on the deemed repatriated earnings during the year ended December 31, 2017. Before the Tax Act, U.S. income taxes and foreign withholding taxes had not been provided on earnings of \$316,346 and \$251,439 that had not been distributed by the Company's non-U.S. companies as of December 31, 2015 and 2016, respectively. The Company's intention before enactment of the Tax Act was to permanently reinvest these earnings, thereby indefinitely postponing their remittance to the U.S. While the Company's investment in foreign subsidiaries continues to be permanent in duration, the Company may periodically repatriate a portion of these earnings to the extent that it does not incur additional U.S. tax liability. The Company considers any excess of the amount for financial reporting over the tax basis of its investment in its foreign subsidiaries to be indefinitely reinvested. At this time, the determination of deferred tax liabilities on this amount is not practicable.

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

Deferred Income Taxes

The tax effects of significant temporary differences and tax loss and tax credit carryforwards comprising the net long-term deferred income tax liabilities as of December 31, 2016 and 2017 consisted of the following:

	December 31,	
	2016	2017
Deferred liabilities:		
Theatre properties and equipment	\$ 176,781	\$ 147,208
Intangible asset — other	36,052	30,770
Intangible asset — tradenames	112,747	72,967
Investment in partnerships	107,066	67,449
Total deferred liabilities	<u>432,646</u>	<u>318,394</u>
Deferred assets:		
Deferred lease expenses	24,026	14,714
Exchange (gain) loss	(731)	220
Deferred revenue - NCM	130,005	85,816
Capital lease obligations	85,721	67,369
Other tax loss carryforwards	15,883	15,564
Other tax credit carryforwards	48,033	38,436
Other expenses, not currently deductible for tax purposes	11,270	13,801
Total deferred assets	<u>314,207</u>	<u>235,920</u>
Net deferred income tax liability before valuation allowance	118,439	82,474
Valuation allowance against deferred assets – non-current	14,524	35,246
Net deferred income tax liability	<u>\$ 132,963</u>	<u>\$ 117,720</u>
Net deferred tax liability — Foreign	\$ 7,571	\$ 3,073
Net deferred tax liability — U.S.	125,392	114,647
Total	<u>\$ 132,963</u>	<u>\$ 117,720</u>

A significant portion of our foreign tax credit carryforwards expire in 2024. Some foreign net operating losses will expire in the next reporting period; however, some losses may be carried forward indefinitely. State net operating losses may be carried forward for periods of between five and twenty years with the last expiring year being 2037.

The Company's valuation allowance changed from \$14,524 at December 31, 2016 to \$35,246 at December 31, 2017 (see Note 20). The increase was a result of the Tax Act and its impact on the estimated usage of foreign tax credit carryforwards before their expiration.

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

Uncertain Tax Positions

The following is a reconciliation of the total amounts of unrecognized tax benefits excluding interest and penalties, for the years ended December 31, 2015, 2016 and 2017:

	Year Ended December 31,		
	2015	2016	2017
Balance at January 1,	\$ 16,515	\$ 17,133	\$ 17,403
Gross increases - tax positions in prior periods	40	13	92
Gross decreases - tax positions in prior periods	—	—	(12)
Gross increases - current period tax positions	2,112	923	265
Settlements	(871)	(924)	(177)
Foreign currency translation adjustments	(663)	258	695
Balance at December 31,	<u>\$ 17,133</u>	<u>\$ 17,403</u>	<u>\$ 18,266</u>

The Company had \$18,190 and \$20,232 of unrecognized tax benefits, including interest and penalties, as of December 31, 2016 and 2017, respectively. Of these amounts, \$18,190 and \$20,232 represent the amount of unrecognized tax benefits that, if recognized, would impact the effective income tax rate for the years ended December 31, 2016 and 2017, respectively. The Company had \$4,111 and \$5,288 accrued for interest and penalties as of December 31, 2016 and 2017, respectively.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and in certain state and foreign jurisdictions and are routinely under audit by many different tax authorities. The Company believes that its accrual for tax liabilities is adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. The Company is no longer subject to income tax audits from the Internal Revenue Service for years before 2014. The Company is no longer subject to state income tax examinations by tax authorities in its major state jurisdictions for years before 2013. The Company is no longer subject to non-U.S. income tax examinations by tax authorities in its major non-U.S. tax jurisdictions for years before 2005.

The Company is currently under audit in the non-U.S. tax jurisdictions of Brazil and Chile. The Company believes that it is reasonably possible that the Chile audit will be completed within the next twelve months.

17. COMMITMENTS AND CONTINGENCIES

Leases — The Company conducts a significant part of its theatre operations in leased properties under noncancelable operating and capital leases with terms generally ranging from 10 to 25 years. In addition to the minimum annual lease payments, some of the leases provide for contingent rentals based on operating results of the theatre and most require the payment of taxes, insurance and other costs applicable to the property. The Company can renew, at its option, a substantial portion of the leases at defined or then market rental rates for various periods. Some leases also provide for escalating rent payments throughout the lease term. A liability for deferred lease expenses of \$42,378 and \$40,929 at December 31, 2016 and 2017, respectively, has been provided to account for lease expenses on a straight-line basis, where lease payments are not made on such a basis. Theatre rent expense was as follows:

	Year Ended December 31,		
	2015	2016	2017
Fixed rent expense	\$ 240,057	\$ 242,927	\$ 247,908
Contingent rent and other facility lease expenses	79,704	78,367	80,289
Total facility lease expense	<u>\$ 319,761</u>	<u>\$ 321,294</u>	<u>\$ 328,197</u>

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

Future minimum lease payments under noncancelable operating and capital leases that have initial or remaining terms in excess of one year at December 31, 2017 are due as follows:

	Operating Leases	Capital Leases
2018	\$ 253,835	\$ 42,832
2019	233,606	42,363
2020	215,265	41,543
2021	197,779	34,584
2022	171,486	32,383
Thereafter	675,567	182,027
Total	\$ 1,747,538	375,732
Amounts representing interest payments		(99,070)
Present value of future minimum payments		276,662
Current portion of capital lease obligations		(25,511)
Capital lease obligations, less current portion		\$ 251,151

Employment Agreements — On August 20, 2015, the Company’s board of directors announced Mr. Mark Zoradi as the Company’s Chief Executive Officer. The Company and Mr. Zoradi entered into an employment agreement effective as of August 24, 2015.

Effective March 4, 2016, the Company’s former President and Chief Operating Officer, Robert Copple, resigned with good reason as defined within his employment agreement. The Company paid Mr. Copple the payments and benefits pursuant to the terms set forth in his employment agreement. The Company’s post-termination obligations, such as providing continued participation in the Company’s welfare benefit plans and insurance programs, remain in effect for a limited period of time under the employment agreement. All expenses incurred by the Company in relation to the resignation are reflected in general and administrative expenses for the year ended December 31, 2016.

The Company’s employment agreement with Mr. Tim Warner, the Company’s former CEO, terminated on April 1, 2016.

As of December 31, 2017, the Company had employment agreements with Lee Roy Mitchell, Mark Zoradi, Sean Gamble, Valmir Fernandes, Michael Cavalier and Rob Carmony. The employment agreements are subject to automatic extensions for a one year period, unless the employment agreements are terminated. The base salaries stipulated in the employment agreements are subject to review at least annually during the term of the agreements for increase (but not decrease) by the Company’s Compensation Committee. Management personnel subject to these employment agreements are eligible to receive annual cash incentive bonuses upon the Company meeting certain performance targets established by the Compensation Committee within the first 90 days of the fiscal year.

Effective January 2, 2018, Robert Carmony retired from the Company and his employment agreement was terminated as of that date.

Retirement Savings Plan — The Company has a 401(k) retirement savings plan (“401(k) Plan”) for the benefit of all eligible employees and makes matching contributions as determined annually in accordance with the 401(k) Plan. Employer matching contribution payments of \$3,187 and \$6,380 were made during 2016 (for plan year 2015) and 2017 (for plan years 2016 and 2017), respectively. A liability of approximately \$999 has been recorded at December 31, 2017 for employer contribution payments to be made in 2018 for the remaining amounts owed for plan year 2017.

Legal Proceedings — *Joseph Amey, et al. v. Cinemark USA, Inc., Case No. 3:13cv05669, In the United States District Court for the Northern District of California, San Francisco Division.* The case presents putative class action claims for damages and attorney’s fees arising from employee wage and hour claims under California law for alleged meal period, rest break, reporting time pay, unpaid wages, pay upon termination, and wage statements violations. The claims are also asserted as a representative action under the California Private Attorney General Act (“PAGA”). The Company denies the claims, denies that class certification is appropriate and denies that a PAGA

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

representative action is appropriate, and is vigorously defending against the claims. The Company denies any violation of law and plans to vigorously defend against all claims. The Court determined that class certification is not appropriate and determined that a PAGA representative action is not appropriate. The plaintiff has appealed these rulings. The Ninth Circuit Court of Appeal reversed portions of the ruling and remanded it back to the District Court. The Company is unable to predict the outcome of the litigation or the range of potential loss.

Flagship Theatres of Palm Desert, LLC d/b/a Cinemas Palme D'Or v. Century Theatres, Inc., and Cinemark USA, Inc.; Superior Court of the State of California, County of Los Angeles. Plaintiff in this case alleges that the Company violated California antitrust and unfair competition laws by engaging in "circuit dealing" with various motion picture distributors and tortiously interfered with Plaintiff's business relationships. Plaintiff seeks compensatory damages, trebling of those damages under California law, punitive damages, injunctive relief, attorneys' fees, costs and interest. Plaintiff also alleges that the Company's conduct ultimately resulted in closure of its theatre in June 2016. The Company denied the allegations. In 2008, the Company moved for summary judgment on Plaintiff's claims, arguing primarily that clearances between the theatres at issue were lawful and that Plaintiff lacked proof sufficient to support certain technical elements of its antitrust claims. The trial court granted that motion and dismissed Plaintiff's claims. Plaintiff appealed and, in 2011, the Court of Appeal reversed, holding, among other things, that Plaintiff's claims were not about the illegality of clearances but were focused, instead, on "circuit dealing." Having re-framed the claims in that manner, the Court of Appeal held that the trial court's decision to limit discovery to the market where the theatres at issue operated was an error, as "circuit dealing" necessarily involves activities in different markets. Upon return to the trial court, the parties engaged in additional, broadened discovery related to Plaintiff's "circuit dealing" claim. Thereafter, the Company moved again for summary judgment on all of Plaintiff's claims. That new motion for summary judgment was pending when, on or about April 11, 2014, the trial court granted the Company's motion for terminating sanctions and entered a judgment dismissing the case with prejudice. Plaintiff then appealed that second dismissal, seeking to have the judgment reversed and the case remanded to the trial court. The Court of Appeal issued a ruling on May 24, 2016, reversing the granting of terminating sanctions and instead imposed a lesser evidentiary and damages preclusion sanction. The case returned to the trial court on October 6, 2016. The Company has denied Plaintiff's allegations and is vigorously defending these claims. The Company is unable to predict the outcome of this litigation or the range of potential loss.

The Company received a Civil Investigative Demand ("CID") from the Antitrust Division of the United States Department of Justice. The CID relates to an investigation under Sections 1 and 2 of the Sherman Act. The Company also received CIDs from the Antitrust Section of the Office of the Attorney General of the State of Ohio and later from other states regarding similar inquiries under state antitrust laws. The CIDs request the Company to answer interrogatories, and produce documents, or both, related to the investigation of matters including film clearances, potential coordination and/or communication with other major theatre circuits and related joint ventures. The Company intends to fully cooperate with all federal and state government agencies. Although the Company does not believe that it has violated any federal or state antitrust or competition laws, it cannot predict the ultimate scope, duration or outcome of these investigations.

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

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

18. SEGMENTS

The Company manages its international market and its U.S. market as separate reportable operating segments, with the international segment consisting of operations in Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao and Paraguay. Each segment's revenue is derived from admissions and concession sales and other ancillary revenues. The Company uses Adjusted EBITDA, as shown in the reconciliation table below, as the primary measure of segment profit and loss to evaluate performance and allocate its resources. The Company does not report asset information by segment because that information is not used to evaluate the performance or allocate resources between segments.

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

	Year Ended December 31,		
	2015	2016	2017
Revenues			
U.S.	\$ 2,137,733	\$ 2,230,693	\$ 2,236,237
International	728,735	701,573	769,436
Eliminations	(13,859)	(13,501)	(14,126)
Total revenues	\$ 2,852,609	\$ 2,918,765	\$ 2,991,547
Adjusted EBITDA (1)			
U.S.	\$ 516,366	\$ 548,413	\$ 558,182
International	166,416	157,690	165,576
Total Adjusted EBITDA	\$ 682,782	\$ 706,103	\$ 723,758
Capital expenditures			
U.S.	\$ 223,213	\$ 242,271	\$ 321,040
International	108,513	84,637	59,822
Total capital expenditures	\$ 331,726	\$ 326,908	\$ 380,862

(1) Distributions from equity investees are reported entirely within the U.S. operating segment

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

	Year Ended December 31,		
	2015	2016	2017
Net income	\$ 218,728	\$ 256,827	\$ 266,019
Add (deduct):			
Income taxes	128,939	103,819	79,358
Interest expense (1)	112,741	108,313	105,918
Loss on debt amendments and refinancing	925	13,445	521
Other income (2)	(20,041)	(44,813)	(43,127)
Other cash distributions from equity investees (3)	19,027	21,916	25,973
Depreciation and amortization	189,206	209,071	237,513
Impairment of long-lived assets	8,801	2,836	15,084
Loss on sale of assets and other	8,143	20,459	22,812
Deferred lease expenses	(1,806)	(990)	(1,268)
Amortization of long-term prepaid rents	2,361	1,826	2,274
Share based awards compensation expense	15,758	13,394	12,681
Adjusted EBITDA	\$ 682,782	\$ 706,103	\$ 723,758

(1) Includes amortization of debt issue costs.

(2) Includes interest income, foreign currency exchange gain (loss), and equity in income of affiliates and excludes distributions from NCM.

(3) Includes distributions received from equity investees that were recorded as a reduction of the respective investment balances.

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

Financial Information About Geographic Area

Below is a breakdown of select financial information by geographic area:

	Year Ended December 31,		
	2015	2016	2017
Revenues			
U.S.	\$ 2,137,733	\$ 2,230,693	\$ 2,236,237
Brazil	291,959	304,407	341,485
Other international countries	436,776	397,166	427,951
Eliminations	(13,859)	(13,501)	(14,126)
Total	<u>\$ 2,852,609</u>	<u>\$ 2,918,765</u>	<u>\$ 2,991,547</u>
	December 31, 2016	December 31, 2017	
Theatre Properties and Equipment-net			
U.S.	\$ 1,306,643	\$ 1,439,168	
Brazil	197,896	179,669	
Other international countries	199,997	209,217	
Total	<u>\$ 1,704,536</u>	<u>\$ 1,828,054</u>	

19. RELATED PARTY TRANSACTIONS

The Company manages theatres for Laredo Theatres, 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. Lee Roy Mitchell is the Company’s Chairman of the Board and directly and indirectly owns approximately 8% of the Company’s common stock. 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 \$567, \$506 and \$586 of management fee revenues during the years ended December 31, 2015, 2016 and 2017, respectively. All such amounts are included in the Company’s consolidated financial statements with the intercompany amounts eliminated in consolidation.

The Company has an Aircraft Time Sharing Agreement with Copper Beech Capital, LLC to use, on occasion, a private aircraft owned by Copper Beech Capital, LLC. Copper Beech Capital, LLC is owned by Mr. Mitchell and his wife, Tandy Mitchell. The private aircraft is used by Mr. Mitchell and other executives who accompany Mr. Mitchell to business meetings for the Company. The Company reimburses Copper Beech Capital, LLC the actual costs of fuel usage and the expenses of the pilots, landing fees, storage fees and similar expenses incurred during the trip. For the years ended December 31, 2015, 2016 and 2017, the aggregate amounts paid to Copper Beech Capital, LLC for the use of the aircraft was approximately \$410, \$110 and \$131, respectively.

The Company held an event for its employees and their families at Pinstack in December of 2016. Pinstack is majority-owned by Mr. Mitchell and his wife, Tandy Mitchell. In connection with the event, the Company paid Pinstack approximately \$70.

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

The Company currently leases 14 theatres and one parking facility from Syufy Enterprises, LP (“Syufy”) or affiliates of Syufy. Raymond Syufy is one of the Company’s directors and is an officer of the general partner of Syufy. Of these 15 leases, 14 have fixed minimum annual rent. The one lease without minimum annual rent has rent based upon a specified percentage of gross sales as defined in the lease. For the years ended December 31, 2015, 2016 and 2017, the Company paid total rent of approximately \$20,581, \$21,124 and \$22,483, respectively, to Syufy.

20. VALUATION AND QUALIFYING ACCOUNTS

The Company’s valuation allowance for deferred tax assets for the years ended December 31, 2015, 2016 and 2017 were as follows:

		Valuation Allowance for Deferred Taxes
Balance at January 1, 2015	\$	52,873
Additions		437
Deductions		(2,674)
Balance at December 31, 2015	\$	50,636
Additions		483
Deductions		(36,595)
Balance at December 31, 2016	\$	14,524
Additions ¹		21,347
Deductions		(625)
Balance at December 31, 2017	\$	<u>35,246</u>

(1) A valuation allowance was provided against certain deferred tax assets arising from carryforwards of unused foreign tax credit benefits.

21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenues	\$ 704,869	\$ 744,404	\$ 768,574	\$ 700,918	\$ 2,918,765
Operating income	\$ 114,827	\$ 105,562	\$ 117,790	\$ 84,756	\$ 422,935
Net income	\$ 59,046	\$ 54,368	\$ 66,126	\$ 77,287	\$ 256,827
Net income attributable to Cinemark Holdings, Inc.	\$ 58,525	\$ 53,906	\$ 65,655	\$ 77,005	\$ 255,091
Net income per share attributable to Cinemark Holdings, Inc.’s common stockholders:					
Basic	\$ 0.50	\$ 0.46	\$ 0.56	\$ 0.66	\$ 2.19
Diluted	\$ 0.50	\$ 0.46	\$ 0.56	\$ 0.66	\$ 2.19

	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenues	\$ 779,610	\$ 751,195	\$ 710,748	\$ 749,994	\$ 2,991,547
Operating income	\$ 131,193	\$ 98,221	\$ 74,175	\$ 88,693	\$ 392,282
Net income	\$ 80,194	\$ 51,810	\$ 38,540	\$ 95,475	\$ 266,019
Net income attributable to Cinemark Holdings, Inc.	\$ 79,728	\$ 51,239	\$ 38,139	\$ 95,074	\$ 264,180
Net income per share attributable to Cinemark Holdings, Inc.’s common stockholders:					
Basic	\$ 0.68	\$ 0.44	\$ 0.33	\$ 0.82	\$ 2.26
Diluted	\$ 0.68	\$ 0.44	\$ 0.33	\$ 0.82	\$ 2.26

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

22. SUBSEQUENT EVENTS

On February 22, 2018, the Company's board of directors approved a cash dividend for the fourth quarter of 2017 of \$0.32 per share of common stock payable to stockholders of record on March 8, 2018. The dividend will be paid on March 22, 2018.

SCHEDULE 1 - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

CINEMARK HOLDINGS, INC.
PARENT COMPANY BALANCE SHEETS
(In thousands, except share data)

	December 31, 2016	December 31, 2017
Assets		
Cash and cash equivalents	\$ 97	\$ 132
Prepaid assets	7	—
Investment in subsidiaries	1,272,938	1,409,605
Total assets	\$ 1,273,042	\$ 1,409,737
Liabilities and equity		
Liabilities		
Accrued other current liabilities, including accounts payable to subsidiaries	\$ 10,504	\$ 15,208
Other long-term liabilities	720	734
Total liabilities	11,224	15,942
Commitments and contingencies (see Note 6)		
Equity		
Common stock, \$0.001 par value: 300,000,000 shares authorized, 120,657,254 shares issued and 116,210,252 shares outstanding at December 31, 2016 and 121,000,903 shares issued and 116,475,033 shares outstanding at December 31, 2017	121	121
Additional paid-in-capital	1,128,442	1,141,088
Treasury stock, 4,447,002 and 4,525,870 common shares at cost at December 31, 2016 and December 31, 2017, respectively	(73,411)	(76,354)
Retained earnings	453,679	582,222
Accumulated other comprehensive loss	(247,013)	(253,282)
Total equity	1,261,818	1,393,795
Total liabilities and equity	\$ 1,273,042	\$ 1,409,737

The accompanying notes are an integral part of the condensed financial information of the registrant.

CINEMARK HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(in thousands)

	2015	2016	2017
Revenues	\$ —	\$ —	\$ —
Cost of operations	2,684	2,717	2,367
Operating loss	(2,684)	(2,717)	(2,367)
Other income	—	—	6
Loss before income taxes and equity in income of subsidiaries	(2,684)	(2,717)	(2,361)
Income taxes	1,020	1,033	897
Equity in income of subsidiaries, net of taxes	218,533	256,775	265,644
Net income	\$ 216,869	\$ 255,091	\$ 264,180

The accompanying notes are an integral part of the condensed financial information of the registrant.

CINEMARK HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(In thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net income	\$ 216,869	\$ 255,091	\$ 264,180
Other comprehensive income (loss), net of tax			
Unrealized gain due to fair value adjustments on interest rate swap agreements, net of taxes of \$1,562, \$138 and \$0, net of settlements	2,636	234	—
Unrealized loss due to fair value adjustments on available-for-sale securities, net of taxes of \$572, \$0 and \$0	(957)	—	—
Other comprehensive income (loss) in equity method investments	(3,119)	89	248
Foreign currency translation adjustments	(125,474)	26,361	(4,966)
Total other comprehensive income (loss), net of tax	<u>(126,914)</u>	<u>26,684</u>	<u>(4,718)</u>
Comprehensive income attributable to Cinemark Holdings, Inc.	<u>\$ 89,955</u>	<u>\$ 281,775</u>	<u>\$ 259,462</u>

The accompanying notes are an integral part of the condensed financial information of the registrant.

CINEMARK HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015, 2016 and 2017
(in thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Activities			
Net income	\$ 216,869	\$ 255,091	\$ 264,180
Adjustments to reconcile net income to cash provided by operating activities:			
Share based awards compensation expense	885	981	857
Equity in income of subsidiaries	(218,533)	(256,775)	(265,644)
Changes in other assets and liabilities	6,194	8,188	4,164
Net cash provided by operating activities	<u>5,415</u>	<u>7,485</u>	<u>3,557</u>
Investing Activities			
Dividends received from subsidiaries	115,225	124,900	134,500
Net cash provided by investing activities	<u>115,225</u>	<u>124,900</u>	<u>134,500</u>
Financing Activities			
Proceeds from stock option exercises	—	—	—
Payroll taxes paid as a result of noncash stock option exercises and restricted stock withholdings	(4,770)	(6,834)	(2,943)
Dividends paid to stockholders	(115,863)	(125,490)	(135,079)
Net cash used for financing activities	<u>(120,633)</u>	<u>(132,324)</u>	<u>(138,022)</u>
Increase in cash and cash equivalents	<u>7</u>	<u>61</u>	<u>35</u>
Cash and cash equivalents:			
Beginning of period	29	36	97
End of period	<u>\$ 36</u>	<u>\$ 97</u>	<u>132</u>

The accompanying notes are an integral part of the condensed financial information of the registrant.

CINEMARK HOLDINGS, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
In thousands, except share and per share data

1. BASIS OF PRESENTATION

Cinemark Holdings, Inc. conducts substantially all of its operations through its subsidiaries. These statements should be read in conjunction with the Company's consolidated financial statements and notes included elsewhere in this annual report on Form 10-K. There are significant restrictions over Cinemark Holdings, Inc.'s ability to obtain funds from its subsidiaries through dividends, loans or advances as contained in Cinemark USA, Inc.'s senior secured credit facility and the indentures to each of the 4.875% Senior Notes and the 5.125% Senior Notes (collectively referred to herein as the "Notes"). These condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X, as the restricted net assets of Cinemark Holdings, Inc.'s subsidiaries under each of the debt agreements previously noted exceeds 25 percent of the consolidated net assets of Cinemark Holdings, Inc. As of December 31, 2017, the restricted net assets totaled approximately \$1,140,026 and \$1,171,387 under the senior secured credit facility and the Notes, respectively. See Note 10 to the Company's consolidated financial statements included elsewhere in this annual report on Form 10-K.

2. DIVIDEND PAYMENTS

Below is a summary of dividends declared for the fiscal periods indicated.

Date Declared	Date of Record	Date Paid	Amount per Common Share (1)	Total Dividends (in millions) (2)
2/24/2016	3/7/2016	3/18/2016	\$ 0.27	\$ 31.5
5/26/2016	6/8/2016	6/22/2016	\$ 0.27	\$ 31.5
8/18/2016	8/31/2016	9/13/2016	\$ 0.27	\$ 31.5
11/16/2016	12/2/2016	12/16/2016	\$ 0.27	\$ 31.5
Total – Year ended December 31, 2016				<u>\$ 126.0</u>
2/23/2017	3/8/2017	3/20/2017	\$ 0.29	\$ 33.9
5/25/2017	6/8/2017	6/22/2017	\$ 0.29	\$ 33.9
8/10/2017	8/31/2017	9/13/2017	\$ 0.29	\$ 33.9
11/17/2017	12/1/2017	12/15/2017	\$ 0.29	\$ 33.9
Total – Year ended December 31, 2017				<u>\$ 135.6</u>

(1) Beginning with the dividend declared on February 24, 2017, the Company's board of directors raised the quarterly dividend to \$0.29 per common share.

(2) Of the dividends recorded during 2015, 2016 and 2017, \$593, \$554 and \$558, respectively, were related to outstanding restricted stock units and will not be paid until such units vest. See Note 14.

3. DIVIDENDS RECEIVED FROM SUBSIDIARIES

During the years ended December 31, 2015, 2016 and 2017, Cinemark Holdings, Inc. received cash dividends of \$115,225, \$124,900 and \$134,500, respectively, from its subsidiary, Cinemark USA, Inc. Cinemark USA, Inc. also declared a noncash distribution to Cinemark Holdings, Inc. during the year ended December 31, 2015 of approximately \$17,935.

4. LONG-TERM DEBT

Cinemark Holdings, Inc. has no direct outstanding debt obligations, but its subsidiaries do. For a discussion of the debt obligations of Cinemark Holdings, Inc.'s subsidiaries, see Note 10 to the Company's consolidated financial statements included elsewhere in this annual report on Form 10-K.

CINEMARK HOLDINGS, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
In thousands, except share and per share data

5. CAPITAL STOCK

Cinemark Holdings, Inc.'s capital stock along with its long-term incentive plan and related activity are discussed in Note 14 of the Company's consolidated financial statements included elsewhere in this annual report on Form 10-K.

6. COMMITMENTS AND CONTINGENCIES

Cinemark Holdings, Inc. has no direct commitments and contingencies, but its subsidiaries do. See Note 17 of the Company's consolidated financial statements included elsewhere in this annual report on Form 10-K

CINEMARK HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN

TABLE OF CONTENTS

	<u>Page</u>
1. Purpose	1
2. Definitions	1
3. Administration	8
4. Shares Subject to the Plan	11
5. Eligibility	12
6. Stock Options	12
7. Restricted Awards	15
8. Performance Awards	17
9. Stock Appreciation Rights	21
10. Other Stock-Based Awards	23
11. Cash-Based Awards	23
12. Treatment of Awards on Termination of Continuous Service	23
13. Covenants of the Company	24
14. Company Use of Proceeds from Shares	25
15. Adjustments for Changes in Stock	25
16. Stockholder Approval; Amendment of the Plan; Awards	26
17. General Provisions	27
18. Market Standoff	32
19. Effective Date and Term of Plan.	32
20. Choice of Law	33
21. Limitation on Liability	33
22. Execution	33

CINEMARK HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN

1. Purpose

The purposes of the Plan are to (i) advance the interests of the Company and its stockholders by providing significant incentives to selected Employees, Directors and Consultants of the Company and its Subsidiaries, (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, and (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 Incentive Stock Options, Nonqualified Stock Options, Restricted Stock, Restricted Stock Units and Performance Awards. The Plan is intended to be an “employee benefit plan” as such term is defined under Rule 405 of the Securities Act and replaces the Prior Plan and the Cinemark Holdings, Inc. Performance Bonus Plan, as amended.

2. Definitions

(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);

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) “**Adjusted EBITDA Margin**” means Adjusted EBITDA divided by total revenues.

(c) “**Administrator**” means the Board or the Committee appointed by the Board in accordance with Section 3.

(d) “**Affiliate**” means any parent or direct or indirect subsidiary of the Company, whether now or hereafter existing.

(e) “**Award**” means, individually or collectively, any Option, Restricted Award, Performance Award, SAR, other Stock-Based Award or Cash-Based Award granted under the Plan.

(f) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an individual Award. Each Award Agreement will be subject to the terms and conditions of the Plan and need not be identical.

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

(h) “**Cash-Based Award**” means an Award granted under Section 11.

(i) “**Cash Performance Award**” means a cash-based Performance Award granted under Section 8.

(j) “**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.

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

(l) “**Committee**” means a committee of one or more members of the Board appointed by the Board to administer the Plan in accordance with Section 3(f).

(m) “**Common Stock**” means (i) the authorized Common Stock of the Company, par value \$.001 per Share, as constituted on the Effective Date 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.

(n) “**Company**” means Cinemark Holdings, Inc., a Delaware corporation.

(o) “**Consultant**” means any natural person who provides bona fide consulting or advisory services to the Company or an Affiliate under a written agreement, which 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.

(p) “**Continuing Directors**” means individuals who, with respect to any 12-month period, constitute the Board and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any Person other than the Board) whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which that individual is named as a nominee for Director without objection to the nomination) who either were Directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended;

(q) “**Continuous Service**” means the uninterrupted service of a Participant with the Company or an Affiliate as an Employee, Director or Consultant. A Participant’s Continuous Service will not be deemed interrupted or terminated merely because of a change in the capacity in which the Participant renders service, such as a change in status from Employee to Consultant or Director, or a change in the entity for which the Participant renders service, such as from the Company to an Affiliate, so long as there is no interruption or termination of the Participant’s service. The Administrator or its delegate, in its sole discretion, may determine whether Continuous Service will be considered interrupted in the case of any approved leave of absence, including sick leave, military leave or any other personal or family leave of absence.

(r) “**Covered Employee**” means a “covered employee” as defined in Code Section 162(m)(3), as modified by regulations and interpretive guidance issued thereunder.

(s) “**Date of Grant**” means the first date on which all necessary corporate action has been taken by the Administrator to approve the grant of an Award to a Participant as provided

under the Plan, provided the key terms and conditions of the Award are communicated to the Participant within a reasonable period thereafter; or such later date as is designated by the Administrator and specified in the Award Agreement or in the resolution adopted by the Committee. In any situation where the terms of the Award are subject to negotiation with the Participant, the Date of Grant will not be earlier than the date the key terms and conditions of the Award are communicated to the Participant.

(t) **“Director”** means a member of the Board.

(u) **“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 (i) renders the Participant unable to perform the essential functions of the 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, (ii) has existed for at least 60 consecutive days, and (iii) in the opinion of a physician selected by the Company will last for a duration of at least 180 consecutive days. A Participant’s Disability shall be determined by the Company, in good faith, based upon information supplied by the Participant and a physician selected by the Company. For purposes of determining the rules relating to an Incentive Stock Option, the term “Disability” shall mean a “permanent and total disability” within the meaning of Code Section 22(e)(3). The Participant shall submit to physical exams and diagnostic tests reasonably recommended by such physician.

(v) **“Effective Date”** means March 30, 2017, the date of the Board’s adoption of the Plan.

(w) **“Eligible Director”** means a person who is both a “non-employee director” as defined in Rule 16b-3(b)(3) under the Exchange Act and an “outside director” as defined in Treasury Regulation section 1.162-27(e)(3).

(x) **“Employee”** means a common law or statutory employee of the Company or an Affiliate. Mere service as a Director or payment of a Director’s fee by the Company or an Affiliate is not sufficient by itself to constitute being an Employee.

(y) **“Established Securities Market”** means a national securities exchange that is registered under Section 6 of the Exchange Act, a foreign national securities exchange that is officially recognized, sanctioned or supervised by governmental authority or any over-the-counter market that is reflected by the existence of an interdealer quotation system.

(z) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(aa) **“Executive Officer”** means an officer of the Company who is an “executive officer” within the meaning of Rule 3b-7 promulgated under the Exchange Act.

(bb) **“Exercise Price”** means the price per Share at which the holder of an Option may buy an underlying Share on exercise of the Option.

(cc) **“Fair Market Value”** means, as of the date of any valuation event, the value per Share determined using a presumptively reasonable valuation method under Treasury Regulation section 1.409A-1(b)(5)(iv), which includes the following methods:

(i) On any date on which the Common Stock is readily tradable on an Established Securities Market, if the Common Stock is admitted to trading on an exchange or market for which closing prices are reported on any date, Fair Market Value may be determined based on (1) the last sale before or the first sale after the Date of Grant of an Award or any other valuation event; (2) the closing price on the last trading day before the Date of Grant of an Award or any other valuation event; (3) the closing price on the Date of Grant or any other valuation event; or (4) an average selling price during a specified period that is within 30 days before or 30 days after the Date of Grant of an Award, on condition that the commitment to grant an Award based on an average selling price during a specified period must be irrevocable before the beginning of the specified period, and the valuation method must be used consistently for grants of Awards under the Plan and substantially similar programs.

(ii) If the Common Stock is readily tradable on an Established Securities Market but closing prices are not reported, Fair Market Value may be determined based on (1) the average of the highest bid and lowest asked prices of the Common Stock reported on the last trading day before the Date of Grant of an Award or any other valuation event or on the Date of Grant of an Award or any other valuation event; or (2) an average of the highest bid and lowest asked prices during a specified period that is within 30 days before or 30 days after the Date of Grant of an Award, on condition that the commitment to grant an Award based on an average selling price during a specified period must be irrevocable before the beginning of the specified period, and the valuation method must be used consistently for grants of Awards under the same and substantially similar programs.

(iii) At any time the Common Stock is not readily tradable on an Established Securities Market, the Administrator will determine the Fair Market Value through the reasonable application of a reasonable valuation method based on the facts and circumstances as of the valuation date, including, at the election of the Administrator, by an independent appraisal that meets the requirements of Code Section 401(a)(28)(C) and the regulations issued thereunder as of a date that is no more than 12 months before the relevant transaction to which the valuation is applied (for example, an Option’s Date of Grant), and that determination will be conclusive and binding on all Persons.

(dd) **“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 or the Award Agreement does not designate a multiple factor, the multiple factor will be 7.

(ee) **“Incentive Stock Option”** means an Option intended to qualify as an incentive stock option under Section 422 of the Code and the regulations issued thereunder.

(ff) **“Nonqualified Stock Option”** means an Option not intended to qualify as an Incentive Stock Option.

(gg) **“Officer”** means an individual who is an officer of the Company as defined in Rule 16a-1(f) under the Exchange Act.

(hh) **“Option”** means an Incentive Stock Option or a Nonqualified Stock Option granted under the Plan.

(ii) **“Participant”** means an individual to whom an Award is granted under the Plan or, if applicable, such other Person who holds an outstanding Award.

(jj) **“Performance Award”** means an Award granted under Section 8.

(kk) **“Permitted Transferee”** means a Participant’s child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law (including adoptive relationships), any individual sharing the Participant’s household (other than a tenant or employee), a trust in which these individuals (or the Participant) have more than 50% of the beneficial interest, a foundation in which these individuals (or the Participant) control the management of assets, any other entity in which these individuals (or the Participant) own more than 50% of the voting interests, or such other transferee as may be permitted by the Administrator in its sole discretion.

(ll) **“Person”** means an individual, partnership, limited liability company, corporation, association, joint stock company, trust, joint venture, labor organization, unincorporated organization, governmental entity or political subdivision thereof or any other entity, and includes a syndicate or group as those terms are used in Section 13(d)(3) or 14(d)(2) of the Exchange Act.

(mm) **“Plan”** means this Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan, as amended from time to time.

(nn) **“Prior Plan”** means the Amended and Restated Cinemark Holdings, Inc. 2006 Long Term Incentive Plan, as amended.

(oo) **“Restricted Award”** means an Award of Restricted Stock or Restricted Stock Units granted under Section 7.

(pp) **“Restricted Period”** has the meaning set forth in Section 7.

(qq) “**Restricted Stock**” means Shares granted under an Award to a Participant, which are subject to certain restrictions and risk of forfeiture.

(rr) “**Restricted Stock Unit**” means a hypothetical unit granted under an Award to a Participant evidencing the right to receive one Share or an equivalent value in cash equal to the Fair Market Value (as determined by the Administrator) in the future, which right is subject to certain restrictions and risk of forfeiture.

(ss) “**Sale of the Company**” means the “Sale of the Company” as defined in the 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 any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate), pursuant to which such Person directly or indirectly acquire (i) “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of 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 to exercise more than 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. Notwithstanding the foregoing, a transaction will not constitute a “Sale of the Company” if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the stockholders of the Company as their holding of the Company’s capital stock immediately before the transaction.

(tt) “**Sale Value**” means the price per share of Common Stock offered to stockholders of the Company in any Sale of the Company or in any merger, consolidation, dissolution or other transaction.

(uu) “**SAR**” or “**Stock Appreciation Right**” means the right under an Award to receive an amount equal to the difference between the Fair Market Value as of the date of exercise and the Strike Price, multiplied by the number of Shares for which the Award is exercised, all as determined under Section 8(g).

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

(ww) “**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.

(xx) “**Share**” means one share of the Common Stock.

(yy) “**Strike Price**” means the base value per Share of a SAR, as determined by the Administrator and as set forth in the Award Agreement.

(zz) “**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 Stock Options, the term “Subsidiary” or “Subsidiaries” means a “subsidiary corporation” or “subsidiary corporations” of the Company as defined in Section 424(f) of the Code.

(aaa) “**Surviving Entity**” means the Company, if immediately following any merger, consolidation or similar transaction, the holders of outstanding voting securities of the Company immediately before the merger or consolidation own equity securities possessing more than 50% of the voting power of the entity existing following the merger, consolidation or similar transaction. In all other cases, the other entity to the transaction and not the Company will be the Surviving Entity. In making the determination of ownership by the stockholders of an entity immediately after the merger, consolidation or similar transaction, equity securities that the stockholders owned immediately before the merger, consolidation or similar transaction as stockholders of another party to the transaction will be disregarded. Further, outstanding voting securities of an entity will be calculated by assuming the conversion of all equity securities convertible (immediately or at some future time whether or not contingent on the satisfaction of performance goals) into securities entitled to vote.

3. Administration

(a) **Administration by Board.** The Board will administer the Plan unless and until the Board delegates administration to a Committee, as provided in Section 3(f).

(b) **Authority of Administrator.** The Administrator will have the power and authority to select Participants, subject to the limitations set forth in the Plan, and grant Awards under the terms of the Plan.

(c) **Specific Authority.** In particular, the Administrator will have the authority to:

(i) construe and interpret the Plan and apply its provisions;

(ii) promulgate, amend, and rescind rules and regulations relating to the administration of the Plan;

(iii) authorize any Person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(iv) delegate its authority to one or more Officers of the Company with respect to Awards that do not involve any individual who is subject to Section 16 of the Exchange Act or who is a Covered Employee or is reasonably anticipated to become a Covered Employee during the term of an Award, which delegation will be by a resolution that specifies the total number of Shares that may be subject to Awards by the Officer and the Officer may not make an Award to himself or herself;

- (v) determine when Awards are to be granted under the Plan;
- (vi) determine the number of Shares to be made subject to each Award;
- (vii) determine whether each Option is to be an Incentive Stock Option or a Nonqualified Stock Option;
- (viii) prescribe the terms and conditions of each Award, including, without limitation, the Strike Price or Exercise Price and medium of payment, vesting provisions (provided that no Award will be granted with a vesting provision that permits any portion of the Award to vest sooner than 12 months after the Date of Grant), and to specify the provisions of the Award Agreement relating to the grant or sale;
- (ix) subject to the restrictions applicable under Section 8(d) and (e) and Section 16(e) and (f), amend any outstanding Awards, including for the purpose of modifying the time and manner of vesting, purchase price, Exercise Price or Strike Price or the term of any outstanding Award;
- (x) determine the duration and purpose of leaves of absences that may be granted to a Participant without constituting termination of their Continuous Service for purposes of the Plan, which periods will be no shorter than the periods generally applicable to Employees under the Company's employment policies or as required under applicable law;
- (xi) make decisions with respect to outstanding Awards that may become necessary on a Sale of the Company or an event that triggers capital adjustments;
- (xii) establish such rules and procedures it deems desirable 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;
- (xiii) engage outside consultants, auditors and other professional assistance in fulfillment of its duties under the Plan, all at the Company's expense; and
- (xiv) exercise discretion to make any and all other determinations that it may determine to be necessary or advisable for administration of the Plan.

(d) **Determinations.** In making its determinations concerning the Participants who shall receive 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, Awards under the Plan, whether or not such persons are similarly situated.

(e) **Decisions Final.** All decisions made by the Administrator under the provisions of the Plan will be final and binding on the Company and the Participants, unless a decision is determined by a court having jurisdiction to be arbitrary and capricious.

(f) **Committee.**

(i) **General.** The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term “**Committee**” applies to any Person or Persons to whom that authority has been delegated. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in the Plan to the Administrator will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, consistent with the provisions of the Plan, as the Board may adopt. The Board may abolish the Committee at any time and re-vest in the Board the administration of the Plan. The members of the Committee will be appointed by and serve at the pleasure of the Board. The Board may increase or decrease the size of the Committee, add additional members to, remove members (with or without Cause) from, appoint new members in substitution therefor, and fill vacancies, however caused, in the Committee. The Committee shall act by a vote of the majority of its members or, in the case of a Committee comprised of only two members, the unanimous consent of its members, whether present or not, or by the written consent of the majority of its members and shall keep minutes of all of its meetings. Subject to the limitations prescribed by the Plan and the Board, the Committee shall establish and follow such rules and regulations for the conduct of its business as it may determine to be advisable.

(ii) **Committee Composition when Registration is Required.** Whenever any class of the Company’s common equity securities is required to be registered under Section 12 of the Exchange Act, in the discretion of the Board, a Committee may consist solely of two or more Eligible Directors. The Board has sole discretion to determine whether it intends to comply with the exemption requirements of either Rule 16b-3 under the Exchange Act or Code Section 162(m). However, if the Board intends to satisfy such exemption requirements with respect to Awards to any Participant who is a Covered Employee or is reasonably anticipated to become a Covered Employee during the term of the Award, or to any Officer or Director, the Committee will at all times consist solely of two or more Eligible Directors. Within the scope of that authority, the Board or the Committee may (1) delegate to a committee of one or more members of the Board who are not “outside directors” within the meaning of Code Section 162(m) the authority to grant Awards to eligible individuals who are not Covered Employees and not expected to be Covered Employees at the time of recognition of income resulting from the Award or with respect to whom the Company does not wish to comply with Code Section 162(m); or (2) delegate to a committee of one or more members of the Board who are not “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act the authority to grant Awards to eligible individuals who are not Officers, Directors, “beneficial owners” (as defined in Rule 16a-1(a)(1) under the Exchange Act) of more than 10% of any class of equity securities of the Company registered under Section 12 of the Exchange Act or otherwise subject to Section 16 of the Exchange Act. Nothing in this Section 3(f)(ii) is intended to create an inference that an Award granted other than by a committee of the Board consisting at all times solely of two or more Eligible Directors is not validly granted under the Plan.

(g) **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).

4. Shares Subject to the Plan

(a) **Share Reserve.** Subject to adjustment under Section 15(a)(i), the maximum aggregate number of Shares that may be issued on exercise of all Awards under the Plan is 9,313,484 Shares. This limitation consists of the sum of (i) 6,539,265 Shares available for issuance under the Prior Plan as of the date of the Board's approval of the Plan; (ii) up to 1,274,219 Shares that are issuable on exercise of awards under the Prior Plan or that were otherwise awarded under the Prior Plan, that on or after the date of the stockholders' approval of the Plan are forfeited, cancelled, expired unexercised or settled in cash; and (iii) an additional 1,500,000 Shares to be approved by the Company's stockholders. Any Shares that are subject to any Award under the Plan will be counted against this limit as one Share for every one Share granted.

(b) **Return of Shares to the Share Reserve.** If any Option or SAR for any reason is cancelled, expires or otherwise terminates, in whole or in part, the Shares not acquired under the Award will revert to and again become available for issuance under the Plan. If the Company reacquires Shares issued under the Plan under the terms of any forfeiture provision, those Shares will again be available for purposes of the Plan. Each Share subject to any Award granted hereunder will be counted against the Share reserve set forth in Section 4(a) on the basis of one Share for every Share subject thereto. Notwithstanding anything in the Plan to the contrary, Shares used to pay the required Exercise Price or that are used or withheld to satisfy tax obligations of the Participant will not be available again for other Awards under the Plan. Awards or portions thereof that are settled in cash and not in Shares will not be counted against the foregoing maximum Share limitations. On and after the date of the stockholders' approval of the Plan, any Shares that are forfeited or cancelled, expire unexercised or settled in cash under the Prior Plan will be available, subject to the limitations set forth in this Section 4, for issuance under the Plan. Notwithstanding anything in this Section 4 to the contrary and subject to adjustment under Section 15(a), the maximum number of Shares that may be issued on the exercise of Incentive Stock Options will equal the aggregate number of Shares stated in Section 4(a) plus, to the extent permitted under Section 422 of the Code and the Treasury regulations thereunder, any Shares that become available for issuance under the Plan under this Section 4(b).

(c) **Source of Shares.** Shares issued under an Award may consist of authorized and unissued Shares, Shares held by the Company as treasury shares or Shares purchased on the open market, and may be subject to restrictions deemed appropriate by the Administrator.

5. Eligibility

(a) **For Awards other than Options and SARs.** Restricted Awards, Performance Awards, other Stock-Based Awards and Cash-Based Awards may be granted to any Employee, Director or Consultant of the Company or any Affiliate.

(b) **For Nonqualified Stock Options and SARs.** Nonqualified Stock Options and SARs may be granted to any Employee, Director or Consultant of the Company or a direct or indirect majority-owned subsidiary of the Company with respect to which the Company, on the Date of Grant, is an “eligible issuer” under Treasury Regulation section 1.409A-1(b)(5)(iii)(E)(1).

(c) **For Incentive Stock Options.** Incentive Stock Options may be granted only to an Employee of the Company or a corporation that, on the Date of Grant, is a “parent corporation” or “subsidiary corporation” of the Company, as those terms are defined in Code Sections 424(e) and 424(f), respectively.

(d) **Code Section 162(m) Limitation.** Subject to capitalization adjustment under Section 15(a), no Employee may be granted (i) Options or SARs covering, individually or in combination, more than 1,500,000 Shares in the aggregate during any fiscal year; (ii) Performance Awards covering, individually or in combination, more than 1,000,000 Shares in the aggregate during any fiscal year; or (iii); or Cash Performance Awards covering, individually or in combination, more than the lesser of \$3 million or 200% of the Employee’s base salary in the aggregate during any fiscal year.

(e) Director Awards.

(i) If the Board or the compensation committee of the Board separately has adopted or in the future adopts a compensation policy covering some or all non-employee Directors that provides for a predetermined formula grant that specifies the type of Award, the timing of the Date of Grant and the number of Shares to be awarded under the terms of the Plan, that formula grant will be incorporated herein by reference and will be administered as if provided under the terms of the Plan without any requirement that the Administrator separately take action to determine the terms of those Awards.

(ii) Subject to capitalization adjustment under Section 15(a), the aggregate dollar value of Awards (calculated as the Date of Grant fair value of such Awards for financial reporting purposes) and cash compensation granted under this Plan or otherwise during any calendar year to any non-employee Director shall not exceed \$1,000,000, rounded down to the nearest full Share. The foregoing limit shall not count any SAR granted in tandem with an Option under Section 9(a) .

6. Stock Options

(a) Each Option will be in such form and will contain such terms and conditions as the Administrator deems appropriate. All Options will be separately designated Incentive Stock Options or Nonqualified Stock Options at the time of grant, and, if certificates are issued,
a

separate certificate or certificates will be issued for Shares purchased on exercise of each type of Option. Notwithstanding the foregoing, the Company will have no liability to any Participant or any other Person if an Option designated as an Incentive Stock Option fails to qualify as an Incentive Stock Option at any time. The provisions of separate Options need not be identical, but each Option will include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(b) **Term and Expiration.** 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 may be exercisable later than 10 years after the Date of Grant.

(c) **Exercise Price.** The Exercise Price for each Option will be equal to or greater than the Fair Market Value on the Date of Grant; provided that an Option granted under an assumption or substitution for another stock option in a manner satisfying the provisions of Section 424(a) of the Code, as if the Option was a statutory stock option, may be granted with an Exercise Price lower than the Fair Market Value on the Date of Grant. No dividends or dividend equivalents will be paid on any outstanding Option.

(d) **Term and Exercise Price of Incentive Stock Options Granted to a Ten Percent Stockholder.** Notwithstanding the foregoing, no Incentive Stock Option granted to an Employee who owns (or is deemed to own under Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any “parent corporation” or “subsidiary corporation” of the Company, as those terms are defined in Code Sections 424(e) and 424(f), respectively, may be exercisable later than five years after the Date of Grant or have an exercise price that is less than 110% of the Fair Market Value on the Date of Grant.

(e) **Repricing Prohibited.** Except as otherwise provided in Section 15 without the prior approval of the Company’s stockholders: (i) the Exercise Price of an Option may not be directly or indirectly reduced; (ii) an Option may not be cancelled in exchange for cash, an Option or SAR with an Exercise Price or Strike Price that is less than the Exercise Price of the original Option, any other Award or otherwise; and (iii) the Company may not purchase an Option for value from a Participant if the current Fair Market Value of the Shares underlying the Option is lower than the Option’s Exercise Price.

(f) **Consideration.** The Exercise Price for Shares purchased under an Option and 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 will be paid in cash or by certified or bank check at the time the Option is exercised, or, to the extent permitted by applicable laws and regulations, in the Administrator’s sole discretion and on such terms as the Administrator approves: (i) by delivery (by actual delivery or by attestation) to the Company of previously-acquired Shares, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the aggregate Exercise Price due for the number of Shares being purchased; (ii) if the Common Stock is readily tradable on an Established Securities Market, by a copy of instructions directing a broker to sell Shares for which the Option is exercised and to remit to the Company the aggregate Exercise Price due for the number of Shares being purchased; (iii) by directing the Company to withhold from transfer the number of Shares

that otherwise would have been delivered by the Company on exercise of the Option having a Fair Market Value equal to all or part of the aggregate Exercise Price due on exercise (provided that to the extent such direction would result in the Company withholding fractional Shares, the number of Shares to be withheld will be rounded down to the nearest whole and the Participant shall be required to pay the remainder of the Exercise Price in cash or by certified or bank check), in which case the Option will be surrendered and cancelled with respect to the Shares retained as well as the Shares delivered; or (iv) in any other form of legal consideration that may be acceptable to the Administrator, including without limitation with a full-recourse promissory note, subject to any requirements of applicable law that the par value (if any) of Shares, if newly issued, be paid in cash or cash equivalents.

The interest rate payable under the terms of a promissory note will not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Administrator (in its sole discretion) will specify the term, interest rate, amortization requirements (if any) and other provisions of the note. Unless the Administrator determines otherwise, the holder will be required to pledge to the Company Shares having an aggregate Fair Market Value equal to or greater than the principal amount of the loan as security for payment of the unpaid balance of the loan, which pledge must be evidenced by a pledge agreement, the terms of which the Administrator will determine, in its discretion; except that each loan must 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. Unless the Administrator determines otherwise, the purchase price of Shares acquired under an Option that is paid by delivery (or attestation) to the Company of other Shares acquired, directly or indirectly, from the Company, will be paid only by Shares that satisfy any requirements necessary to avoid liability award accounting treatment.

Notwithstanding the foregoing, at any time that the Company is an “issuer” as defined in Section 2 of the Sarbanes-Oxley Act of 2002, no Director or Executive Officer (or equivalent thereof) of the Company or its Affiliates will be permitted to pay any part of the Exercise Price with a promissory note or in any other form that could be deemed a prohibited personal loan under Section 13(k) of the Exchange Act. Unless otherwise provided in the terms of an Award Agreement, payment of the Exercise Price by a Participant who is an Officer, Director or otherwise subject to Section 16 of the Exchange Act by delivery or attestation to the Company of other Shares acquired, directly or indirectly, from the Company is subject to pre-approval by the Administrator, in its sole discretion. The Administrator will document any such pre-approval in a manner that complies with the specificity requirements of Rule 16b-3 under the Exchange Act.

(g) **Vesting.** The Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal; provided, however, that no Option may provide for or permit any portion of the Option to vest sooner than 12 months after the Date of Grant. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Administrator determines to be appropriate. The vesting provisions of individual Options may vary. The Administrator may, but will not be required to, provide that no Option may be exercised for a fraction of a Share. The Administrator may, but will not be required to, provide for an acceleration of vesting and exercisability in the terms of the Award Agreement for any Option on the occurrence of the death or Disability of a Participant or a Sale of the Company.

(h) **Incentive Stock Option \$100,000 Limitation.** To the extent that the aggregate Fair Market Value of Shares on the Date of Grant with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and any “parent corporation” or “subsidiary corporation” of the Company, as those terms are defined in Code Sections 424(e) and 424(f), respectively) exceeds \$100,000, the Options or portions thereof which exceed that limit (according to the order in which they were granted) will be treated as Nonqualified Stock Options.

(i) **Employee Transfer, Approved Leave of Absence.** For purposes of Incentive Stock Options, no termination of employment by an Employee will be deemed to result from either (i) a transfer to the employment of the Company from a “parent corporation” or “subsidiary corporation” of the Company, as those terms are defined in Code Sections 424(e) and 424(f), respectively, from the Company to a parent corporation or subsidiary corporation or from one parent corporation or subsidiary corporation to another; or (ii) an approved leave of absence for military service or sickness or for any other purpose approved by the Company, if the period of leave does not exceed three months or, if longer, the Employee’s right to re-employment is guaranteed either by a statute or by contract.

(j) **Disqualifying Dispositions.** Each Participant awarded an Incentive Stock Option will be required to immediately notify the Company in writing as to the occurrence of a disqualifying disposition of any Shares acquired by exercise of the Incentive Stock Option, and the price realized on the disqualifying disposition of those Shares. A “disqualifying disposition” is any disposition (including, without limitation, any sale or transfer) before the later of (i) two years after the Date of Grant of the Incentive Stock Option or (ii) one year after the issuance of the Shares acquired by exercise of the Incentive Stock Option. The Company may, if determined by the Administrator and in accordance with procedures established by the Administrator, retain possession of any Shares acquired by exercise of an Incentive Stock Option as agent for the applicable Participant until the end of the period described in the preceding sentence.

(k) **Rights of Participant in Common Stock.** Neither any Participant nor the legal representatives, heirs, legatees, distributees or Permitted Transferees of any Participant 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 are issued to such Person (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). Upon the issuance of such Shares, such Participant shall have absolute ownership of the Shares, 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.

7. **Restricted Awards**

A Restricted Award is an Award of Restricted Stock or Restricted Stock Units, which provides that, except as otherwise provided in Section 17(d)(ii) with respect to Permitted Transferees, the Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or otherwise encumbered for the period (the “*Restricted Period*”) determined by the Administrator. Each Restricted Award will be in such form and will contain such terms, conditions, eligibility and Restricted Periods as the Administrator determines to be appropriate, including the treatment

of dividends or dividend equivalents, as the case may be. The Administrator in its discretion may provide for the acceleration of the end of the Restricted Period in the terms of any Restricted Award, including in the event of a Sale of the Company. The terms and conditions of the Restricted Award may change from time to time, and the terms and conditions of separate Restricted Awards need not be identical, but each Restricted Award must include (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(a) **Payment for Restricted Awards.** The purchase price of Shares acquired under a Restricted Award, if any, will be determined by the Administrator, and may be stated as cash, property or prior or future services rendered to the Company for its benefit or an Affiliate for its benefit. Shares acquired in connection with a Restricted Award may be issued for such consideration, having a value not less than the par value thereof, as may be determined by the Administrator. Required consideration for Shares acquired in connection with a Restricted Award may be paid: (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 prior or future services that the Administrator determines have a value at least equal to the purchase price of the Restricted Award. Notwithstanding the foregoing, at any time that the Company is an “issuer” as defined in Section 2 of the Sarbanes-Oxley Act of 2002, no Director or Executive Officer (or equivalent thereof) of the Company or an Affiliate will be permitted to pay any portion of the purchase price for Shares acquired under a Restricted Award with a promissory note or in any other form that could be deemed prohibited personal loan under Section 13(k) of the Exchange Act.

(b) **Vesting.** The Restricted Award, and any Shares acquired thereunder, will be subject to a Restricted Period that specifies a right of repurchase in favor of the Company, or forfeiture where the consideration was in the form of services, in accordance with a vesting schedule to be determined by the Administrator; provided, however, that no Award may provide for or permit any portion of the Award to vest sooner than 12 months after the Date of Grant. No Restricted Award may be granted that is, in whole or in part, vested on the Date of Grant and not subject to a Restricted Period.

(c) **Lapse of Restrictions.** If a Participant has performed Continuous Service to the Company or its Affiliates, on the expiration or termination of the Restricted 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 Award will lapse and the number of Shares with respect to which the restrictions have lapsed will be issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), free of any restrictions except those that may be imposed by law, the terms of the Plan or the terms of a Restricted Award, to the Participant or the Participant’s beneficiary or estate, as the case may be, unless the Restricted Award is subject to a deferral condition that complies with Section 409A of the Code and the regulations thereunder as may be allowed or required by the Administrator in its sole discretion. The Company will not be required to deliver any fractional Share but will pay, in lieu thereof, the Fair Market Value of the fractional Share in cash to the Participant or the Participant’s beneficiary or estate, as the case may be. With respect only to Restricted Stock Units, unless otherwise subject to a deferral condition that complies

with Section 409A of the Code, the Shares (or cash, if applicable) will be issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) and the Participant will be entitled to the beneficial ownership rights of the Shares not later than (i) the date that is 2½ months after the end of the Participant's taxable year (or the end of the Company's taxable year, if later) for which the Restricted Period ends and the Restricted Stock Unit is no longer subject to a substantial risk of forfeiture, or such earlier date as may be necessary to avoid application of Section 409A of the Code to the Award.

(d) **Stockholder Rights.** Unless otherwise provided by the Administrator in an Award Agreement, the holder of Shares of Restricted Stock shall be entitled to vote such Shares and to receive dividends, if any, paid thereon.

(e) **Dividend Equivalents on Restricted Stock Units.** Unless otherwise provided by the Administrator in an Award Agreement, the holder of Restricted Stock Units will be entitled to receive dividend equivalents which shall be subject to the same vesting schedule as the Restricted Stock Units to which they relate.

(f) **Delivery of Restricted Stock.** Shares of Restricted Stock will be delivered to the Participant at the Date of Grant either by book-entry registration or by delivering to the Participant, or a custodian or escrow agent (including, without limitation, the Company or one or more of its Employees) designated by the Administrator, a stock certificate or certificates registered in the name of the Participant. If physical certificates representing Shares of the Restricted Stock are registered in the name of the Participant, such certificates must bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Shares.

(g) **Section 83(b) Election.** Within thirty days after the Date of Grant for an Award of Restricted Stock hereunder, the Participant may file with respect to all or a portion of the Restricted Stock an election under Code Section 83(b) to include in gross income the Date of Grant Fair Market Value of such Restricted Stock (less the amount, if any, paid therefor) with the Internal Revenue Service. The Code Section 83(b) election, if any, shall be filed in compliance with the Treasury regulations promulgated pursuant to Code Section 83(b).

8. Performance Awards

(a) **Nature of Performance Awards.** A Performance Award is an Award that will vest only on the attainment of specified performance goals, and may consist of Restricted Stock Awards, Restricted Stock Unit Awards or Cash Performance Awards. The Administrator may make Performance Awards independent of or in connection with the granting of any other Award under the Plan. A Performance Award may be granted under the Plan to any Participant, including a Participant who qualifies for awards under other performance plans of the Company. The Administrator in its sole discretion will determine whether and to whom Performance Awards will be made, the performance goals applicable under each Performance Award, the period or periods during which performance is to be measured, and all other limitations and conditions applicable to Performance Awards. The Administrator, in its discretion, 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.

(b) **Performance Goals.**

(i) A performance goal will be based on a pre-established objective formula or standard that specifies the manner of determining the number of Shares or cash under the Performance Award that will be granted or will vest if the performance goal is attained; provided, however, that no Performance Award may provide for or permit any portion of the Performance Award to vest sooner than 12 months after the Date of Grant. The Administrator will determine the performance goal before the time that 25% of the service period has elapsed, but not later than 90 days after the commencement of the service period to which the performance goal relates.

(ii) Performance goals may be based on one or more of the following business criteria, which may be applied to a Participant, a business unit or the Company and its Affiliates:

- (1) revenue (net or gross);
- (2) revenue growth;
- (3) sales (net or gross), including growth in sales measured by product line, territory, facility, customer or customers or other category;
- (4) earnings (net or gross), including earnings before all or any of interest expense, taxes, depreciation and amortization (“EBIT,” “EBITA,” or “EBITDA”), earnings per share or earnings from continuous operations;
- (5) Adjusted EBITDA or Adjusted EBITDA Margin;
- (6) profits, including profits before or after taxes or other expenses or adjustments, maintenance or improvement of profit margins, or profitability of an identifiable business unit, product line or facility;
- (7) operating income, including operating income per share, pre-tax or after- tax income, net cash provided by operating activities, funds from operations or funds from operations per share;
- (8) operating expenses;
- (9) cash flow, including cash available for distribution, cash available for distribution per share, improvement in cash-flow (before or after tax) or free cash flow;
- (10) working capital and components thereof, including improvement in capital structure;
- (11) credit rating, independent industry rating or assessments;
- (12) stock price or share price performance, return on stockholders’ equity or average stockholders’ equity or total stockholders’ return;
- (13) return on assets, return on capital, return on invested capital, changes in net assets, enterprise value or economic value added, net worth, return on investment before or after the cost of capital or return on equity;
- (14) earnings from continuous operations;
- (15) costs, improvement in the attainment of expense levels, expense management, capital expenditures, and levels of expense, cost or liability by category, operating unit, facility or any other delineation;
- (16) implementation or completion of critical projects;
- (17) strategic plan development and implementation, closing of corporate transactions;
- (18) market share; or

(19) earnings per share.

(iii) 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 with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, facilities, 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 on a per Share basis, against the performance of the Company as a whole or against particular entities, segments, operating units or products of the Company, on a pre-tax or after-tax basis, in tandem with any other performance goal, or otherwise as the Administrator may determine. The Administrator may, in connection with the establishment of performance goals for a performance period, specify one or more adjustments to any of the business criteria specified in Section 8(b)(ii).

(iv) Performance goals will be objective and will 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 or is reasonably anticipated to become a Covered Employee during the term of the Performance Award will (unless the Administrator determines otherwise) provide that if the Participant's Continuous Service ceases before the end of the performance period for any reason, the Performance Award will be payable only if the applicable performance objectives are achieved and to the extent, if any, determined by the Administrator. These 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. With respect to any Participant who is not a Covered Employee or expected to become a Covered Employee during the term of the Performance Award, the Administrator may establish additional objective or subjective performance goals.

(v) The Administrator may provide in any Performance Award that any evaluation of performance may include or exclude the effect, if any, on reported financial results of any of the following events that occurs during a performance period: (1) asset write-downs, (2) gain or loss from all or certain claims or litigation and all or certain insurance recoveries relating to claims or litigation, (3) changes in tax laws, accounting principles or other laws or provisions, reorganization or restructuring programs, including share repurchasing programs, (5) acquisitions or divestitures, (6) foreign currency exchange translations gains and losses, (7) revenue or earnings attributable to minority ownership in another entity or (8) gains and losses that are treated as extraordinary items under Accounting Standards Codification Topic 225. Each of the adjustments described in this Section 8(b)(v) may relate to the Company as a whole or any part of the Company's business or operations, as determined by the Administrator at the time the performance goals are established. The adjustments are to be determined in accordance with

generally accepted accounting principles and standards, unless another objective method of measurement is designated by the Administrator. In addition to the foregoing, the Administrator shall adjust any performance goals or other features of a Performance Award that relate to or are wholly or partially based on the number of, or the value of, any Shares, to reflect a change in the Company's capitalization, such as a stock split or dividend, or a corporate transaction, such as a merger, consolidation, separation (including a spin-off or other distribution of stock or property), or a reorganization of the Company.

(vi) To the extent such inclusions or exclusions affect a Performance Award to a Participant who is a Covered Employee or is reasonably anticipated to become a Covered Employee during the term of the Performance Award, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

(c) **Satisfaction of Performance Goals.** A Participant will be entitled to receive Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) under a Stock Performance Award, or cash under a Cash Performance Award, only on 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 Performance Award. With respect only to a Performance Award that is denominated in hypothetical stock units, Shares or cash, as applicable, will be issued and delivered and the Participant will be entitled to the beneficial ownership rights of the Shares (if any) not later than (i) the date that is 2½ months after the end of the Participant's taxable year (or the end of the Company's taxable year, if later) for which the Administrator certifies that the Performance Award conditions have been satisfied and the Performance Award is vested and no longer subject to a substantial risk of forfeiture, and (ii) such earlier date as may be necessary to avoid application of Section 409A of the Code to the Performance Award.

(d) **Discretionary Adjustments.** The Administrator may, in its discretion, at any time establish (and, once established, rescind, waive or amend) additional conditions and terms of payment of a Performance Award (other than a Performance Award intended to qualify as performance-based compensation under Code Section 162(m)) granted to any Participant (including but not limited to the achievement of other financial, strategic or individual goals, which may be objective or subjective) as it may deem desirable in carrying out the purposes of the Plan and may take into account such other factors as it deems appropriate in administering any aspect of the Plan, including to reduce the amount of any Performance Award at any time prior to payment based on such criteria as it shall determine, including but not limited to individual merit and the attainment of specified levels of one or any combination of the performance goals.

(e) **Acceleration, Waiver, Etc.** With respect solely to a Participant who is not (and is not expected to become during the term of the Performance Award) a Covered Employee, at any time before the Participant's termination of Continuous Service, the Administrator may in its sole discretion accelerate, waive or, subject to Section 16, amend any or all of the goals, restrictions or conditions imposed under any Performance Award. For any Participant who is, or is expected to become during the term of a Performance Award, a Covered Employee, no

amendment or waiver of the performance goal will be permitted and no cash payment to be made in respect of a Performance Award may be accelerated unless the performance goal has been attained and the amount of the payment is discounted to reasonably reflect the time value of money. Notwithstanding the foregoing, the Administrator in its discretion may provide for an acceleration of vesting in the terms of any Performance Award upon the death or Disability of a Participant or in the event of a Sale of the Company.

(f) **Certification.** Following the completion of each performance period, the Administrator will 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 will not be settled until the Administrator has made the certification specified under this Section 8(f).

(g) **Termination.** Except as may otherwise be provided in a Service Agreement or by the Administrator at any time, a Participant's rights in all Performance Awards shall automatically terminate upon the Participant's termination of Continuous Service with the Company and its Affiliates for any reason. For the avoidance of doubt, except as may otherwise be provided in a Service Agreement or by the Administrator at any time, a Participant will have the right to receive Shares or cash in settlement of any Performance Award if the Participant is in Continuous Service with the Company or an Affiliate as of the last day of the applicable performance period.

9. Stock Appreciation Rights

(a) **General.** A SAR may be granted either alone or in tandem with all or part of an Option. A SAR granted in tandem with a Nonqualified Stock Option may be granted at or after the time of grant of the related Option, but a SAR granted in tandem with an Incentive Stock Option may be granted only at the time of the grant of the related Option.

(b) **Grant Requirements.** A SAR may be granted only if it does not provide for the deferral of compensation within the meaning of Section 409A of the Code. A SAR does not provide for a deferral of compensation if: (i) the Strike Price may never be less than the Fair Market Value on the Date of Grant, (ii) the compensation payable under the SAR can never be greater than the difference between the Fair Market Value on the date of exercise and the Strike Price, (iii) the number of Shares subject to the SAR is fixed on the Date of Grant, and (iv) the SAR does not include any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the right. No dividends or dividend equivalents may be paid on any outstanding SAR.

(c) **Strike Price.** The Administrator will determine the Strike Price of a SAR, which in the case of a SAR granted independent of any Option, will not be less than the Fair Market Value on the Date of Grant. The Strike Price of a SAR granted in tandem with an Option will be the Exercise Price of the related Option. A SAR granted in tandem with an Option will be exercisable only to the same extent as the related Option, provided that by its terms, such SAR will be exercisable only when the Fair Market Value exceeds the Strike Price of the SAR.

(d) **Repricing Prohibited.** Except as otherwise provided in Section 15, without the prior approval of the Company's stockholders: (i) the Strike Price of a SAR may not be directly or indirectly reduced; (ii) a SAR may not be cancelled in exchange for cash, an Option or SAR with an Exercise Price or Strike Price that is less than the Strike Price of the original SAR, any other Award or otherwise; and the Company may not purchase a SAR for value from a Participant if the current Fair Market Value is less than the SAR's Strike Price.

(e) **Vesting.** The SAR will be subject to a Restricted Period that specifies a forfeiture in accordance with a vesting schedule to be determined by the Administrator; provided, however, that no SAR may provide for or permit any portion of the Award to vest sooner than 12 months after the Date of Grant. The Administrator in its discretion may provide for an acceleration of vesting in the terms of any SAR upon the death or Disability of a Participant or in the event of a Sale of the Company. The Administrator may not grant a SAR that is, in whole or in part, vested on the Date of Grant and not subject to a Restricted Period.

(f) **Exercise and Settlement.** On delivery to the Administrator of a written request to exercise a SAR, the holder will be entitled to receive from the Company, an amount equal to the product of (i) the excess of the Fair Market Value on the date of exercise over the Strike Price specified in the Award Agreement, multiplied by (ii) the number of Shares for which the SAR is being exercised. Settlement with respect to the exercise of a SAR will be on the date of exercise and may be made in the form of Shares valued at Fair Market Value on the date of exercise (with or without restrictions as to substantial risk of forfeiture and transferability, as determined by the Administrator in its sole discretion), cash or a combination of Shares and cash, as determined by the Administrator in its sole discretion.

(g) **Reduction in the Underlying Option Shares.** On the exercise of a SAR granted in tandem with an Option, the number of Shares for which the related Option is exercisable will be reduced by the number of Shares for which the SAR has been exercised. The number of Shares for which a tandem SAR is exercisable will be reduced on any exercise of any related Option by the number of Shares for which the Option has been exercised.

(h) **Written Request.** Unless otherwise determined by the Administrator in its sole discretion, SARs will be settled in Shares. If permitted in the Award Agreement, a Participant may request that any exercise of a SAR be settled for cash, but a Participant will not have any right to demand a cash settlement. A request for a cash settlement may be made only by a written request filed with the Corporate Secretary of the Company during the period beginning on the third business day following the date of release for publication by the Company of quarterly or annual summary statements of earnings and ending on the twelfth business day following that date. Within 30 days of the receipt by the Company of a written request to receive cash in full or partial settlement of a SAR or to exercise the SAR for cash, the Administrator will, in its sole discretion, either consent to or disapprove, in whole or in part, the written request. A written request to receive cash in full or partial settlement of a SAR or to exercise a SAR for cash may provide that, if the Administrator disapproves the written request, the written request will be treated as an exercise of the SAR for Shares.

(i) **Disapproval by Administrator.** If the Administrator disapproves in whole or in part any request by a Participant to receive cash in full or partial settlement of a SAR or to

exercise such Award for cash, the disapproval will not affect the Participant's right to exercise the SAR at a later date, to the extent that it would be otherwise exercisable, or to request a cash form of payment at a later date, in each case subject to the approval of the Administrator. Additionally, the disapproval will not affect the Participant's right to exercise any related Option.

10. Other Stock-Based Awards

The Administrator may, either alone or in connection with the grant of other Awards, grant other stock-based Awards not described in Section [6, 7, 8 or 9](#) that are payable in, valued in whole or in part by reference to, or are otherwise based on Shares, as deemed by the Administrator consistent with the purpose of the Plan. The Administrator shall determine the terms and conditions of any such Award.

11. Cash-Based Awards

The Administrator may, either alone or in connection with the grant of other Awards, grant Cash-Based Awards in such amounts and upon such terms as the Administrator determines; provided, however, that no Award may provide for or permit any portion of the Award to vest sooner than 12 months after the Date of Grant. Notwithstanding the foregoing, any Cash-Based Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code shall be granted as a Cash Performance Award under Section [8](#).

(a) **Value.** Each Cash-Based Award shall specify a payment amount or payment range as determined by the Administrator.

(b) **Method of Payment.** Payment, if any, with respect to a Cash-Based Award shall be made in cash in accordance with the terms of the Award.

12. Treatment of Awards on Termination of Continuous Service

(a) **Unvested Awards Generally.** Unless otherwise provided in an Award Agreement or in a Service Agreement the terms of which have been approved by the Administrator and subject to Section 8(e), if a Participant's Continuous Service terminates for any reason, the Participant will forfeit the unvested portion of any Award acquired in consideration of services, all unvested Shares held by the Participant as of the date of termination under the terms of any Award will be forfeited or, if applicable, may be repurchased by the Company at the lesser of the purchase price paid by the Participant or the current Fair Market Value, and the Participant will have no rights with respect to any Award or Shares so forfeited or repurchased.

(b) **Options and SARs.**

(i) **Other than for Cause or death or Disability.** Unless otherwise provided in an Award Agreement or in a Service Agreement the terms of which have been approved by the Administrator, if a Participant's Continuous Service is terminated for any reason other than due to the Participant's death or Disability or by the Company for Cause, the Participant may

exercise his or her Option or SAR (to the extent vested and exercisable as of the date of termination) during the period ending on the earlier of (1) the date that is three months after the termination of the Participant's Continuous Service or (2) the expiration of the original term of the Award as set forth in the Award Agreement. Any unexercised Option or SAR held by the Participant will automatically terminate at the close of business on the last day of such period and will thereafter not be exercisable.

(ii) **For Cause.** If the Participant's Continuous Service is terminated by the Company or an Affiliate for Cause, all outstanding Options and SARs (whether or not vested) will be forfeited and expire as of the beginning of business on the date of termination.

(iii) **Participant Death or Disability.** Unless otherwise provided in an Award Agreement or in a Service Agreement the terms of which have been approved by the Administrator, if a Participant's Continuous Service is terminated as a result of the Participant's death or Disability, the Participant's Option or SAR may be exercised (to the extent the Option or SAR was vested and exercisable as of the date of termination) by the Participant or the Participant's estate, designated beneficiary or such other Person who acquired the right to exercise the Option or SAR by bequest or inheritance, but only during the period ending on the earlier of the date that is 12 months following the date of termination or the expiration of the original term of the Option or SAR as set forth in the Award Agreement. Any unexercised Option or SAR held by the Participant or such other Person will terminate at the end of such period.

(iv) **Extension of Option or SAR Termination Date.** An Award Agreement may provide that if the exercise of an Option or SAR following the termination of the Participant's Continuous Service for any reason (other than on the Participant's death or Disability or termination by the Company for Cause) would violate any applicable federal, state or local law, the Option or SAR will terminate only on the earlier of the expiration of the original term of the Option or SAR or the date that is 30 days after the exercise of the Option or SAR would no longer violate any applicable federal, state or local law.

13. Covenants of the Company

(a) **Availability of Shares.** During the terms of the Awards, the Company will keep available at all times the number of Shares required to satisfy the Awards.

(b) **Securities Law Compliance.** Each Award Agreement will provide that no Shares may be purchased or sold thereunder unless and until any then applicable requirements of state, federal or applicable foreign laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Company will use reasonable efforts to seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell Shares on exercise of Awards; however, this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Shares issued or issuable under any Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company determines to be necessary for the lawful issuance and sale of

Shares under the Plan, the Company will be relieved from any liability for failure to issue and sell Shares on exercise of any Awards unless and until that authority is obtained.

14. Company Use of Proceeds from Shares

Proceeds from the sale of Shares under the Plan will be general funds of the Company.

15. Adjustments for Changes in Stock

(a) **Capitalization Adjustments.** If any change is made in the Common Stock without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of Shares, exchange of Shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), then (i) the aggregate number of Shares or class of securities that may be purchased under Awards granted hereunder, (ii) the aggregate number of Shares or class of securities that may be purchased under Incentive Stock Options granted hereunder, (iii) the number or class of securities covered by outstanding Awards, (iv) the maximum number of Shares with respect to which Options, SARs and Performance Awards may be granted to any single Employee during any calendar year, and (v) the Exercise Price of any Option and the Strike Price of any SAR in effect before the change will be proportionately adjusted by the Administrator to reflect any increase or decrease in the number of issued Shares or change in the Fair Market Value resulting from the transaction; provided, that any fractional Shares resulting from the adjustment aggregated until and eliminated at the time of exercise or settlement by rounding down. The Administrator will make these adjustments in a manner that will provide an appropriate adjustment that neither increases nor decreases the value of the Award as in effect immediately before the corporate change, and its determination will be final, binding and conclusive. The conversion of any securities of the Company that are by their terms convertible will not be treated as a transaction “without receipt of consideration” by the Company.

(b) **Dissolution or Liquidation.** In the event of a dissolution or liquidation of the Company that does not constitute a Sale of the Company, all outstanding Awards will terminate immediately before the dissolution or liquidation; 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 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 Shares 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 Shares 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 Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) required to be delivered by clause (ii) of the immediately preceding sentence no later than 3 days prior to the termination date.

(c) **Sale of the Company.** Upon a Sale of the Company, all outstanding Options and SARs shall become fully vested and exercisable without regard to the limitations on exercisability contained in Section 6 or 9 or the applicable Award Agreement immediately prior to such transaction, and with respect to Restricted Awards, all restrictions shall lapse automatically. The Administrator will (i) cancel any or all outstanding Options, SARs and Restricted Stock Units under the Plan in consideration for payment to the Participants an amount equal to the portion of the consideration payable to such Participants pursuant to such transaction giving effect to the accelerated vesting as if such Awards 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 or publicly tradable securities in the Administrator's discretion.

16. Stockholder Approval; Amendment of the Plan; Awards

(a) **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 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, or by written consent of such 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.

(b) **Plan Amendment.** The Board at any time may amend or terminate the Plan. However, except as provided in Section 15(a) relating to adjustments on changes in the Common Stock, no amendment will be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy any applicable law or any securities exchange listing requirements. At the time of any amendment, the Board will determine, on advice from counsel, whether the amendment will be contingent on stockholder approval.

(c) **Contemplated Amendments.** It is expressly contemplated that the Board may amend the Plan in any respect the Board determines necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations issued thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and to bring the Plan and Awards granted hereunder into compliance therewith. Notwithstanding the foregoing, neither the Board nor the Company nor any Affiliate will have any liability to any Participant or any other Person as to (i) any tax consequences expected, but not realized, by a Participant or any other Person due to the receipt, exercise or settlement of any Award granted hereunder; or (ii) the failure of any Award to comply with Section 409A of the Code.

(d) **Award Amendment.** Subject to Section 8(d) and (e) and Section 16(e) and (f), the Administrator at any time may amend the terms of any one or more Awards. Except as otherwise permitted under Section 15, unless stockholder approval is obtained: (i) no amendment or modification may reduce the Exercise Price of any Option or the Strike Price of any SAR; (ii) the Administrator may not cancel any outstanding Option or SAR and replace it with a new Option or SAR, another Award or cash, if doing so would be considered a “repricing” for purposes of the stockholder approval rules of the applicable securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted; and (iii) the Administrator may not take any other action that is considered a repricing for purposes of the stockholder approval rules of the applicable securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted.

(e) **No Impairment of Rights.** No amendment of the Plan or an Award may impair rights under any Award granted before the amendment or increase a Participant’s obligations under his or her Award, unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing. For the avoidance of doubt, a cancellation of an Award where the Participant receives a payment equal in value to the Fair Market Value (or the Sale Value) of the vested Award or, in the case of a vested Option or SAR, the difference between the Fair Market Value (or the Sale Value) of the Shares subject to an Option or SAR and the Exercise Price or Strike Price, is not an impairment of the Participant’s rights that requires consent of the Participant.

(f) **Acceleration of Exercisability and Vesting.** The Administrator will have the power and sole discretion to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest for any reason, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

17. General Provisions

(a) **Stockholder Rights.** Except as provided in Section 7(d) and (e) and Section 15 of the Plan or as otherwise provided in an Award Agreement, no Participant will be considered the holder of, or to have any of the rights of a holder with respect to, any Shares subject to an Award unless and until the Participant has satisfied all requirements for exercise, payment or delivery of the Award, as applicable, under its terms, and no adjustment will be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions of other rights for which the record date is before the date of issue of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(b) **Participation not a Guarantee of Service Right.** Nothing in the Plan or any instrument executed or Award granted pursuant thereto will confer on any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without Cause; (ii) the service of a Consultant under the terms of the Consultant’s agreement with the Company or an Affiliate; or (iii) the service of a Director under the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(c) **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 a Service 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 or Service 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.

(d) **Limits on Transfer.**

(i) Each Award will be exercisable during the Participant's lifetime only by the Participant, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary will not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Administrator may, in its sole discretion, permit a Participant to transfer an Award (other than an Incentive Stock Option) by gift or domestic relations order, without consideration, to a Permitted Transferee, subject to such rules as the Administrator may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, on condition that the Participant first gives the Administrator advance written notice describing the terms and conditions of the proposed transfer and the Administrator notifies the Participant in writing that the transfer would comply with the requirements of the Plan. If the Award Agreement does not provide for transferability, then the Award will be transferable and exercisable only as provided in the preceding Section 17(d)(i).

(iii) The terms of an Award transferred in accordance with Section 17(d)(ii) will apply to the Permitted Transferee, and any reference to a Participant in the Plan or in the Award Agreement will refer to the Permitted Transferee, except that (1) the Permitted Transferee will not be entitled to transfer the Award other than by will or the laws of descent and distribution, (2) the Permitted Transferee is not entitled to exercise a transferred Option unless there is in effect a registration statement on an appropriate form covering the Shares to be acquired by the exercise of the Option if the Administrator determines, consistent with the Award Agreement, that a registration statement is necessary or appropriate, (3) neither the Administrator nor the Company is required to provide any notice to a Permitted Transferee, whether or not notice is or would otherwise have been required to be given to the Participant, and (4) the consequences of the termination of the Participant's Continuous Service under the Plan and the Award Agreement will continue to be applied with respect to the Participant, including, without limitation, that an Option will be exercisable by the Permitted Transferee only to the extent, and for such period, specified in the Plan and the Award Agreement.

(e) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Shares under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Shares subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Shares. The foregoing requirements, and any assurances given under those requirements, will be inoperative if (x) the issuance of the Shares on the exercise or acquisition of Shares under the Award has been registered under a then currently effective registration statement under the Securities Act; or (y) as to any particular requirement, a determination is made by counsel for the Company that that requirement need not be met in the circumstances under the then applicable securities laws. The Company may, on advice of counsel to the Company, place legends on stock certificates, if any, issued under the Plan as that counsel considers necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Shares.

(f) **Withholding Obligations.** To the extent provided by the terms of an Award Agreement and subject to the discretion of the Administrator, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Shares under an Award by any one or combination of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company): (i) cash payment; (ii) authorizing the Company to withhold a number of Shares from the Shares otherwise issuable to the Participant as a result of the exercise or acquisition of Shares under the Award, the Fair Market Value of which does not exceed either the maximum statutory tax rates in the Participant's applicable jurisdictions or the amount of tax required to be withheld by law, and in which case the Award will be surrendered and cancelled with respect to the number of Shares retained by the Company (provided that to the extent such direction would result in the Company withholding fractional Shares, the number of Shares to be withheld will be rounded down to the nearest whole and the Participant shall be required to pay the remainder of the Exercise Price in cash or by certified or bank check); (iii) delivering to the Company previously owned and unencumbered Shares; or (iv) by execution of a recourse promissory note by a Participant. Notwithstanding the foregoing, at any time that the Company is an "issuer" as defined in Section 2 of the Sarbanes-Oxley Act of 2002, no Director or Executive Officer (or equivalent thereof) of the Company or an Affiliate will be permitted to pay any portion of the tax withholding with respect to any Award with a promissory note or in any other form that could be deemed prohibited personal loan under Section 13(k) of the Exchange Act. Unless otherwise provided in the terms of an Award Agreement, payment of the tax withholding by a Participant who is an Officer, a Director or otherwise subject to Section 16 of the Exchange Act, by delivering previously owned and unencumbered Shares or in the form of Share withholding is subject to pre-approval by the Administrator, in its sole discretion. The Administrator will document any pre-approval in the case of a Participant who is an Officer or Director in a manner that complies with the specificity requirements of Rule 16b-3 under the Exchange Act, 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.

(g) **Other Compensation Arrangements.** Nothing contained in the Plan will prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if stockholder approval is required; and those arrangements may be either generally applicable or applicable only in specific cases.

(h) **Recapitalizations.** Each Award Agreement will contain provisions required to reflect the provisions of Section 15(a).

(i) **Delivery.** Subject to Section 17(j) on exercise of a right granted under an Option, SAR or other Stock-Based Award or Cash-Based Award that may be exercised at the discretion of a Participant, the Company will issue Shares or pay any amounts due within a reasonable period thereafter. Subject to any statutory or regulatory obligations the Company may otherwise have, for purposes of the Plan, 30 days will be considered a reasonable period.

(j) **Government and Other Regulations.**

(i) The Company's obligation to settle Awards in Shares or other consideration is subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company will be under no obligation to offer to sell or to sell, and is prohibited from offering to sell or selling, any Shares under an Award unless the Shares have been properly registered for sale under the Securities Act or unless the Company has received an opinion of counsel, satisfactory to the Company, that the Shares may be offered or sold without registration pursuant to an available exemption therefrom and the terms and conditions of that exemption and of all applicable state securities laws have been fully complied with. The Company will be under no obligation to register for sale under the Securities Act any of the Shares to be offered or sold under the Plan. The Administrator is authorized to provide that all certificates or book entries for Shares or other securities of the Company or any Affiliate delivered under the Plan will be subject to such stop transfer orders and other restrictions as the Administrator may consider advisable under the Plan, the applicable Award Agreement, the federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the Shares or other securities are then listed or quoted and any other applicable federal, state, local or non-U.S. laws. Notwithstanding any provision in the Plan to the contrary, the Administrator reserves the right to add any additional terms or provisions to any Award granted under the Plan that it in its sole discretion considers necessary or advisable in order that the Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Administrator may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions, blockage or other market considerations would make the Company's acquisition of Shares from the public markets, the Company's issuance of Shares to the Participant, the Participant's acquisition of Shares from the Company or the Participant's sale of Shares to the public markets, illegal, impracticable or inadvisable. If the Administrator determines to cancel all or any portion of an Award in accordance with the foregoing, the Company will pay to the Participant an amount equal to the excess of (1) the aggregate Fair Market Value of the Shares subject to the Award or portion

thereof canceled (determined as of the applicable exercise date, or the date that the Shares would have been vested or delivered, as applicable), over (2) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of delivery of Shares (in the case of any other Award). The amount payable will be delivered to the Participant as soon as practicable following the cancellation of the Award or portion thereof.

(k) **Clawback or Recoupment.** Notwithstanding any provision in this Plan or any Award Agreement to the contrary, Awards granted hereunder will be subject, to the extent applicable, (i) to any clawback policy adopted by the Company, and (ii) to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Sarbanes–Oxley Act of 2002, each as amended, and rules, regulations and binding, published guidance thereunder. If the Company would not be eligible for continued listing, if applicable, under Section 10D(a) of the Exchange Act unless it adopted policies consistent with Section 10D(b) of the Exchange Act, then, in accordance with those policies that are so required, any incentive-based compensation payable to a Participant under this Plan will be subject to clawback in the circumstances, to the extent, and in the manner, required by Section 10D(b)(2) of the Exchange Act, as interpreted by rules of the Securities Exchange Commission. By accepting an Award under this Plan, the Participant consents to any clawback described under this Section 17(k).

(l) **Reliance on Reports.** Each member of the Administrator and each member of the Board will be fully justified in acting or failing to act, as the case may be, and will not be liable for having so acted or failed to act in good faith, in reliance on any report made by the independent public accountant of the Company and its Affiliates or any other information furnished in connection with the Plan by any agent of the Company or the Administrator or the Board, other than himself.

(m) **Foreign Participants.** Without amending the Plan, the Administrator may grant Awards to eligible individuals who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to foster and promote achievement of the purposes of the Plan and, in furtherance of such purposes, the Administrator may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with the provisions of laws and regulations in other countries or jurisdictions in which the Company or its Affiliates operate.

(n) **Other Provisions.** The Award Agreements authorized under the Plan may contain such other provisions not inconsistent with the Plan, including, without limitation, restrictions on the exercise of the Awards, as the Administrator may consider advisable.

(o) **Unfunded Status of Awards.** The Plan is intended to constitute an “unfunded” plan for incentive compensation. With respect to any cash payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award gives any such Participant any rights that are greater than those of a general creditor of the Company.

18. Market Standoff

Each Award Agreement will provide that, in connection with any underwritten public offering by the Company of its equity securities, the Participant agrees 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 Shares without the prior written consent of the Company or its underwriters, for the period from and after the effective date of the registration statement as may be requested by the Company or the underwriters (the “**Market Standoff**”). In order to enforce the Market Standoff, the Company may impose stop-transfer instructions with respect to the Shares acquired under the Plan until the end of the applicable standoff period. If there is any change in the number of outstanding Shares 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 that are by reason of the transaction distributed with respect to any Shares subject to the Market Standoff or into which the Shares thereby become convertible, will immediately be subject to the Market Standoff.

19. Effective Date and Term of Plan.

(a) **Effective Date.** The Plan is effective as of the Effective Date, but no Option or SAR may be exercised, and no other Award may be granted, unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted by the Board.

(b) **Plan Termination or Suspension.** Unless otherwise terminated as provided herein, the Plan will continue in effect until, and automatically terminate on, the day before the 10th anniversary of the Effective Date or, if the stockholders approve an amendment to the Plan that increases the number of Shares subject to the Plan, the day before the 10th anniversary of the date of such stockholder approval. No Award may be granted under the Plan after that date, but Awards theretofore granted may extend beyond that date and will continue to be governed by the terms and conditions of the Plan. The Board may suspend or terminate the Plan at any earlier date under Section 16(b). No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

20. Choice of Law

The laws of the State of Delaware will govern all questions concerning the construction, validity and interpretation of the Plan, without regard to that state's conflict of law rules.

21. Limitation on Liability

The Company and any Affiliate that is in existence or that hereafter comes into existence will have no liability to any Participant or to any other Person as to (a) the non-issuance or sale of Shares due to the Company's inability to obtain from any regulatory body having jurisdiction the authority, considered by the Company's counsel, necessary for the lawful issuance and sale of any Shares hereunder; (b) any tax consequences expected, but not realized, by a Participant or any other Person due to the receipt, exercise or settlement of any Award granted hereunder; or (c) the failure of any Award that is determined to be "nonqualified deferred compensation" to comply with Section 409A of the Code and the regulations thereunder.

22. Execution

To record the adoption of the Plan by the Board, the Company has caused its authorized officer to execute the Plan as of the date specified below.

Signature page follows

IN WITNESS WHEREOF, on authorization of the Board, the undersigned has executed the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan on April 3, 2017.

CINEMARK HOLDINGS, INC.

By: /s/ Michael Cavalier

Michael Cavalier

Executive Vice President – General Counsel

**CINEMARK HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AWARD CERTIFICATE**

THIS IS TO CERTIFY that Cinemark Holdings, Inc., a Delaware corporation (the "**Company**"), has granted you (the "**Participant**") the right to receive Shares of Common Stock under its 2017 Omnibus Incentive Plan (the "**Plan**"), as follows:

Name of Participant: _____

Address of Participant: _____

Number of Shares: _____

Date of Grant: _____

Acceptance Expiration Date: 15 days after the Participant's receipt of this Certificate and the related Restricted Stock Award Agreement

Vesting Commencement Date: _____

Vesting Schedule:	<u>Vesting Date</u>	<u>Percentage of Shares Vested</u>
-------------------	-------------------------	--

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 accompanying Restricted Stock Award Agreement 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 rights granted under this Certificate and the related Restricted Stock Award Agreement and to receive the shares of Restricted Stock designated above subject to the terms of the Plan, this Certificate and the Award Agreement.

Participant: _____

Name: _____, an individual

Dated: _____

Cinemark Holdings, Inc.

By: _____

Title: _____

Dated: _____

**Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan
Restricted Stock Award Certificate**

**CINEMARK HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

This Restricted Stock Award Agreement (the “*Agreement*”), is entered into on the Date of Grant, subject to the Participant’s acceptance of the terms of the Agreement evidenced by the Participant’s signature on the Restricted Stock Award Certificate accompanying this Agreement (the “*Certificate*”), by and between Cinemark Holdings, Inc., a Delaware corporation (the “*Company*”), and the Participant named in the Certificate.

Under the Cinemark Holdings, Inc. 2017 Omnibus Incentive Plan (the “*Plan*”), the Administrator has authorized the grant to the Participant of the right to receive Shares (the “*Award*”), under the terms and subject to the conditions set forth in this Agreement and the Plan. Capitalized terms not otherwise defined in the Agreement 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 in this Agreement 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 granted under the Plan for valid consideration provided to the Company by the Participant. By the Participant’s execution of the Certificate, the Participant agrees to accept the Restricted Stock Award rights granted under the Certificate and this Agreement and to receive the shares of Restricted Stock of the Company designated in the Certificate subject to the terms of the Plan, the Certificate and this Agreement.
2. **Restricted Stock Award.** The Company hereby awards and grants to the Participant, for valid consideration with a value in excess of the aggregate par value of the Common Stock awarded to the Participant, the number of Shares set forth in the Certificate, which are subject to the restrictions and conditions set forth in the Plan, the Certificate and in this Agreement (the “*Restricted Shares*”). One or more stock certificates representing the number of Shares specified in the Certificate will hereby be registered in the Participant’s name (the “*Stock Certificate*”), but will be deposited and held in the custody of the Company for the Participant’s account as provided in Section 4 hereof until such Restricted Shares become vested and all restrictions thereon have lapsed. The Participant acknowledges and agrees that those Shares may be issued as a book entry with the Company’s transfer agent and that no physical certificates need be issued for as long as such Shares remain subject to forfeiture and restrictions on transfer.

3. **Vesting.**

(a) Vesting Schedule. The Restricted Shares will vest and restrictions on transfer will lapse under the Vesting Schedule set forth in the Certificate, on condition that the Participant is still then in Continuous Service.

(b) Termination of Continuous Service.

(i) Except as otherwise provided in (x) a Service Agreement the terms of which have been approved by the Administrator (y) Section 3(b)(ii) of this Agreement or (z) the Plan, if the Participant ceases Continuous Service for any reason the Participant will immediately forfeit the Restricted Shares standing in the name of the Participant on the books of the Company that have not vested and as to which restrictions have not lapsed (“*Unvested Shares*”) and such Unvested Shares will be cancelled as outstanding Shares.

(ii) In the event that a Participant’s Continuous 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 receive certificates for (x) all Restricted Shares for which the restrictions have lapsed in accordance with the Plan and for which certificates have not previously been delivered by the Company as of the date of termination, and (y) Restricted Shares for which the restrictions have not lapsed shall vest on a pro-rata basis based on the percentage determined by dividing (i) the number of days from and including the grant date of such Restricted Shares through the termination of Participant’s employment by death or Disability, by (ii) the number of days from and including the grant date of such Restricted Shares to the full vesting date of such Restricted Shares. The Company shall as promptly as practical deliver the certificates required to be delivered under this Section 3(b)(ii) to the Participant, his estate, or legal representative, as applicable.

(c) **Restriction on Transfer of Unvested Shares.** The Participant is not permitted to transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Unvested Shares, except as permitted by this Agreement.

4. **Deposit of the Unvested Shares.** The Unvested Shares shall remain on the books of the Company until they become vested, at which time such vested Restricted Shares will no longer constitute Unvested Shares. If requested by the Company, the Participant shall execute and deliver to the Company, concurrently with the execution of this Agreement (or, if requested by the Company, from time to time thereafter during the Restricted Period) blank stock powers for use in connection with the transfer to the Company or its designee of Unvested Shares that do not become vested. Subject to satisfaction of applicable tax withholding in accordance with Section 7, the Company will deliver to the Participant the Shares that become vested on the lapse of the forfeiture and non-transferability restrictions thereon.

5. **Rights as a Stockholder, Dividends.** Subject to the terms of this Agreement, the Participant will have all the rights of a stockholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive any dividends thereon.

6. **Compliance with Laws and Regulations.** The issuance and transfer of Common Stock is subject to the Company's and the Participant's full compliance, to the satisfaction of the Company and its counsel, with all applicable requirements of federal, state and foreign securities laws and with all applicable requirements of any securities exchange on which the Common Stock may be listed at the time of such issuance or transfer. The Participant understands that the Company is under no obligation to register or qualify the Shares with the Securities and Exchange Commission, any state securities commission, foreign securities regulatory authority or any securities exchange to effect such compliance.

7. **Tax Withholding**

(a) As a condition to the release of Shares upon lapse of restrictions on transfer, no later than the first to occur of (i) the date as of which all or any of the Restricted Shares vest and the restrictions on their transfer lapse or (ii) the date required by Section 8(b), the Participant must pay to the Company any federal, state or local taxes required by law to be withheld with respect to the Restricted Shares that vest. In addition to the Company's right to withhold from any compensation paid to the Participant by the Company, the Participant may provide for payment of withholding taxes in full by cash or check or, if the Administrator permits, by one or more of the alternative methods of payment set forth in the Plan.

(b) The Participant may elect, within 30 days of the Date of Grant, to include in gross income for federal income tax purposes under Section 83(b) of the Code, an amount equal to the aggregate Fair Market Value on the Date of Grant of the Restricted Shares (less the amount, if any, paid by the Participant (other than by prior or future services) for the Restricted Shares). In connection with any such election, the Participant must promptly provide the Company with a copy of the election as filed with the Internal Revenue Service and pay to the Company, or make such other arrangements satisfactory to the Administrator to pay to the Company based on the Fair Market Value of the Restricted Shares on the Date of Grant, any federal, state or local taxes required by law to be withheld with respect to the Restricted Shares at the time of the election. If the Participant fails to make such payments, the Company will have the right to deduct from any payment of any kind otherwise due to Participant, to the extent permitted by law, any federal, state or local taxes required to be withheld with respect to the Restricted Shares.

8. **No Right to Continued Service.** Nothing in this Agreement or in the Plan imposes or may be deemed to impose, by implication or otherwise, any limitation on any right of the Company or its Affiliates to terminate the Participant's Continuous Service at any time.

9. **Representations and Warranties of the Participant.** The Participant represents and warrants to the Company as follows:

(a) **Acknowledgment and Agreement to Terms of the Plan** The Participant acknowledges receipt of a copy of the Plan, the Certificate, this Agreement and the prospectus dated June 13, 2017 covering the Shares reserved for issuance under the Plan. The Participant has read and understands the terms of the Plan, the Certificate and this Agreement, and agrees to be bound by their terms and conditions. The Participant acknowledges that there may be adverse tax consequences on the vesting of Restricted Shares or disposition of the Shares once vested, and that the Participant should consult a tax advisor before such time.

(b) **Stock Ownership.** The Participant is the record and beneficial owner of the Restricted Shares with full right and power to transfer the Unvested Shares to the Company free and clear of any liens, claims or encumbrances and the Participant understands that the Stock Certificates evidencing the Restricted Shares will bear a legend referencing this Agreement.

(c) **Rule 144.** The Participant understands that Rule 144 issued under the Securities Act may indefinitely restrict transfer of the Common Stock if the Participant is an "affiliate" of the Company (as defined in Rule 144), or for up to one year if "current public information" about the Company (as defined in Rule 144) is not publicly available regardless of whether the Participant is an affiliate of the Company.

10. **Compliance with Securities Laws.** The Participant understands and acknowledges that, notwithstanding any other provision of the Agreement to the contrary, the vesting and holding of the Restricted Shares is expressly conditioned on compliance with the Securities Act and all applicable federal, state and foreign securities laws. The Participant agrees to cooperate with the Company to ensure compliance with such laws.

11. **Capitalization Adjustments.** If, as a result of any capitalization adjustment under the Plan, the Participant becomes entitled to receive additional Shares or other securities ("**Additional Securities**") in respect of the Unvested Shares, the Additional Securities will be Unvested Shares, and the total number of Unvested Shares will be equal to the sum of (i) the initial Unvested Shares and (ii) the number of Additional Securities issued or issuable in respect of the initial Unvested Shares and any Additional Securities previously issued to the Participant.

12. **Restrictive Legends and Stop-Transfer Orders**

(a) **Legends.** To the extent that a Stock Certificate or Certificates representing Unvested Shares is issued in physical form rather than through book entry with the Company's transfer agent, the Participant understands and agrees that the Company will place the legends set forth below or similar legends on any Stock Certificate evidencing the Common Stock, together with any other legends that may be required by federal, state or foreign securities laws, the Company's articles of incorporation or bylaws, any other agreement between the Participant and the Company or any agreement between the Participant and any third party:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, AS SET FORTH IN A RESTRICTED STOCK AWARD AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES. SUCH PUBLIC RESALE AND TRANSFER RESTRICTIONS ARE BINDING ON TRANSFEREES OF THESE SHARES.

The Company will remove the above legend at such time as the Shares in question are no longer subject to restrictions on public resale and transfer under this Agreement. Any legends required by applicable federal, state or foreign securities laws will be removed at such time as such legends are no longer required.

(b) **Stop-Transfer Instructions.** To ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own Common Stock, it may make appropriate notations to the same effect in its own records.

(c) **Refusal to Transfer.** The Company will not be required (iii) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of this Agreement; or (iv) to treat as owner of the Restricted Shares, or to accord the right to vote or pay dividends to, any purchaser or other transferee to whom the Restricted Shares have been transferred.

13. **Data Privacy.** The Company's Human Resources Department in Plano, Texas (U.S.A.) administers and maintains the data regarding the Plan, all Grantees under the Plan and the restricted stock granted to each Grantee.

The data administered and maintained by the Company includes information that may be considered personal data, including the name of the Grantee, the award granted and the number of shares of restricted stock included in any award ("Grantee Personal Data"). From time to time during the course of Grantee's employment with the Company, the Company may transfer certain of Grantee Personal Data to certain third parties ("Third Parties") as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan (the "Purposes"), and the Company and its Third Parties may each further transfer Grantee Personal Data to additional third parties assisting the Company in the implementation, administration and management of the Plan (collectively, "Data Recipients"). The countries to which Grantee Personal Data may be transferred may have data protection standards that are different than those in Grantee's home country and that offer a level of data protection that is less than that in Grantee's home country.

In accepting the Award set forth in the Agreement, Grantee hereby expressly acknowledges that Grantee understands that from time to time during the course of Grantee's employment with the Company the Company may transfer Grantee Personal Data to Data Recipients for the Purposes. Grantee further acknowledges that Grantee understands that the countries to which Grantee Personal Data may be transferred may have data protection standards that are different than those in Grantee's home country and that offer a level of data protection that is less than that in Grantee's home country. Further, in accepting the Award set forth in the Agreement, Grantee hereby expressly affirms that Grantee does not object, and Grantee hereby expressly consents, to the transfer of Grantee Personal Data by the Company to Data Recipients for the Purposes from time to time during the course of Grantee's employment with the Company.

14. **General Terms**

(a) **Interpretation.** Any dispute regarding the interpretation of this Agreement must be submitted by the Participant or the Company to the Administrator for review. The Administrator's resolution of such dispute will be final and binding on the Company and the Participant.

(b) **Entire Agreement.** The Plan and the Certificate are incorporated in this Agreement by reference, and the Participant hereby acknowledges that a copy of each has been made available to the Participant. This Agreement, the Certificate and the Plan constitute the entire agreement of the parties and supersede all prior undertakings and agreements with respect to the subject matter hereof. In the event of a conflict or inconsistency between the terms and conditions of this Agreement, the Certificate and the Plan, the Plan will govern.

(c) **Modification.** The Agreement may be modified only in writing signed by both parties.

(d) **Notices.** Any notice required under this Agreement to be delivered to the Company must be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant must be in writing and addressed to the Participant at the address indicated on the Certificate or to such other address as the Participant designates in writing to the Company. All notices will be deemed to have been delivered: (v) on personal delivery, (vi) five days after deposit in the United States mail by certified or registered mail (return receipt requested), (vii) two business days after deposit with any return receipt express courier (prepaid) or (viii) one business day after transmission by fax or email.

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

(f) **Governing Law.** This Agreement will 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.

SIXTH AMENDMENT TO LEASE
(North Hollywood)

THIS SIXTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of the 28^h day of July, 2015 by and between **SYUFY ENTERPRISES, L.P.**, a California limited partnership ("Landlord"), and **CENTURY THEATRES, INC.**, a California corporation ("Tenant").

R E C I T A L S:

A. Landlord and Century Theatres of California Inc., a California corporation ("Original Tenant"), entered into a certain Lease dated as of September 30, 1995 (the "Original Lease"), for certain premises located in North Hollywood, California.

B. The Original Lease as amended by (i) that certain First Amendment to Lease dated as of September 1, 2000 (the "First Amendment"); (ii) that certain Second Amendment to Lease dated as of April 15, 2005 (the "Second Amendment"); (iii) that certain Third Amendment to Lease dated as of September 29, 2005 (the "Third Amendment"); (iv) that certain Third Amendment to Lease dated as of August 7, 2006 (the "Fourth Amendment"); and (v) that certain Fifth Amendment to Lease dated as of May 1, 2014 (the "Fifth Amendment"), is hereinafter referred to as the "Lease". [Note that the Fourth Amendment was inadvertently designated as the "Third Amendment to Lease".]

C. Landlord and Tenant now desire to further amend the Lease, upon the terms and conditions set forth in this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby modified and amended, and Landlord and Tenant hereby agree, as follows:

1. **Recitals Incorporated; Certain Defined Terms.** The Recitals set forth above are incorporated into this Amendment and shall be deemed terms and provisions hereof, as if fully set forth in this Paragraph 1. Capitalized terms that are used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Lease.

2. **Lease Term.** Notwithstanding anything in the Lease to the contrary, Landlord and Tenant agree that the expiration of the current Lease Term described in the Fifth Amendment is deemed to be May 31, 2015, and the commencement date of the Renewal Term created by the Fifth Amendment is deemed to be June 1, 2015.

3. **Theatre Improvements.** Tenant acknowledges that it has spent a minimum of \$3,400,000.00 on the Theatre Remodel.

4. **Construction of Theatre Improvements.** Tenant obtained the Approvals and commenced the Theatre Remodel without ceasing theatre operations in any portion of the Entire Premises. Notwithstanding anything in the Lease to the contrary, Tenant shall complete the Theatre Remodel no later than December 31, 2015, subject to Force Majeure events.

5. **Effect of Amendment.** This Amendment modifies and amends the Lease, and the terms and provisions hereof shall supersede and govern over any contrary or inconsistent terms and provisions set forth in the Lease. The Lease, as previously amended and as hereby further amended and modified, remains in full force and effect and is hereby ratified and confirmed. All future references in the Lease to the "Lease" shall mean and refer to the Lease, as amended and modified by this Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date herein above provided.

Landlord:

SYUFY ENTERPRISES, L.P.,
a California limited partnership

By: Syufy Properties, Inc.,
a California corporation,
its general partner

By: /s/William Vierra
Name: William Vierra
Its: Senior Vice President

Tenant:

CENTURY THEATRES, INC.,
a California corporation

By: /s/ Thomas J. Owens
Name: Thomas J. Owens
Title: Executive Vice President-Real Estate

FOURTH AMENDMENT TO LEASE
(Stadium Orange)

THIS FOURTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of August 15, 2014, by and between **STADIUM PROMENADE LLC**, a California limited liability company ("Landlord"), and **CENTURY THEATRES, INC.**, a California corporation ("Tenant").

R E C I T A L S:

- A. Landlord (previously known as Syufy Enterprises ("Original Landlord")) and Century Theaters, Inc., a Delaware corporation ("Original Tenant"), entered into a certain Century Stadium Promenade Lease dated as of October 1, 1996 (the "Original Lease") for certain premises located in City of Orange, California.
- B. The Original Lease has been previously amended by (a) that certain First Amendment To Lease, dated as of April 15, 2005 (the "First Amendment"), (b) that certain Second Amendment to Lease dated as of September 29, 2005 (the "Second Amendment") and (c) that certain Third Amendment to Lease dated as of August 5, 2006 (the "Third Amendment"). The Original Lease as heretofore amended is referred to herein as the "Lease".
- C. Landlord is the present Landlord under the Lease, and Tenant is the present Tenant under the Lease.
- D. Landlord and Tenant now desire to further amend the Lease, upon the terms and conditions set forth in this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby modified and amended, and Landlord and Tenant hereby agree, as follows:

1. **Recitals Incorporated; Certain Defined Terms.** The Recitals set forth above are incorporated into this Amendment and shall be deemed a part hereof, the same as if fully set forth in this Paragraph 1. Capitalized terms that are used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Lease.
2. **Sale of Alcoholic Beverages in the Premises.** Subject to Tenant complying with all laws, codes, statutes and ordinances for the sale of alcoholic beverages in the Premises, and Tenant delivering to Landlord a certificate of insurance evidencing the additional insurance required pursuant to Paragraph 3 of this Amendment below, Tenant's Use of the Premises pursuant to Section 10.01 of the Lease may include the sale of alcoholic beverages.
3. **Insurance.** Prior to Tenant commencing the sale of alcoholic beverages in the Premises, Tenant shall deliver Landlord (pursuant to Section 16.01 of the Lease) a certificate of insurance (in a form reasonably acceptable to Landlord) evidencing that Tenant has obtained liquor liability (Dram Shop) insurance coverage, in a minimum amount of One Million and 00/100 Dollars (\$1,000,000.00) per occurrence and in a minimum amount of Two Million and 00/100 Dollars (\$2,000,000.00) general aggregate, related to Tenant's sale of alcoholic beverages in the Premises.
4. **Gross Receipts.** Notwithstanding anything in the Lease to the contrary, Tenant acknowledges, understands and agrees that the sale of alcoholic beverages in the Premises shall be included in the definition of Gross Receipts and for the purpose of calculating Percentage Rent due under the Lease.
5. **Sale of Liquor in the Entire Premises** Section 19(iii) of the Third Amendment is deleted in its entirety and is replaced with the following:

"(iii) Subject to the provisions of existing leases, licenses and operating agreements, Landlord shall not lease license, enter into an operating agreement for, sell or use any space in the Entire Premises for operating the following: a bowling alley; a bar or lounge (other than a bar or lounge that is connected with a restaurant, and deriving no more than fifty percent (50%) of its revenues from the sale of alcoholic beverages); a liquor store (other than a first class or upper-end wine or liquor store, such as "BevMo"); a bulk candy store (other than upper-end candy stores such as Godiva, Sees, Rocky Mountain Chocolates and similar concepts); a popcorn store; a massage parlor or adult (i.e., pornographic) book store. Notwithstanding the foregoing, in no event shall the above noted fifty percent (50%) cap on revenues that are derived from the sale of alcoholic beverages apply to or in any manner restrict the sale of alcoholic beverages by O.C. Restaurant Group LLC (or its successors or assigns), so long as it operates as The Tilted Kilt restaurant within the Entire Premises."

6. **Effect of Amendment.** This Amendment modifies and amends the Lease, and the terms and provisions hereof shall supersede and govern over any contrary or inconsistent terms and provisions set forth in the Lease. The Lease, as previously amended and as hereby further amended and modified, remains in full force and effect and is hereby ratified and confirmed. All future references in the Lease to the "Lease" shall mean and refer to the Lease, as amended and modified by this Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date herein above provided.

Landlord:

STADIUM PROMENADE, LLC,
a California limited liability company

By: SyWest Holdings LLC,
a California limited partnership
Its: Member/Manager

By: Syufy Enterprises,
a California limited partnership
Its: Member/Manager

By: Syufy Properties, Inc.,
a California corporation
Its: General Partner

By: /s/ William Vierra
William Vierra
Its: Senior Vice President

Tenant:

CENTURY THEATRES, INC.,
a California corporation

By: /s/Tom Owens

Name: Tom Owens

Title: Executive Vice President – Real Estate

FIFTH AMENDMENT TO LEASE

(Stadium Orange)

THIS FIFTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of the 3rd day of August, 2015, by and between **STADIUM PROMENADE LLC**, a California limited liability company ("Landlord"), successor-in-interest to Syufy Enterprises, a California partnership ("Original Landlord") and **CENTURY THEATRES, INC.**, a California corporation ("Tenant"), successor-in-interest to Century Theatres, Inc., a Delaware corporation ("Original Tenant").

R E C I T A L S:

A. Original Landlord and Original Tenant, entered into a certain Century Stadium Promenade Lease, dated as of October 1, 1996 (the "Original Lease"), for certain Premises located in the City of Orange, Orange County, California. The Original Lease has been amended by that certain First Amendment to Lease, dated as of April 15, 2005, that certain Second Amendment to Lease, dated as of September 29, 2005, that certain Third Amendment to Lease, dated as of August 5, 2006, and that certain Fourth Amendment to Lease, dated as of August 15, 2014. The Original Lease, as so amended, is referred to herein as the "**Lease**".

C. Tenant desires to install (or cause to be installed) certain energy storage equipment at the Premises and in the Common Area of the Entire Premises.

D. Landlord and Tenant now desire to amend the Lease, upon the terms and conditions set forth in this Amendment.

A G R E E M E N T S

NOW THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby modified and amended, and Landlord and Tenant hereby agree, as follows:

1. Recitals Incorporated; Certain Defined Terms. The Recitals set forth above are incorporated into this Amendment and shall be deemed terms and provisions hereof, the same as if fully set forth in this Paragraph 1. Capitalized terms that are used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Lease.

2. Common Area: Notwithstanding anything in the Lease to the contrary, Tenant may install (or cause to be installed) "Energy Storage Equipment" ("**ESE**") (portions of which are described as "Superpacks" on Exhibit "A", attached hereto and made a part hereof) within the Common Area adjacent to the theatre building ("Theatre Building") in the locations depicted on Exhibit "A" and in accordance with the plans set forth in Exhibit "A". The ESE shall be used for the storage of electricity to be used by Tenant in the Premises during peak times for relief of load on the electric grid. However, Tenant shall have no right to sell or transfer such stored electricity to any other tenant in the Entire Premises.

3. Installation and Maintenance: Notwithstanding anything in the Lease to the contrary, Tenant shall be solely responsible, at Tenant's sole cost and expense, for (i) the installation, maintenance, repair and removal of the ESE, and (ii) any damage caused to the Theatre Building, Premises, Common Area or any other portion of the Entire Premises as a result of Tenant's installation, use, maintenance, operation, repair or removal of the ESE. Without limiting the foregoing, Tenant's rights under this Amendment shall be subject to the following:

a. Tenant, at its sole cost and expense, shall obtain all governmental approvals, licenses and permits as may be required for the installation, use, operation and removal of the ESE and the installation, use, operation, maintenance, repair, replacement and removal of the ESE shall all be done in accordance with all applicable laws.

b. Upon the earlier of the expiration or earlier termination of the Term of the Lease or the vacation of the Premises by Tenant, Tenant shall, at Tenant's sole cost and expense, remove the ESE and all of its components in accordance with the then current National Electric Code and return the affected areas of the Common Area, Premises and Theatre Building to their original condition (ordinary wear and tear excepted) prior to the installation of the ESE, including, without limitation, restoring electrical service to the Premises and Theatre Building at the same level and with the same type of electrical service as existed before the installation of the ESE.

c. Tenant, at its sole cost and expense, shall maintain and repair (or cause to be maintained and repaired) the ESE in good condition and repair throughout the Lease Term.

d. The ESE is and shall remain the property of Tenant or Tenant's permitted assignee, and Landlord and Tenant agree that the ESE is not, and installation of the ESE on the Premises and/or within the Common Area, shall not cause the ESE to become the property of Landlord or a fixture pursuant to the Lease or by operation of law.

e. Without limiting the terms and conditions of the Lease, Tenant shall indemnify, defend, protect and hold Landlord, its partners, members, officers, agents, employees and contractors harmless from and against all claims, suits, losses, damages, fines, penalties, liabilities, judgments, costs, or expenses assessed against or incurred by Landlord (including reasonable attorneys' fees and other costs incurred by Landlord in connection with claims or suits, regardless of whether such claims involve litigation) arising out of, caused by or related to (or allegedly arising out of, caused by or allegedly related to) property damage, personal injury or death to the extent arising out of, caused by or related to the activities of Tenant or its employees, agents or contractors in installing, using, operating, maintaining, repairing, replacing, servicing or removing the ESE.

f. Tenant shall be solely liable for, at Tenant's sole cost and expense, and shall pay prior to delinquency, all personal property taxes, assessments and other impositions levied with respect to the ESE. In the event that any such taxes, assessments or other impositions are levied against Tenant, Tenant shall pay the same directly to the taxing authority. However, in the event that any such taxes, assessments or other impositions are levied against Landlord or the Entire Premises, rather than levied against Tenant, Tenant shall promptly reimburse to Landlord the full amount (not merely Tenant's pro rata share) of such taxes, assessments or other impositions pursuant to Article VIII of the Lease.

g. During the period commencing on the date of the installation of the ESE and ending on the date that the ESE is removed from the Entire Premises, the portion of the Common Area upon which the ESE is installed shall be deemed to be part of the Premises for all purposes under the Lease, including, but not limited to, Tenant's insurance obligations under Section 16.01 of the Lease, and Tenant's indemnification obligations under Section 16.04 of the Lease. However, notwithstanding anything in the Lease to the contrary, Tenant's installation, use, maintenance, operation, repair and removal of the ESE shall be governed by the provisions of this Amendment.

h. Tenant acknowledges, understands and agrees that: (i) the installation of the ESE shall cause a loss of four (4) parking spaces in the Common Area of the Entire Premises; (ii) as a result thereof, Landlord shall not be obligated to restore or replace any of such four (4) parking spaces elsewhere in the Entire Premises; and (iii) if the Lease requires a certain minimum number of parking spaces to be maintained in or upon the Entire Premises, such minimum number of parking spaces shall be decreased by four (4) parking spaces.

i. The installation, use and operation of the ESE, and the utilization of the portion of the Common Area upon which the ESE is installed, shall not cause or result in a decrease or increase in the amount of rent due under the Lease, including, but not limited to, the amount of Minimum Rent, additional rent or Common Area Expenses due under the Lease, except for any increase in taxes, assessments or other impositions with respect to the ESE, which shall be paid directly by Tenant to the taxing authority or shall be reimbursed by Tenant to Landlord, as set forth in Paragraph 3f above.

4. Counterparts; Electronic Signatures. The parties may execute this Amendment in one or more counterparts, all of which when taken together will constitute one and the same instrument. Signatures transmitted by electronic means shall be effective and binding in the same manner as original signatures.

5. Effect of Amendment. This Amendment modifies and amends the Lease, and the terms and provisions hereof shall supersede and govern over any contrary or inconsistent terms and provisions set forth in the Lease. The Lease, as previously amended and as hereby further amended and modified, remains in full force and effect and is hereby ratified and confirmed. All future references in the Lease to the "Lease" shall mean and refer to the Lease, as amended and modified by this Amendment.

[Remainder of page intentionally left blank; signature page to follow.]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date herein above provided.

Landlord:

STADIUM PROMENADE LLC,
a California limited liability company

By: SyWest Holdings LLC,
a California limited liability company,
its member/manager

By: Syufy Enterprises,
a California limited partnership,
its member/manager

By: Syufy Properties, Inc.,
a California corporation,
its general partner

By: /s/ William Vierra
Name: William Vierra
Its: Senior Vice President

Tenant:

CENTURY THEATRES, INC.,
a California corporation

By:/s/ Thomas J. Owens
Name: Thomas J. Owens
Its: Executive Vice President – Real Estate

FOURTH AMENDMENT TO LEASE
(Salinas–Northridge)

THIS FOURTH AMENDMENT TO LEASE (this “Amendment”) is made and entered into as of the 4th day of August, 2017, by and between **Syufy Enterprises, L.P., a California limited partnership** (“Landlord”) and **Century Theatres, Inc., a California corporation** (“Tenant”). Capitalized terms used in this Amendment without definition shall have the meanings ascribed to such terms in the Lease (as hereinafter defined).

RECITALS

A. Landlord, as landlord, and Century Theatres of California, Inc. (“Original Tenant”), as tenant, entered into that certain Lease, dated September 30, 1995 (as amended, the “Lease”), pursuant to which Landlord leased to Original Tenant and Original Tenant leased from Landlord that certain Premises commonly known as 350 Northridge Shopping Center, Salinas, California 93906, which Premises are more particularly described in the Lease.

B. Tenant has succeeded to the interests and assumed the obligations of Original Tenant as the tenant under the Lease.

C. Tenant intends to serve alcoholic beverages on the Premises and has made application for the appropriate licenses and permissions, both state and local. Tenant has requested that Landlord execute certain documentation required by the local municipality, in which Landlord acknowledges alcoholic beverages will be served on the Premises, and in conjunction therewith, Landlord has asked Tenant to provide additional liability insurance for the benefit of Landlord.

D. Landlord and Tenant now desire to amend and modify the Lease in several respects upon the terms and conditions contained herein.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements herein contained, Landlord and Tenant hereby agree that the Lease shall be and is hereby amended as follows:

1. Recitals Incorporation. All of the provisions of the Recitals set forth above are incorporated into this Agreements section of this Amendment.
2. Tenant’s Permitted Use. Landlord hereby acknowledges that Tenant’s Permitted Use under the Lease includes Tenant’s right to sell and serve alcoholic beverages in and upon the Premises. However, at all times during any period that Tenant sells or serves alcoholic beverages in or upon the Premises, Tenant shall comply with all local, state and federal laws, codes, statutes and ordinances related to the sale or serving of alcoholic beverages, including, but not limited to, all laws, codes, statutes and ordinances promulgated or enforced by the California Department of Alcoholic Beverage Control.
3. Tenant’s Insurance.
 - (a) The following is added to the end of Section 6.02 A) of the Lease:

“At all times during any period that Tenant sells or serves alcoholic beverages in or upon the Premises, Tenant shall also procure and maintain, as a component of Tenant’s commercial general liability insurance policy, coverage for liquor liability (Dram Shop) insurance in a minimum amount of \$1,000,000 per occurrence (or each common cause) and in a minimum amount of \$1,000,000 in the aggregate. Prior to the commencement of, and as a condition precedent to, Tenant selling or serving alcoholic beverages in or upon the Premises, Tenant shall deliver to Landlord a certificate of liability insurance that evidences that Tenant has procured such liquor liability (Dram Shop) insurance coverage.”

(b) Pursuant to Section 6.01 of the Lease, Landlord hereby requests Tenant, and Tenant hereby agrees, to name the following as additional insureds under Tenant's commercial liability insurance policies and as loss payees under Tenant's property insurance policies: Landlord, SyWest Development LLC, Syuffy Properties, Inc., Landlord's property manager (if any) and Landlord's lender (if any).

4. Tenant's Indemnification of Landlord. The following is added to the end of Section 10.01 of the Lease:

"Tenant's obligations under this Section 10.01 shall also apply and extend to Tenant selling and serving alcoholic beverages in, upon or about the Premises."

5. ADA Accessibility of the Premises. Pursuant to California Civil Code Section 1938, Landlord hereby notifies Tenant that the Premises have not undergone inspection by a Certified Access Specialist. A Certified Access Specialist (CASp) can inspect the subject Premises and determine whether the subject Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises. Except as otherwise expressly agreed upon in writing by Landlord and Tenant (including in the Lease), neither Landlord nor Tenant shall have any obligation for the payment of the CASp fee or the cost of making repairs pursuant to a CASp inspection, nor shall Landlord or Tenant have any liability to the other arising out of or related to the fact that neither the Building, the Leased Premises nor the Premises have been inspected by a CASp.

6. Tenant's Insurance. In consideration of Tenant's covenants, conditions and agreements herein contained, Landlord shall approve and shall execute any reasonable document related to Tenant's conditional use permit application to the City of Salinas, California to allow Tenant to sell and serve alcoholic beverages in and upon the Premises.

7. Lease in Full Force and Effect. Effective as of the date of this Amendment, the provisions of this Amendment are expressly incorporated into the provisions of the Lease, and the provisions of this Amendment shall become effective on the date of this Amendment, unless a different date for the effectiveness of a provision of this Amendment is specifically indicated herein. Except as specifically amended by this Amendment, the Lease shall continue in full force and effect for the balance of the Lease Term. In the event of any conflict between the provisions of the Lease and the provisions of this Amendment, the provisions of this Amendment shall supersede and prevail.

8. Authority. Tenant represents and warrants to Landlord that Tenant is duly authorized to enter into this Amendment and that all required consents and approvals of any lender or other third party required for Tenant's execution of this Amendment have been obtained. Landlord represents and warrants to Tenant that Landlord is duly authorized to enter into this Amendment and that all required consents and approvals of any lender or other third party required for Landlord's execution of this Amendment have been obtained.

9. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument. This Amendment shall not become effective as an amendment or modification to the Lease unless and until it has been executed and delivered by Landlord and Tenant.

10. Successors and Assigns. This Amendment shall bind, and inure to the benefit of, the parties hereto and their respective successors and assigns.

11. Further Instruments. The parties hereto covenant and agree that they shall execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the objectives of this Amendment.

12. No Oral Agreements. This Amendment contains the entire agreement between Landlord and Tenant with respect to the subject matter hereof. It is understood that there are no oral agreements between Landlord and Tenant affecting the Lease as hereby amended, and this Amendment supersedes and cancels any and all previous negotiations, representations, agreements and understandings, if any, between Landlord and Tenant and their respective agents and employees with respect to the subject matter hereof, and none shall be used to interpret or construe the Lease as hereby amended. Except as herein otherwise provided, no alteration, amendment, change, or addition to the Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by Landlord and Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Amendment as of the date first written above.

LANDLORD:

**Syfy Enterprises, L.P.,
a California limited partnership**

By: Syfy Properties, Inc., a California
Corporation
Its: General Partner

By: /s/William Vierra
William Vierra
Its: Sr. Vice President

TENANT:

**Century Theatres, Inc.,
a California corporation**

By: /s/ Thomas J. Owens

Name: Thomas J. Owens

Its: Executive Vice President – Real Estate

FOURTH AMENDMENT TO LEASE
(Park Lane Mall, Reno, NV)

THIS FOURTH AMENDMENT TO LEASE (this “**Amendment**”) is entered into as of the 8th day of August, 2017 (the “**Effective Date**”) by and between **SYUFY ENTERPRISES, L.P.**, a California limited partnership (“**Landlord**”), and **CENTURY THEATRES, INC.**, a California corporation (“**Tenant**”), successor-in-interest to Century Theatres, Inc., a Delaware corporation (“**Original Tenant**”).

R E C I T A L S:

A. Landlord and Original Tenant entered into that certain lease agreement dated as of August 1, 1997 (as amended by that certain First Amendment to Lease dated April 15, 2005 and that certain Second Amendment to Lease dated September 29, 2005) and Landlord and Tenant entered into that certain Third Amendment to Lease dated August 7, 2006 (collectively, the “**Lease**”), for certain premises located in Reno, Nevada;

B. The Initial Term of the Lease is scheduled to expire on August 31, 2018;

C. Tenant wishes to extend the Term of the Lease and remodel the Premises in conjunction with the anticipated reconstruction of the center formerly known as the Park Lane Mall;

D. Landlord agrees to forgo a portion of the Annual Fixed Rent during the next two Renewal Terms in order to subsidize Tenant’s remodeling work; and

E. Landlord and Tenant now desire to further amend the Lease, upon the terms and conditions set forth in this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby modified and amended, and Landlord and Tenant hereby agree, as follows:

1. **Recitals Incorporated; Certain Defined Terms.** The Recitals set forth above are incorporated into this Amendment and shall be deemed terms and provisions hereof, as if fully set forth in this Paragraph 1. Capitalized terms that are used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Lease.

2. **Renewal Terms.** Although Section 3 of the Third Amendment to Lease provides Tenant with four five-year Renewal Terms and one four-year Renewal Term, the options for each of which Tenant may exercise individually, Tenant hereby elects to exercise its option to extend the Lease by ten (10) years. Accordingly, the Term of the Lease shall not expire on August 31, 2018 but shall now incorporate the first two Renewal Terms and shall be extended to August 31, 2028.

3. **Rent.** Commencing on September 1, 2018 and continuing through August 31, 2028, and subject to Tenant’s compliance with Section 5 below, Tenant’s obligation to pay Annual Fixed Rent shall be suspended and Tenant shall instead pay monthly and in the same manner as Annual Fixed Rent an amount equal to \$133,255.33 (the “**Modified Annual Fixed Rent**”). Tenant’s right to pay Modified Annual Fixed Rent shall expire on August 31, 2028 and thereafter Tenant shall resume paying Annual Fixed Rent (to the extent Tenant elects to exercise the third and any subsequent Renewal Terms). (For the avoidance of doubt, Annual Fixed Rent shall incorporate all scheduled increases thereto, including those scheduled during the suspension of Annual Fixed Rent.) In addition to Rent, Tenant shall pay all other charges due under the Lease.

4. **Landlord’s Recapture Right.** The first grammatical paragraph in Section 4 of the Third Amendment to Lease is hereby deleted and replaced with the following:

“Tenant shall satisfy the Operating Condition throughout the Term of the Lease. If, at any time during the Term of the Lease, Tenant fails to satisfy the Operating Condition (defined below), for reasons other than Excused Closure (defined below) or *Force Majeure*, then upon written notice from Landlord to Tenant and Tenant’s failure to comply with the Operating Condition within seven (7) days thereof, Landlord shall have the right, in addition to any other remedies available to it, to terminate the Lease and recapture the Leased Premises, without payment to Tenant, effective ten (10) days after Landlord’s notice thereof to Tenant.”

5 . **Tenant’s Remodel.** Subject to Force Majeure, prior to September 1, 2018 (the “**Remodel Deadline**”), Tenant shall commence and complete a remodel of Tenant’s Building. For the purposes hereof, “Remodel” shall include the installation of a new roof, new heating, ventilation and air conditioning units, new luxury recliners in all auditoriums, and other interior and exterior improvements. Tenant shall invest no less than \$1,200,000 in the Remodel (the “**Minimum Investment**”). If, by the Remodel Deadline, Tenant has not made the Minimum Investment as certified by a financial officer of Tenant, then Tenant shall continue paying Annual Fixed Rent until Tenant has made the Minimum Investment as certified by a financial officer of Tenant, after which time Tenant shall have the right to pay Modified Annual Fixed Rent as provided in Section 3 above.

6 . **Effect and Effectiveness of Amendment.** This Amendment modifies and amends the Lease, and the terms and provisions hereof shall supersede and govern over any contrary or inconsistent terms and provisions set forth in the Lease. The Lease, as previously amended and as hereby further amended and modified, remains in full force and effect and is hereby ratified and confirmed.

[Signatures appear on following page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date herein above provided.

Landlord:

SYUFY ENTERPRISES, L.P.,
a California limited partnership

By: Syufy Properties, Inc., a California corporation
Its: General Partner

By: /s/ William Vierra
Name: William Vierra
Its: Senior Vice President

Tenant:

CENTURY THEATRES, INC.,
a California corporation

By: /s/ Thomas J. Owens
Name: Thomas J. Owens
Title: Executive Vice President- Real Estate

LEASE AGREEMENT
BETWEEN
SY ARDEN WAY LLC,
a California limited liability company
AS LANDLORD
AND
CENTURY THEATRES, INC.,
A California corporation

AS TENANT
for the lease of certain premises located at
HOWE 'BOUT ARDEN CENTER
SACRAMENTO, CALIFORNIA

DATED: May 26, 2015

LEASE AGREEMENT

THIS LEASE AGREEMENT, (this “**Lease**”) dated as of May 26, 2015 (the “**Effective Date**”), is by and between **SY ARDEN WAY LLC**, a California limited liability company (“**Landlord**”), **SYUFY ENTERPRISES**, a California limited partnership (“**Existing Landlord**”) solely for the purpose of Article 22, Termination of Existing Lease, and **CENTURY THEATRES, INC.**, a California corporation (“**Tenant**”)

BACKGROUND

A. Landlord is the fee simple owner of a certain parcel of real property located in the unincorporated area of Sacramento County, California, as legally described on Exhibit B attached hereto (“**Landlord’s Parcel**”) and shown on Exhibit A, and Landlord Affiliates (as herein defined) own certain other parcels of real property immediately adjacent to Landlord's Parcel as shown on Exhibit A (“**Affiliate Parcels**”) located at the intersection of Arden Way and Howe Avenue, Sacramento, California on which Landlord and Landlord Affiliates intend to redevelop a retail shopping center that is to be known as the Howe ‘Bout Arden Center (as more particularly described below, the “**Center**”), substantially as depicted on Exhibit A attached hereto.

B. Tenant is currently a tenant in the Center under the terms and conditions of that certain Lease, dated September 30, 1995, between Existing Landlord and Tenant (as amended, the “**Existing Lease**”)

C. Subject to the terms and conditions of this Lease, Existing Landlord and Tenant desire to terminate the Existing Lease and Landlord desires to lease to Tenant and Tenant desires to lease a portion of the Center, containing approximately 65,219 square feet of land outlined on Exhibit A-1 hereto (as more particularly described below, the “**Demised Land**”).

D. Accordingly, Landlord and Tenant hereby agree as follows:

ARTICLE 1

BASIC LEASE INFORMATION

Section 1.1. Reference Data. The following reference data constitutes certain terms of this Lease. Whenever any data is referred to as “approximately” or “estimated,” said data shall be determined in the manner provided in this Lease and such estimate shall be disregarded.

Landlord:	SY ARDEN WAY LLC, a California limited liability company
Tenant:	CENTURY THEATRES, INC., a California corporation
Demised Land:	The portion of the Center that is depicted as the Permissible Building Area on <u>Exhibit A</u> attached hereto, containing approximately 65,219 square feet of land area, upon which Tenant shall build the Building described below, subject to <u>Section 2.1(b)</u> below.
Floor Area of Premises:	Approximately 65,219 square feet.
Center:	Howe ‘Bout Arden Center
Initial Term:	Fifteen (15) Lease Years.
Extension Terms:	Three (3) consecutive option terms of five (5) Lease Years each plus one (1) option term of four (4) Lease Years and eleven (11) months.

Annual Base Rent:	<p>Lease Years 1-5, \$27.00 per square foot of Floor Area within the Premises per Lease Year</p> <p>Lease Years 6-10, \$28.50 per square foot of Floor Area within the Premises per Lease Year</p> <p>Lease Years 11-15, \$30.00 per square foot of Floor Area within the Premises per Lease Year</p> <p>First Extension Term, if exercised, \$31.50 per square foot of Floor Area within the Premises per Lease Year</p> <p>Second Extension Term, if exercised, \$33.00 per square foot of Floor Area within the Premises per Lease Year</p> <p>Third Extension Term, if exercised, \$34.50 per square foot of Floor Area within the Premises per Lease Year</p> <p>Fourth Extension Term, if exercised, \$36.00 per square foot of Floor Area within the Premises per Lease Year</p>
Percentage Rent:	<p>As more particularly set forth in <u>Section 4.2</u> below, Tenant shall pay Percentage Rent during both the Initial Term and any Extension Term in an amount equal to eight percent (8%) of the amount, if any, by which Tenant's Gross Sales for the Percentage Rent Year exceeds the Percentage Rent Breakpoint for such Percentage Rent Year.</p>
Percentage Rent Breakpoint:	<p>Percentage Rent Years 1-5, \$13,000,000.00</p> <p>Percentage Rent Years 6-10, \$13,722,221.00</p> <p>Percentage Rent Years 11-15, \$14,444,443.00</p> <p>Percentage Rent Years during First Extension Term, if exercised, \$15,166,665.00</p> <p>Percentage Rent Years during Second Extension Term, if exercised, \$15,888,886.00</p> <p>Percentage Rent Years during Third Extension Term, if exercised, \$16,611,107.00</p> <p>Percentage Rent Years during Fourth Extension Term, if exercised, \$17,333,328.00</p>
Real Estate Taxes:	<p>As defined in <u>Section 1.2</u>.</p>
Common Area Expenses:	<p>As defined in <u>Section 1.2</u>.</p>
Common Area Expenses Cap:	<p>Until the end of the CAM Base Year, Tenant's liability for Tenant's Pro Rata Share of Common Area Expenses shall not exceed \$2.50 per square foot of Floor Area and every calendar year thereafter shall not exceed one hundred and three percent (103%) of the Common Area Expenses for the prior calendar year on an annualized basis. Notwithstanding the immediately preceding sentence, to the extent Common Area utility and insurance cost increases cause the Common Area Expenses to exceed the Common Area Expenses Cap, Tenant shall pay its Pro Rata Share of those excess charges.</p>
Building Allowance:	<p>Building Allowance shall have the meaning given such term in the Work Letter. Landlord shall pay the Building Allowance to Tenant in accordance with <u>Section 5</u> of the Work Letter.</p>

Minimum Free Parking Spaces:	The greater of (i) the parking spaces shown on <u>Exhibit A</u> or (ii) the amount of parking required to be maintained with respect to the Center pursuant to Applicable Laws. Notwithstanding anything in this Lease to the contrary, in the area labeled as Landlord's Parcel on <u>Exhibit A</u> , Landlord will not sell or lease more than 33,000 square feet of space to be used for any type of restaurant and or food service facility (excluding grocery stores, which may sell prepared foods and pet stores which may sell pet food), and will not sell or lease any space to any entity for the purposes of any type of evening entertainment (excluding Tenant). Within Landlord's Parcel, Landlord may allow small music venues, so long as they are part of a restaurant. Notwithstanding anything in this Lease to the contrary, in the combined areas labeled as "Affiliate Parcel 1" and "Affiliate Parcel 2" on <u>Exhibit A</u> , Landlord will not sell or lease more than 34,000 square feet of space to be used for any type of restaurant, food service facility (excluding grocery stores which may sell prepared foods and pet stores which may sell pet food), and/or more than 10,000 square feet of space to be used for any type of evening entertainment.
Premises Minimum Free Parking Spaces:	With respect to the Priority Parking Area, no less than four hundred seventy-one (471) parking spaces.
Notice Address for Landlord:	Sy Arden Way LLC c/o SyWest Development 150 Pelican Way San Rafael, California 94901 Attention: Candice Martinez Phone: (415) 448-8591 Email: Candice_martinez@sywest.com
Notice Address for Tenant:	Century Theatres, Inc. 3900 Dallas Parkway Suite 500 Plano, TX 75093 Attn: Paul A. Ledbetter Phone: (972)665-0000
Landlord's Broker:	None.
Tenant's Broker:	None.

Section 1.2. Definitions. The following definitions constitute certain terms of this Lease which are set forth in this Section 1.2 for ease of reference. Each subsequent reference in this Lease to any of these terms defined shall incorporate the definitions in this Section as if the same were fully and completely stated therein.

"**Additional Rent**" shall collectively mean the Tenant's CAM Contribution (subject to the Common Area Expenses Cap) and Tenant's Tax Contribution.

"**Affiliate Parcels**" shall mean those certain other parcels of real property immediately adjacent to Landlord's Parcel located at the intersection of Arden Way and Howe Avenue, Sacramento, California, owned by Landlord Affiliates on which Landlord and Landlord Affiliates intend to redevelop a retail shopping center that is to be known as Howe 'Bout Arden Center.

"**Alternate Rent**" shall mean, for any period for which Alternate Rent is payable pursuant to the terms hereof, the lesser of (i) seven and one-half percent (7.5%) of Tenant's Gross Sales during the applicable period or (ii) the Base Rent otherwise due with respect to the applicable period. No Additional Rent, except for Tenant's Pro Rata Share of Real Estate Taxes, shall be payable during any such period.

"**Alternate Use**" shall have the meaning given such term in Section 13.1.

“**Anniversary**” shall mean the date that is twelve (12) full calendar months from the date of a given event; provided, however, that if the Commencement Date occurs on a day other than the first day of a calendar month, then the first Anniversary of the Commencement Date shall be deemed to be the date that is twelve (12) full calendar months from the first day of the calendar month immediately following the Commencement Date and each subsequent Anniversary of the Commencement Date shall be deemed to be the same day in the succeeding calendar years.

“**Applicable Laws**” shall mean any law, ordinance, order, rule, regulation, requirement or judicial decision of any Governmental Authority which is at any time during the Term applicable to the Premises or the Center, including, all Governmental Requirements and Environmental Laws. Such laws, ordinance, orders, rules, and regulations shall include, without limitation, any of those which relate to zoning, public health, public safety, environmental protection, accessibility, the removal of architectural barriers and the existence or removal of any Hazardous Materials. An existing condition shall not be deemed to be in violation of Applicable Laws under this Lease if such condition has been grandfathered under Applicable Laws (and therefore complies because of the applicable grandfathering provision).

“**Award**” shall mean the compensation award for any Taking.

“**Base Rent**” shall have the meaning given such term in Section 4.1.

“**Building**” shall mean the building and all other leasehold improvements (other than Tenant’s FF&E and other removable personal property) to be constructed by Tenant upon the Demised Land, and all replacements and modifications thereof and additions thereto. The Building initially shall contain approximately 65,219 square feet of Floor Area and not less than 14 state-of-the-art motion picture auditoria each containing stadium seating with not more than 1,650 theatre seats (in the aggregate).

“**Building Pad**” means the building pad to be prepared by Landlord in accordance with the Work Letter on the Demised Land on which the Building (excluding any sidewalks or other exterior improvements) shall be built.

“**CAM Base Year**” shall be the first full calendar year in which no less than ninety percent (90%) of all buildings and Common Areas in the Center, as shown on the Site Plan attached hereto as Exhibit A, have been fully constructed and/or planted (except for seasonal plantings) as of the first day of such calendar year.

“**Center**” shall mean the retail shopping center and all other buildings and improvements located or to be located on the Landlord’s Parcel and the Affiliate Parcels (including so-called “outlots”), including the Parking Areas (as hereinafter defined) and other Common Areas (as hereinafter defined), commonly known or to be known as the Howe ‘Bout Arden Center located at the intersection of Howe Avenue and Arden Way, in the unincorporated area of the County of Sacramento, California, which is outlined on the Site Plan attached hereto as Exhibit A, and which is to be redeveloped by Landlord on Landlord’s Parcel and by Landlord Affiliates on the Affiliate Parcels. Landlord currently anticipates that upon completion of Landlord’s Work and upon the completion of the redevelopment of the Affiliate Parcels, the Center shall contain approximately two hundred seventy-five thousand (275,000) square feet of Floor Area devoted to retail, retail service office (i.e., a business whose principal use of its premises is to provide services to the public, such as, but not limited to, a bank, title company, or insurance office), office (which office uses shall be limited to space located on the second floor of any building in the Center), restaurant, entertainment and related uses, inclusive of the Floor Area of the Premises. Landlord and Landlord Affiliates shall have the right to modify the size and configuration of the Center, subject to the terms and conditions of Section 2.2.

“**Commencement Date**” shall mean the day established as the Commencement Date under Section 3.1 hereof.

“**Commencement Date Conditions**” shall mean the conditions precedent to the occurrence of the Commencement Date, as set forth on Exhibit C attached hereto and made a part hereof.

“**Common Areas**” shall mean and include all areas within the exterior boundaries of the Center which are now or hereafter made available for general use, convenience and benefit of the occupants and tenants of the Center (including Tenant) and their customers, employees, invitees and licensees, including, without limitation, (i) all Parking Areas and (ii) all driveways, sidewalks, stairways, ramps, and landscaped and planted areas of the Center. The Common Areas shall be configured substantially as shown on Exhibit A hereto. Further, notwithstanding anything to the contrary contained herein, for purposes of Landlord’s maintenance and insurance obligations under this Lease, the “**Common Areas**” shall be deemed to include all portions (if any) of the premises depicted or described (or to be described) as the “**Demised Land**” on Exhibit A and the facilities (if any) thereon that are located outside of the exterior “footprint” of the Building, (subject to Tenant’s rights to make alterations to the Building in accordance with this Lease), including (without limitation) the exit stairways, ramps, sidewalks and other hardscape and landscape features, if any, around the perimeter of the Building, other than the canopies, building lighting and signage that are attached to the Building. Landlord shall have the right to modify the configuration of the Common Areas, subject to the terms and conditions of Section 2.2.

“**Common Area Expenses**” shall mean the actual, reasonable out-of-pocket costs incurred by Landlord for the following, subject to the limitations set forth in this Lease: ordinary operation, management (subject to the limitations hereinafter provided), maintenance, cleaning and repair of the Common Areas of the Center including, without limitation, all ordinary and extraordinary snow and ice removal; storm drainage; patching and other minor non-capital maintenance and repairs to the Parking Areas and other paved areas (but not repaving of substantially the entire Parking Area, as distinguished from patching and repairs); removal of paper, garbage and other debris from the Common Areas of the Center; to the extent required, lighting, security and security patrols, and alarms and alarm monitoring pertaining to the Common Areas; insurance premiums for the coverage required or elected by Landlord under Section 7.1(b) hereof; utility costs for utilities consumed in the Common Areas; ordinary maintenance and repair of machinery and equipment to the extent exclusively serving the Common Areas; maintenance of Center traffic and directional signage and identification signage, including pylon and monument signage, if any; and maintenance, repair and replacement of stairs, railings, seating and children play areas within the Common Areas, decorative elements, and floor and wall coverings. Common Area Expenses shall be calculated on a cash basis in accordance with generally accepted accounting principles. All Common Area Expenses shall be based on the actual reasonable and competitive out-of-pocket costs (excluding administrative and overhead costs except as set forth below) paid by Landlord.

Common Area Expenses shall exclude all of the following: (i) costs of original construction or reconstruction (as distinguished from maintenance and repair) of the Center or any expansion or renovation thereof; (ii) principal and/or interest payments on any financing for the Center or any portion thereof or rental under any ground lease or other underlying lease; (iii) costs of extraordinary services provided to other tenants in the Center which are not provided to Tenant; (iv) capital expenditures (i.e., expenditures which are required to be capitalized in accordance with generally accepted accounting principles, consistently applied, or that are depreciated or amortized rather than expensed on Landlord’s income tax filings), including, but not limited to, the renovation of all or a material portion of the Parking Areas; (v) the costs of correcting defects in the design or construction of the Center, or repair and/or replacement of any of the original materials or equipment required as a result of such defects; (vi) any expense resulting from the gross negligence of Landlord, its agents, servants or employees; (vii) reserves for anticipated future expenses (whether or not of a capital nature); (viii) legal and other fees, leasing commissions, advertising expenses and other costs incurred in connection with development, leasing or operation of the Center, or in connection with negotiations or disputes with tenants, occupants or prospective tenants or occupants, or legal fees incurred in connection with this Lease; (ix) cost of repairs or other work occasioned by fire, casualty or other insurable risk or the exercise of the right of eminent domain, except that such costs shall be included as Common Area Expenses to the extent of any deductibles in Landlord’s insurance in accordance with Section 7.4(c); (x) expenses incurred in the build out, renovation, or improvement of any portion of any building in the Center; (xi) expenses in connection with services or other benefits of a type which are not provided Tenant but which are provided to or for other tenant(s) or occupant(s) of the Center (such as trash removal); (xii) any interest, late charges, or penalties incurred as a result of Landlord’s failure to pay any bill as the same shall become due, and any fines or penalties assessed against Landlord or the Center as a result of any violation of

Applicable Laws; (xiii) any and all other costs associated with the operation of the business of Landlord, intending by this exclusion to distinguish the same from the costs of operation, management, maintenance, cleaning and repair of the Common Areas (excluded items shall specifically include, but shall not be limited to, formation of the Landlord entity, internal accounting and legal matters, including but not limited to, preparation of tax returns and financial statements and gathering of data therefor, costs of selling, syndication, financing, mortgaging or hypothecating any of Landlord's interest in the Center, and costs of any disputes between Landlord and its employees); (xiv) any rental charges or other occupancy costs pertaining to any off-site property management or leasing office; (xv) salaries and bonuses of officers and executives of Landlord and compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord (not including, however, the Center on-site manager, subject to the limitations set forth below); (xvi) any component of Real Estate Taxes, personal property taxes and/or any taxes for betterments or special assessments; (xvii) [intentionally deleted]; (xviii) costs associated with the operation or maintenance of any food court area, if any, or any information or customer service booth; (xix) audit fees and expenses; (xx) costs of promoting the Center; (xxi) costs of constructing any pylons signs or monument signs (other than as provided in Section 15.2 below) for the Center; (xxii) merchants' association or merchants' fund fees, or costs to market, promote or advertise the Center; (xxiii) any costs or expenses pertaining to the ownership, operation, maintenance, repair, insuring or securing of the portions of the Center not devoted to serving retail, retail service offices, restaurant or entertainment uses (except for ancillary office space associated with and part of such retail, retail service offices, restaurant or entertainment uses), if any; and (xxiv) any management fees, administrative charges, salaries, benefits or employment costs in excess of the permitted administrative fee described below.

All Common Area Expenses shall be based on the actual reasonable and competitive out-of-pocket costs (excluding overhead costs); provided, however, that Landlord may include in Common Area Expenses a permitted administrative fee equal to the lesser of (x) the actual out-of-pocket management fees and administrative costs for the Center (including actual salaries, benefits and employment costs of (and only of) any on-site personnel, including the Center manager who perform work or service only for the Center), or (y) an amount equal to five percent (5%) of all Common Area Expenses paid by Landlord. Landlord shall reduce all Common Area Expenses by (x) any discount, rebate, or contribution made by any tenant of the Center in excess of its respective pro rata share, and (y) any payments or contributions on account of common area maintenance (however designated) collected by or credited to Landlord that serve to reduce such costs (including, without limitation, parking revenues and valet service fees and any payments from or charges against the non-retail portion of the Center or the occupants thereof for the use of the Common Areas of the Center or the Parking Areas).

Notwithstanding anything to the contrary contained herein, Common Area Expenses shall not include, and Tenant shall be solely responsible for, the costs and expenses of providing additional security services and personnel which may be required to be furnished by Tenant in connection with special or extraordinary events conducted by Tenant at the Premises, provided that feature grand openings and other events that are typical in other first-class motion picture theaters in the Metropolitan Area shall not be treated as "special or extraordinary events" for these purposes. Landlord acknowledges that, if Tenant provides security services for special or extraordinary events as contemplated above, Tenant does not represent, guarantee or assume responsibility that Landlord or the other tenants or patrons of the Center will be secure from any claims relating to such security services.

"Compatible Use" shall have the meaning set forth in Section 13.1.

"Co-Tenancy Condition" shall mean the achievement and continued satisfaction of the following conditions while Tenant is operating the Premises primarily for the Theater Use (subject to Excused Closures): (i) the Co-Tenancy Level of the Center shall be equal to or greater than fifty percent (50%) of the gross leasable area of the Center (exclusive of the Building), (ii) at least one (1) sit-down restaurant of at least 5,000 square feet, (which may be utilized to achieve the fifty percent (50%) requirement in clause (i) above) is open and operating and (iii) the Center is being operated as a First Class Center. The leasable area of Building B as shown on Exhibit A shall not be included in the gross leasable area for purposes of determining the Co-Tenancy of the Center for the period of one (1) year after Nordstrom vacates such building to relocate its business operation to the building designated as Major 1 on Exhibit A.

“Co-Tenancy Level” shall mean, while Tenant is operating the Premises primarily for the Theater Use (and for periods of Excused Closure), the quotient (expressed as a percentage) obtained by dividing (x) the Floor Area of the Center, excluding the Premises, that is leased, occupied and regularly open to the public and operating for business by retail stores, retail service offices, restaurants and entertainment uses at least on such days and at such times as a majority of first-class retail stores, retail service offices, restaurants and entertainment uses (as the case may be) in other First Class Centers are generally open to the public and operating for business, by (y) the total Floor Area of the Center or the Minimum Center Floor Area, whichever is greater, less the Floor Area of the Premises and the Floor Area of any second floor non-retail office space. Notwithstanding the foregoing, premises within the Center that are leased for an initial term of less than one (1) year or for seasonal periods only shall be deemed not to be “leased, occupied and regularly open to the public and operating for business” for purposes of determining the Co-Tenancy Level. From time to time at the request of Tenant, Landlord shall certify to Tenant the then-current Co-Tenancy Level of the Center (or any specific portion thereof), which shall be subject to verification by Tenant.

“County” shall mean the County of Sacramento, California.

“Demised Land” shall have the meaning given such term in Section 1.1, subject to Section 2.1(b).

“Effective Date” means the effective date of this Lease, as set forth in the preamble on the first page hereof.

“Environmental Hazard” means any of the following: (1) existence or discovery on or under Premises or elsewhere in the Center of any Hazardous Material in violation of any Applicable Law; (2) issuance of any cleanup order by any governmental agency in connection with any Hazardous Material in, on, under or otherwise affecting the Premises or the Project; (3) issuance by any court or governmental agency of any order or judgment permanently or temporarily closing down the Premises or any other part of the Project as a result of any Hazardous Material in, on under or otherwise affecting the Premises or the Project; or (4) the performance of any work for the purpose of remedying any Hazardous Material or complying with any Environmental Law.

“Environmental Laws” shall mean all current and future federal, state and local statutes, regulations, ordinances and rules relating to (1) the emission, discharge, release or threatened release of a Hazardous Material into the air, surface water, groundwater or land, (2) the manufacturing, processing, use, generation, treatment, storage, disposal, transportation, handling, removal, remediation or investigation of a Hazardous Material, or (3) the protection of human health, safety or the indoor or outdoor environmental, including (without limitation) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.* (“**CERCLA**”); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (“**RCRA**”); the Toxic Substances Control Act, 15 U.S.C. Section 2601 *et seq.*; the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*; the Clean Air Act; the Federal Water Pollution Control Act; the Occupational Safety and Health Act; all applicable environmental statutes of the State of California (including, without limitation, the California Environmental Quality Act), as amended; and all other federal, state or local statutes, laws, ordinances, resolutions, codes, rules, regulations, orders or decrees regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

“Environmental Remedial Work” shall have the meaning given such term in Section 19.3.

“Environmental Report” shall have the meaning set forth in Section 2.3.

“Excused Closure” shall mean (i) temporary periods of construction, alterations, renovation, remodeling and repair of the Premises undertaken in accordance with this Lease, including reasonable periods of mobilization and de-mobilization of such work (Tenant will use good faith, commercially reasonable efforts to minimize such periods and will diligently pursue such work), (ii) periods when Tenant ceases operating as a result of a casualty or condemnation or pursuant to the terms of Section 16.4, (iii) periods when, in Tenant’s reasonable judgment,

Tenant cannot practicably operate the Premises as a consequence of Governmental Requirements, Force Majeure or other matters beyond the reasonable control of Tenant or as a consequence of the failure of Landlord to perform its obligations under this Lease, (iv) days or times when fewer than a majority of the so-called "first-run" motion picture theaters within the Metropolitan Area are open and operating for business, (v) periods when Landlord is in material default hereunder, and (vi) other periods of not more than ten (10) days duration in the aggregate in any calendar year when Tenant elects not to operate its business at the Premises.

"Existing Lease" shall mean that certain Lease, dated September 30, 1995, between Syfy Enterprises and Tenant, as amended, for a theatre operated by Tenant in the Center.

"Extension Term" shall mean each of three (3) periods of five (5) Lease Years and one (1) period of four (4) Lease Years and eleven (11) months for which the Term of this Lease is extended pursuant to Section 3.3 hereof subject to further extension pursuant to Section 3.4 hereof.

"FF&E" shall mean the furniture, trade fixtures and equipment installed in or upon the Premises, including, without limitation, the items described on Exhibit E attached hereto.

"Final Building Plans" shall have the meaning given such term in the Work Letter attached hereto.

"Final Site Improvement Plans" shall have the meaning given such term in the Work Letter attached hereto.

"Finance Company" shall have the meaning given such term in Section 20.2.

"First Class" shall mean the standard of operation, maintenance and repair appropriate for and generally applicable to First Class Centers.

"First Class Center" shall mean a retail shopping entertainment center that is operated and maintained generally in accordance with the highest standards of the U.S. shopping center industry applicable to the majority of other comparable regional shopping centers in the Metropolitan Area.

"Floor Area" shall mean the floor area, whether of the Premises or of other premises within the Center, measured from the exterior faces of exterior walls and from the center lines of party or partition walls at each level of the applicable premises; provided, however that the Floor Area of the Premises shall be deemed not to include any of the following (i.e., the square footage of the following shall be deducted if otherwise included pursuant to this definition): any basement or mezzanine level(s) of the Premises; any mechanical penthouse(s) on the Building; any storage areas and incidental office areas within the Premises; any entranceway vestibule and queuing areas located outside of the Building; and any escalators, elevators, stairways, exit corridors (but not the hallways leading to the main entrances of the auditoria within the Premises and not elevators, escalators and/or stairways within the Premises that provide access to the mezzanine level of the Premises, if any) and exitways and passageways, if any, required by Landlord or Governmental Requirements which would not have been required if the Building were a one story, free-standing, on grade, rectangular structure. The Floor Area of the Center shall exclude the Common Areas, mechanical rooms, equipment rooms, non-retail mezzanines and non-retail storage areas but shall include (without limitation) any space (whether or not leased) devoted to retail or non-retail uses, such as office space, exclusive of any space up to 6,000 square feet in the aggregate retained or made available by Landlord for the management and security of the Center and shall also exclude any showers and lockers required by any applicable regional transportation plan (and no other property of Landlord).

"Force Majeure" shall mean delays in the performance of a Party's obligations hereunder that are caused by reason of acts of God, extraordinarily inclement weather, strikes, lockouts, labor troubles, inability to procure materials, supplies or inventory (including the general unavailability of suitable film product) at commercially reasonable rates, failure of power, illegality, general unavailability of permits or approvals required under applicable Governmental Requirements, riots, insurrection, acts of terrorism or war or other reason of a similar or dissimilar nature not the fault of or within the reasonable control of such Party, including (without limitation), the failure of the other Party to perform its obligations as and when required hereunder. Lack of funds or inability to obtain internal approvals shall not constitute *Force Majeure*.

“**Four Wall Deal**” shall mean, a bona fide transaction entered into in good faith (and not as a subterfuge to avoid payment of Percentage Rent) where an unaffiliated third party is permitted to use the Premises or one or more auditoria therein on a limited engagement basis either for a fixed fee or where (as in so-called “90-10” transactions) Tenant retains only a specified percentage of ticket revenues and a third-party is entitled to the balance of the ticket revenues.

“**Governmental Authority**” shall mean any federal, state, municipal or local governmental authority, agency or board or any division thereof.

“**Governmental Requirements**” shall mean those Applicable Laws which relate to the development, construction, occupancy or use of the Premises or the Center for their intended uses.

“**Gross Sales**” shall mean the following receipts generated at, in or from the Premises whether in cash or on credit: all box office receipts of the Premises (excluding admission receipts from Four Wall Deals), all proceeds from the sale of goods, services, concessions, refreshments and merchandise in the Premises, and the actual payments retained by Tenant in connection with Four Wall Deals, and concession stand receipts generated at, in or from the Premises. Notwithstanding the foregoing, however, Gross Sales shall not include the following: any tax, fee, assessment or charge collected for payment to any Governmental Authority, whether imposed by present or future federal, state or local law; any customer refunds, credits, and adjustments; receipts from vending machines (including pay telephones and ATMs); receipts from video or electronic games (unless or to the extent payable to or retained by Tenant), advertising receipts (including without limitation media, sponsorship and/or promotional advertising of any kind); license and concession fees paid to Tenant (but the Gross Sales of the licensee or concessionaire shall be included); amounts received from the sale of lottery tickets or similar games of chance (except to the extent of the sales “commission” retained by Tenant and the percentage of any winning lottery tickets given to the ticket vendor); any receipts from the sale of VIP or gift certificates or discount cards, except that the actual charge will be included in Gross Sales when redeemed at the Premises; any “Pass Admissions,” including EBF charges (i.e., amounts paid to Tenant and remitted to Tenant’s employee benefit fund) on “Pass Admissions;” third-party agency fees and commissions paid for selling tickets and surcharges in excess of the standard ticket price for tickets purchased or reserved from any off-Premises locations, including purchases and reservations made by telephone, over the internet or other remote means (other than the ticket price, but excluding advertising of any kind); and any proceeds of insurance or any compensation with respect to any Taking or amounts received for the sale of Tenant’s furnishing, fixtures and equipment or any sublet rents or other consideration paid to Tenant for the subletting of the Premises or the assignment of this Lease (but the Gross Sales of the subtenants and assignees shall be included).

“**Hazardous Materials**” shall mean (a) any substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to any Environmental Laws; (b) any substance, product, waste or other material of any nature whatsoever (including, without limitation, mold and other biological agents) which may give rise to liability under any Environmental Laws or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability now or hereafter applied to environmental contamination or under any reported decisions of a state or federal court; (c) petroleum or crude oil, other than petroleum and petroleum products contained within regularly operated motor vehicles; (d) asbestos and asbestos-containing materials; (e) subsurface gas (including radon); (f) urea formaldehyde foam insulation; (g) poly-chlorinated biphenyls; (h) Freon and other chlorofluorocarbons; and (i) underground storage tanks.

“**Initial Term**” shall mean the period that commences on the Commencement Date and expires on the day immediately preceding the fifteenth (15th) Anniversary of the Commencement Date, subject to extension as provided in [Section 3.3](#) and [Section 3.4](#).

“**Interest Rate**” shall mean two percent (2%) per annum in excess of the “prime” or “corporate base” lending rate announced by Bank of America or any successor thereto from time to time, whichever is lower, or, if neither such rate is readily discernible, the “Prime Rate” published from time to time in the “Money Rates” column of the *Wall Street Journal* (or any successor thereto) (or if there is more than one such rate, then the average of the rates so published).

“**Landlord Affiliate**” shall mean an entity that controls, is controlled by, or is under common control with Landlord; for purposes of this definition, control shall mean the direct or indirect ownership of more than fifty percent (50%) of the beneficial interest in the entity in question.

“**Landlord Affiliate Successor(s)**” shall mean an entity that is the successor owner of Affiliate Parcel 1 (as defined herein) and Affiliate Parcel 2 (as defined herein).

“**Landlord Permit Fees**” shall have the meaning given such term in Section 1.1 of the Work Letter attached hereto.

“**Landlord’s Environmental Acts**” shall have the meaning given such term in Section 19.2.

“**Landlord’s Parcel**” shall mean that certain parcel of real property located in the unincorporated area of Sacramento County, California, as legally described on Exhibit B attached hereto.

“**Landlord’s Work**” shall have the meaning given such term in Exhibit D hereto.

“**Leasehold Title Policy**” means a current ALTA form leasehold owner’s extended coverage title insurance policy issued to Tenant by Stewart Title Insurance Company (or any other national title insurance company licensed to underwrite and issue title insurance in the State of California, subject to Tenant’s reasonable approval), insuring Tenant’s leasehold estate hereunder (and expressly including Tenant’s right to use the Common Areas, and the rights, privileges and easements pursuant to the REA as separate insured parcels appurtenant to the Premises and/or Landlord’s Parcel), in the amount of Five Million Dollars (\$5,000,000.00), or as otherwise required by Tenant, subject only to (x) this Lease and other matters arising by, through or under Tenant, (y) matters approved by Tenant as Permitted Encumbrances hereunder, and (z) the Non-Disturbance Agreements (as hereinafter defined), if any, with such endorsements thereto as Tenant may reasonably request, including without limitation, (1) an ALTA form “3.1 Zoning Endorsement,” expressly insuring that the Premises may be lawfully operated for the Theater Use and modified to include the adequacy of parking and to insure against the closure of Tenant’s business within the Premises as a consequence of any breach or violation of applicable zoning laws or ordinances, (2) an ALTA form “13.1 Leasehold Policy Endorsement”, insuring Tenant’s interest in the Building, and (3) a restrictions endorsement with respect to the REA confirming that there are no outstanding defaults or violations under the REA and that all consents and approvals (if any) required under the REA for Landlord’s Work and Tenant’s Work have been obtained. Landlord shall be responsible for the cost of the Leasehold Title Policy, except that if Tenant requests title insurance coverage in excess of \$5,000,000, Tenant shall pay the portion of the premium attributable to the coverage in excess of \$5,000,000.

“**Lease Year**” means (i) the approximately twelve (12) calendar month period that commences on the Commencement Date and expires on the day immediately preceding the first (1st) Anniversary of the Commencement Date, and (ii) each successive twelve (12) month period that expires on the day immediately preceding the next following Anniversary of the Commencement Date (provided, however, that the final Lease Year shall expire on the last day of the Term).

“**Memorandums**” shall mean the memorandum of lease to be executed by Landlord and Tenant, and the memorandum of lease to be executed by Landlord Affiliates (as the same exist on the Effective Date) and Tenant, and each recorded against their respective portions of the Center pursuant to Section 21.7 in the forms of Exhibit H and Exhibit H-1 hereto.

“**Metropolitan Area**” shall mean the Placer County, El Dorado County and Sacramento County, California SMSA.

“**Minimum Center Floor Area**” shall mean 275,000 square feet of Floor Area.

“**Mortgage**” shall have the meaning given such term in Section 21.1

“**Non-Disturbance Agreement**” shall have the meaning given such term in Section 21.1.

“**Non-Seasonal Period**” shall mean, in any calendar year (i) the period beginning on January 21 and ending on May 1, and (ii) the period beginning on the first Tuesday after Labor Day and ending on the first Thursday in November.

“**Parking Areas**” shall mean all surface, subsurface and structural parking areas and facilities within or serving the parking areas of the Center depicted on Exhibit A, and all additional parking areas from time to time located within the Center or appurtenant to the Center, to be constructed as part of Landlord’s Work. At all times from and after the Commencement Date, the Parking Areas shall contain at least as many parking spaces as the Minimum Free Parking Spaces specified in Section 1.1 above, both with respect to all of the Parking Areas in the Center and with respect to the Priority Parking Area. All parking spaces within the Parking Areas shall be available to Tenant and Tenant’s employees, customers, patrons, licensees and invitees, without charge, on a first-come, first-served, non-exclusive and unreserved basis and without time limits (except for spaces for vanpools and carpools required by Applicable Laws; and provided, however, no more than five (5) restaurants in the Center may have short term parking spaces designated for food pickup, subject to the following restrictions: (i) as to such restaurants that are within four hundred fifty (450) linear feet of the Premises, such restaurants may each have no more than two (2) short term parking spaces designated for food pick-up by its customers and (ii) as to such restaurants not within four hundred fifty (450) linear feet of the Premises, such restaurants may each have no more than four (4) short term parking spaces designated for food pick-up by its customers. The number of parking spaces that are leased or rented on a weekly (or longer) basis (whether or not reserved or designated) shall not be counted toward the Minimum Free Parking Spaces. For so long as Tenant is open and operating, all Parking Areas, and convenient pedestrian access thereto from the Premises shall be open and operated (including lighting and security in accordance with Section 5.2) seven (7) days per week, every week of the year (including holidays), for at least all hours that Tenant is open for business, and in addition, for no less than 30 minutes after Tenant’s closing each day. No charge or fee shall be assessed by Landlord or the operator of the Parking Area, if any, for the use thereof by Tenant or Tenant’s employees, customers, patrons, licensees and invitees. Notwithstanding the foregoing, Landlord, in its sole and absolute discretion but subject to Applicable Laws, may institute and collect a fee (and/or contract with an outside service) for valet parking of the vehicles of Center patrons, on the conditions that (i) no portion of the Parking Areas other than no more than fifty percent (50%) of the Valet Area shown on Exhibit A shall be used for valet parking, and (ii) Landlord and Tenant shall coordinate in good faith any curbside drop-off area adjacent to the Building, if any, for the valet service so as not to inconvenience Tenant’s patrons.

“**Party**” shall mean either Landlord or Tenant; and “**Parties**” shall mean Landlord and Tenant.

“**Percentage Rent**” shall have the meaning given such term in Section 4.2.

“**Percentage Rent Breakpoint**” shall have the meaning given such term in Section 4.2. With respect to any Percentage Rent Year that is longer or shorter than 365 days in duration, the Percentage Rent Breakpoint for such year shall be adjusted on a per diem basis.

“**Percentage Rent Year**” shall mean each calendar year that includes any part of the Term; provided however, that if the Commencement Date is any day other than January 1, then the first Percentage Rent Year shall be the period commencing on the Commencement Date and ending on December 31 immediately following the first Anniversary of the Commencement Date and provided further that the final Percentage Rent Year shall expire on the last day of the Term, whether or not occurring on the 31st of December.

“**Permitted Encumbrances**” shall mean the title exceptions set forth on Exhibit G hereto, subject to Tenant’s approval of such matters in accordance with Section 2.3 below.

“**Permitted Transfer**” shall have the meaning given such term in Section 14.2.

“**Permitted Use**” shall mean the Theater Use, and after Tenant completes Tenant’s Work and opens the Premises for the Theater Use, any other Compatible Use.

“**Preliminary Building Plans**” shall have the meaning given such term in Section 3.3 of the Work Letter attached hereto.

“**Premises**” shall mean the Building and the Demised Land, subject to Section 2.1(b).

“**Priority Parking Area**” shall mean the portions of the Parking Area that are located within the “Priority Parking Area” identified on the Site Plan attached hereto as Exhibit A, in which Landlord shall at all times maintain at least the applicable number of Premises Minimum Free Parking Spaces set forth in Section 1.1.

“**Project**” shall mean (i) the Center, all real property covered by the REA, if any, and all buildings and other improvements thereon which comprise the Center, and (ii) all off-site facilities which are appurtenant to the Center or which are utilized or relied on by the Center for access, parking, utilities, zoning and land use compliance or are operated in conjunction with the operation of the Center.

“**Project Approvals**” shall have the meaning given such term in Section 2.2.

“**Protected Area**” shall mean the portion of the Center that is depicted as such on the Site Plan attached hereto and made a part hereof as Exhibit A, and the Common Areas (including Parking Areas) therein.

“**REA**” shall have the meaning given such term in Section 23.1. Tenant’s leasehold interest under this Lease shall be subject to the REA; provided, however, in the event of a conflict between the terms and provisions of the REA and this Lease, as between Landlord, Landlord Affiliates and Tenant, the terms and provisions of this Lease shall prevail.

“**REA Consent/Estoppel**”) shall have the meaning given such term in Section 2.3(d).

“**Real Estate Taxes**” shall mean the following, subject to the terms and limitations specified below and in Article 6: all real estate taxes and assessments levied or assessed against the land and buildings comprising the Center (including the Building) and all other governmental levies of every kind or nature whatsoever, general or special, extraordinary as well as ordinary, which shall be charged, levied, assessed or imposed by any lawful taxing authority against the land and/or buildings comprising the Center (including the Building) and which are customarily considered part of real estate taxes and assessments. Provided, however, the following are excluded from Real Estate Taxes: (i) any taxes, levies or assessments for betterments or special assessments levied or assessed in connection with the development, financing, construction of the Project or any part thereof (including taxes, levies and assessments with respect to any tax increment financing district, or other special assessment district, whether or not the proceeds were used directly or indirectly to pay for, to finance or to offset the cost of constructing the Project or any aspects thereof); provided, however, the assessed value of the Center as a result of the construction of the Center shall be included within Real Estate Taxes; (ii) any and all so-called impact fees and/or utility capacity charges payable in connection with the development of the Center (including the Building) or the entitlements for same, such as sewer capacity fees, school fees, park fees, library or fire district fees, or fees charged to mitigate traffic or other development impact; (iii) any transfer taxes or deed stamps (or similar charges) imposed on the sale, change of ownership or transfer of any portion of the Center (including the creation of the leasehold estate hereunder) all of which shall be paid by Landlord at no cost or expense to Tenant (except that Tenant shall be solely responsible for any transfer taxes imposed on the sale or assignment by Tenant of its leasehold estate hereunder); (iv) any tax, assessment or levy that is assessed or levied against or with respect to any facilities that are not part of the Center, for which Landlord may be responsible pursuant to an operating agreement or reciprocal easement agreement or similar arrangement; and (v) any taxes or assessments levied or assessed against Tenant’s personal property within the Premises (for which Tenant shall be solely responsible). Real Estate Taxes payable by Landlord shall include interest on all installment payments, as well as any interest or late fees assessed on delinquent payments or installments (although interest or late fees assessed on delinquent payments or installments shall not be included in Real Estate Taxes for purposes of determining Tenant’s Pro Rata Share unless such lateness or delinquency is caused by Tenant). Landlord shall make payment of Real Estate Taxes over the longest period of time permitted by law, and only the installment required to be paid for a Tax Year may be included in Real Estate Taxes for such Tax Year. Further, in no event shall Real Estate Taxes include any of the following: income, franchise, corporate, personal property, excess profits, transfer, revenue, estate, inheritance, gift, devolution, succession or excise taxes of Landlord or impact fees, brokerage fees, parking fees or development fees or any other tax, assessment or charge upon or measured, in whole or in part, by the rent payable hereunder (unless, in the case of a tax on rental payments, the tax is enacted after the date hereof and is expressly in lieu of traditional Real Estate Taxes).

“**Rent**” shall mean, collectively, Base Rent, Percentage Rent, Additional Rent, and all other charges payable by Tenant hereunder.

“**Restoration Work**” shall have the meaning given such term in Section 16.1.

“**Satellite Dish**” shall have the meaning given such term in Section 15.6.

“**Seasonal Period**” shall mean (a) the period beginning on May 2 through Labor Day, and (b) the period beginning on the Friday after the first Thursday in November and ending on January 20 next following.

“**Site Plan**” shall mean (collectively) the site plan for the Center that is attached hereto as Exhibit A, subject to Section 2.2.

“**Substantial Casualty**” shall have the meaning given such term in Section 16.3.

“**Taking**” shall have the meaning given such term in Section 17.1.

“**Tax Base Year**” shall have the meaning given such term in Section 6.2.

“**Tax Year**” shall mean, in general, the fiscal year for Real Estate Tax purposes established, from time to time, by a taxing authority having jurisdiction over any part of the Center. In any particular reference in Article 6, however, “**Tax Year**” shall mean that portion (or the whole) of the taxing authority’s fiscal year falling within the Term and shall never be deemed to refer to any portion of any such fiscal year falling outside the Term. As of the Effective Date, the Tax Year for the municipality in which the Premises are located is the twelve (12) month period beginning July 1st. As used herein, Real Estate Taxes “for” a particular Tax Year shall mean the Real Estate Taxes that are payable during such Tax Year, regardless of when such Real Estate Taxes accrue.

“**Tenant Affiliate**” shall mean an entity that controls, is controlled by, or is under common control with Tenant; for purposes of this definition, control shall mean the direct or indirect ownership of more than fifty percent (50%) of the beneficial interest in the entity in question.

“**Tenant’s Architect**” shall have the meaning given such term in Section 3.1.

“**Tenant’s CAM Contribution**” shall mean the amounts payable by Tenant to Landlord in respect of Common Area Expenses pursuant to Article 5.

“**Tenant’s Environmental Acts**” shall have the meaning given such term in Section 19.1.

“**Tenant’s Plans**” shall mean the Preliminary Building Plans and the Final Building Plans, collectively.

“**Tenant’s Pro Rata Share**” shall mean a fraction, the numerator of which shall be the Floor Area of the Premises and the denominator of which shall be the greater of (i) the actual Floor Area of the Center, whether or not leased or occupied, subject to Section 5.8 and Section 6.2, or (ii) the Minimum Center Floor Area, subject to Section 5.8 and Section 6.2.

“**Tenant’s Property**” shall have the meaning given such term in Section 10.3.

“**Tenant’s Signs**” shall have the meaning given such term in Section 15.1 hereof.

“**Tenant’s Tax Contribution**” shall mean the amounts payable by Tenant in respect of Real Estate Taxes pursuant to Article 6 hereof.

“**Tenant’s Tax Parcel**” shall mean, if Landlord elects to cause Tenant’s Tax Parcel to be separately assessed for Real Estate Tax purposes, the Premises and the adjacent area which shall contain four hundred seventy-one (471) parking spaces, may contain no other building improvements (other than the Building) and shall be in the location as depicted as “Tenant’s Tax Parcel” on Exhibit A attached hereto.

“**Tenant’s Work**” shall have the meaning given such term in the Work Letter.

“**Tenant’s Work Commencement Conditions**” shall have the meaning given such term in Section 4.6 of the Work Letter.

“**Tenant’s Work Period**” shall mean the period of three hundred sixty-five (365) days commencing on the date on which all of Tenant’s Work Commencement Conditions are satisfied, subject to extension for delays caused by *Force Majeure*.

“**Term**” shall mean the Initial Term, and each Extension Term (if any) that is duly added to the Initial Term pursuant to Section 3.3 or Section 3.4.

“**Theater Use**” shall mean the use of the Premises (1) primarily as a motion picture theater complex (including, without limitation, the exhibition of movies, films, style shows, telecasts, meetings and other presentations and entertainment customarily shown or permitted in motion picture theaters in the Metropolitan Area), and (2) for non-exclusive uses ancillary to (and consistent with) the operation of the Premises primarily as a motion picture theater complex, such as (without limitation) the following: (i) the preparation and sale of food, beverages (including, without limitation, alcoholic beverages, coffee and coffee-related products, espresso and other similar drinks) and refreshments primarily intended for consumption on the Premises; (ii) the sale or rental of video cassettes, compact discs, digital audio tapes and other audio and/or visual recorded media; (iii) the sale of records, books, magazines, clothing, merchandise memorabilia, toys and novelties and other related goods and wares, merchandise and services; (iv) the use of electronic video, arcade and game machines in an area which shall not exceed 3,000 square feet of Floor Area, and (v) the location and operation of ATMs (for admission tickets and/or cash).

“**Transfer**” shall have the meaning given such term in Section 14.1.

“**Unamortized Tenant Costs**” shall mean, as of the date in question, the unamortized portion of the cost of Tenant’s Work and other leasehold improvements (including permitted alterations and cost of installing Tenant’s Property) performed and/or paid for by Tenant (net of the Building Allowance), plus the unamortized portion of all other capitalized costs incurred by Tenant in connection with this Lease, in each case determined in accordance with Tenant’s income tax accounting procedures; provided, however that any FF&E or other property that is removed from the Premises by Tenant pursuant to Section 20.1 shall be excluded from the calculation of Unamortized Tenant Costs. The Unamortized Tenant Costs shall be set forth in a certificate executed by the chief financial officer, treasurer or other senior executive officer of Tenant from time to time when required pursuant to the terms of this Lease and the amount so certified shall be conclusive, absent manifest error.

“**Uncontrollable Event**” shall have the meaning given such term in Section 8.2.

“**Work Letter**” shall mean the work letter attached hereto and made a part hereof as Exhibit D, including the exhibits and schedules attached thereto or identified therein.

ARTICLE 2

PREMISES; SITE PLAN; CONDITIONS

Section 2.1. Premises. Subject to the terms and conditions hereof (including, without limitation Section 2.3 below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, together with the non-exclusive rights, privileges, benefits, rights-of-way and easements now or hereafter, appurtenant or belonging thereto, whether arising under any private or public grant or authority, including, without limitation, the direct right of ingress to and egress from the Premises and the streets shown on the Site Plan through the entrances shown on the Site Plan (subject in each case to Landlord’s rights pursuant to Section 2.2 to modify the configuration of the Center), and an irrevocable right and non-exclusive easement for Tenant, its employees, patrons and invitees to use the Common Areas (including the Parking Areas), for their intended purposes throughout the Term, subject to the terms hereof.

(a) If the legal description of the Demised Land (Exhibit B-1) is not attached hereto as of the Effective Date, then Landlord shall prepare same for Tenant’s review and approval pursuant to Section 2.3 below and, upon approval by Tenant, such legal description shall be attached hereto and made a part hereof as Exhibit B-1 with the same force and effect as if attached hereto prior to the execution of this Lease.

(b) Further, notwithstanding anything to the contrary contained herein, for purposes of Tenant's obligations under this Lease, the Premises shall be deemed not to include any land (whether or not depicted on Exhibit A or described on Exhibit B-1 attached hereto) or facilities (including landscaping and hardscape features) that are located outside of the exterior "footprint" of the Building (subject to Tenant's right to make alterations to the Building in accordance herewith), other than the canopies, building lighting and signage that are attached to the Building, which land and facilities shall be deemed to be "Common Areas" hereunder (such that Landlord, not Tenant shall be responsible for the maintenance and repair of such land and facilities). In addition, if the Demised Land has not been subdivided as a separate lot at the time the legal description thereof is set forth on Exhibit B-1, then at such time as the Demised Land is subdivided as a separate lot, the Parties will amend Exhibit B-1 to reflect the legal description of the Demised Land by reference to its subdivided number on a recorded plat.

Section 2.2. Site Plan. Landlord represents and warrants that Exhibit A attached hereto accurately depicts in all material respects the intended future development of the Project, as presented by Landlord for approval to all applicable Governmental Authorities having jurisdiction over the Project including the existing, and where indicated, future physical configuration of the Center, and illustrates the location, relative size, and configuration of the new development contemplated for the Project, all significant Common Areas (including the Parking Areas elements) of the Center and the agreed location of the Building Pad and Building as of the Effective Date, all as presented to applicable Governmental Authorities, except as to the following approvals that have not yet been obtained: (i) approval by Sacramento County of the master plan and detailed site plan for the Project; (ii) design review approval for the Project from Sacramento County; and (iii) a conditional use permit, sign variances and traffic signal approvals, in each case, from the applicable governmental authority (collectively, the "**Project Approvals**"). From time to time promptly after the completion of any building improvements or Common Area elements of the Center, Landlord shall deliver to Tenant a revised, "as-built" site plan of the Center, but the delivery of such revised site plan shall not constitute a permitted modification or substitution of or permitted deviation from the Site Plan attached hereto as Exhibit A.

(a) No "material" (as defined below in this Section) modification to the Protected Area as shown on the Site Plan shall be effected, without the prior written approval of Tenant, which approval may be withheld in Tenant's sole discretion. The Project (outside the Protected Area) shall not materially deviate from the Site Plan in any material respect, without the prior written approval of Tenant, which approval shall not unreasonably be withheld. Notwithstanding the foregoing, Landlord may change the configuration and location of the various tenant spaces and buildings within the Permissible Building Area, shown on the Site Plan.

(b) Any deviations or changes to the Project or any portion thereof shall be deemed to be "material" if such deviations or changes: (i) alter or necessitate an alteration in the size, location or configuration of the Premises; or (ii) alter or necessitate an alteration in the Common Areas within the Protected Area, including the Priority Parking Area; or (iii) adversely affect in any significant respect (x) the access to or visibility of the Premises from the Common Area, or (y) the access to or between the Center, the Parking Areas and/or the Premises from the public streets and sidewalks adjacent to the Center, or (z) the visibility of Tenant's Signs from the Common Area or from the streets and rights of way adjacent to the Project; or (iv) directly or indirectly increase the costs of construction, maintenance or operation of the Premises; or (v) alter the general character of the Center as a First Class Center; or (vi) would violate the restrictions set forth in the REA, if any, or would, in the reasonable opinion of a first class movie operator operating in the Premises, have a material adverse effect on the operation of its business. Without limiting the foregoing, Landlord and Tenant acknowledge and agree that the following shall be "material" deviations and changes, which shall not be undertaken or effected without Tenant's prior written consent, which consent may be withheld in Tenant's sole discretion: (i) the installation or location of any building improvements within the "Protected Area" shown on the Site Plan (ii) any closure, reconfiguration or re-location of the "Critical Accessways" shown on the Site Plan attached hereto), (iii) the installation or location of any kiosks or similar features (whether temporary or permanent) within the "No-Kiosk Area" (if any) shown on the Site Plan attached hereto, and (iv) any reduction in the number of parking spaces within the entire Center below the number of Minimum Free Parking Spaces or within the Priority Parking Area below the number of Premises Minimum Free Parking Spaces specified in Section 1.1. At the request of either Party, any disagreement between the Parties concerning the "materiality" of any changes shall be resolved by arbitration pursuant to Section 18.5.

Section 2.3. General Conditions. In addition to the conditions set forth elsewhere in this Lease, at Tenant's option this Lease shall be subject to the following conditions:

- (a) That, within sixty (60) days after the Effective Date, Landlord shall provide to Tenant the following:
 - (i) A current pro forma Leasehold Title Policy in favor of Tenant issued by Stewart Title Insurance Company, showing all matters of record affecting the Landlord's Parcel (including mortgages and ground leases) and legible copies of all documents identified or referred to therein.
 - (ii) A current ALTA/ACSM survey of the Landlord's Parcel, with a separate depiction and description of the Demised Land, which shows (at a minimum) all locatable matters disclosed in the pro forma and which is expressly certified to Tenant and the title company by the surveyor.
 - (iii) A Phase I Environmental Report ("Environmental Report"), prepared by an environmental consultant covering the Project, addressed to Tenant and, if the Environmental Report is not expressly addressed to Tenant, a "reliance letter" from the author(s) thereof confirming that Tenant may rely on the Environmental Report.

If Tenant shall notify Landlord of its disapproval (which shall be granted or withheld by Tenant in Tenant's sole discretion, exercised in good faith and in accordance with Tenant's customary practices) of any of the foregoing items within thirty (30) days following Tenant's receipt thereof, then, except as may be otherwise specified by Tenant (such as, without limitation, conditions to approval and deadlines for same), this Lease shall be terminated and of no further force or effect. The matters disclosed in the title insurance commitment or survey delivered pursuant to (a)(i) or (a)(ii) above which are approved by Tenant shall be the "**Permitted Encumbrances**" hereunder and Exhibit G hereto shall be revised accordingly. Tenant and Landlord acknowledge that the following shall not constitute Permitted Encumbrances: (i) any Mortgage that is superior to this Lease, unless and until the mortgagee, holder or beneficiary thereof or the ground lessor thereunder executes and delivers to Tenant a Non-Disturbance Agreement in accordance with Section 21.1; (ii) any utility easement, building set-back line or other restriction over which the Building encroaches or upon completion would encroach; and (iii) any covenants, conditions or restrictions that would prohibit or materially restrict or limit the operation of the Premises for the Theater Use or prohibit or materially restrict Tenant's rights with respect to the Common Areas as contemplated by this Lease; provided, however, that Tenant shall be deemed to have waived any objection to such matters which are expressly reflected as exceptions in the Leasehold Title Policy so long as Tenant has accepted and approved the Leasehold Title Policy (although nothing contained herein shall obligate Tenant to accept the Leasehold Title Policy subject to any such matters).

(b) That, on or before October 31, 2015: (i) Landlord shall (x) obtain, and furnish to Tenant reasonable documentary evidence (such as, without limitation, a commitment to issue title insurance with an ALTA form "3.1 Zoning Endorsement") that Landlord has obtained all zoning and other discretionary governmental approvals and entitlements (other than occupancy certificates), including, without limitation, the Project Approvals, each in form and substance (and subject to conditions) reasonably satisfactory to Tenant, required (1) to construct, operate and maintain the Center in accordance with the Site Plan, (2) for the development and operation of a movie theater within the Premises containing approximately 65,219 square feet of Floor Area, at least 14 theater auditoria and not more than 1,650 theater seats and a game room (not exceeding fifteen (15) games), and (3) to permit the operation of the Premises for the Theater Use, and that such approvals and entitlements are in full force and effect and are not subject to challenge or appeal and (y) obtain and deliver to Tenant satisfactory written evidence that (i) all approvals necessary for the installation and maintenance of Tenant's Signs, including approvals from all applicable Governmental Authorities having approval rights over same, have been obtained, and (ii) the site plan and floor plans for the Premises (which shall in all events be consistent with the Site Plan and Final Building Plans and Final Site Improvement Plans), in form and substance approved by Tenant, shall be approved by all applicable Governmental Authorities having jurisdiction over the Center and all other permits and approvals required for the construction of the Premises and all items of Landlord's Work (other than building and signage permits which shall be obtained by Tenant at Tenant's expense) shall have been obtained by Landlord at Landlord's expense and shall be in full force and effect and not subject to challenge or appeal.

(c) That, within thirty (30) days after the Effective Date, Landlord shall (i) record each Memorandum and deliver the original recorded Memorandums to Tenant and (ii) obtain and provide to Tenant, from the holder of each and every Mortgage encumbering the Center or any portion thereof as of the date that the Memorandums are recorded, an executed original Non-Disturbance Agreement in accordance with Section 21.1 below (with such modifications as may be required by the applicable lender or ground lessor and are acceptable to Tenant in Tenant's reasonable judgment). Within one hundred twenty (120) days after the Effective Date, Landlord shall deliver the Leasehold Title Policy to Tenant. After the Effective Date, Landlord agrees that Landlord will not record a Mortgage, or any other encumbrances, against the Center until after the recording of the Memorandums.

(d) That, on or before October 1, 2015, Landlord shall obtain and deliver to Tenant an estoppel certificate executed by all parties to the REA, in form and substance satisfactory to Tenant in its sole but reasonable discretion, or other documentary evidence satisfactory to Tenant (the "**REA Consent/Estoppel**") in its sole but reasonable discretion, confirming that (i) the REA, if any, is in full force effect and is binding on the parties thereto, (ii) no defaults exist thereunder, (iii) the plans and specifications for Landlord's Work, Tenant's Work and the Project (including the Building and the Common Areas to be performed as part of Landlord's Work, Tenant's Work and the Project, and expressly confirming that the height limitations set forth in the REA, if any, shall not apply or have been waived with respect to Tenant's blade sign) and the use and occupancy of the Building for the Permitted Use as contemplated hereunder, have been approved by all parties having approval rights under the REA, (iv) Tenant's signage to be located on the Building and in the Common Areas (as provided in Article 15 below) has been approved by all parties having approval rights under the REA, (v) until the expiration or earlier termination of this Lease, the Demised Land is the only location upon which a theater can be constructed and operated in the Center, and (vi) the parties to the REA have confirmed the rights granted to Tenant under this Lease.

(e) That, on or before December 1, 2015 (subject to day for day extension for delay caused by Tenant), Landlord shall satisfy the Tenant's Work Commencement Conditions specified in the Work Letter (to the extent not referred to above in this Section 2.3).

(f) Landlord and Tenant shall cooperate in good faith and use commercially reasonable efforts (but Tenant shall not be required to incur any costs or expenses) to satisfy the foregoing conditions (the "**General Conditions**") as soon as practical after the Effective Date. If any or all of the General Conditions are not satisfied or waived in writing by Tenant within the applicable time period(s), specified above (which time periods shall not be subject to extension as a consequence of Force Majeure or other unavoidable delays), then: (1) at any time thereafter but prior to the satisfaction of the applicable condition, Tenant may terminate this Lease by notice to Landlord of its election to terminate, and (2) unless and until this Lease is terminated or the applicable condition is satisfied or waived in writing by Tenant, Landlord shall diligently and continuously use commercially reasonable efforts to satisfy the applicable condition. Notwithstanding the foregoing, if any or all of the General Conditions are not satisfied, or waived in writing by Tenant within the applicable time period(s), the following shall apply: Tenant will not terminate this Lease for such failure prior to twelve (12) months after the Effective Date (the "**12 Month Period**"). On the condition that Landlord has used its best efforts to satisfy the General Conditions, but has failed to satisfy the General Conditions on or before the expiration of the applicable time period(s) set forth in this Lease, then Landlord shall have the right to terminate this Lease by notice to Tenant of its election to terminate. In the event either party terminates this Lease due to the expiration of the applicable time period set forth in this Lease because the General Conditions were not satisfied during such period and within four (4) years after such termination, Landlord intends to redevelop a shopping center on any portion of the Center, Tenant shall have the right to compel Landlord to enter into a new lease with Tenant on the same terms and conditions as this Lease (except updated to reflect the passage of time) for a theater. Notwithstanding the immediately preceding sentence, on the condition that Landlord has used its good faith, commercially reasonable efforts to obtain all applicable government approvals, and despite such efforts the applicable government authority will not approve the Theatre Use in the Center, Tenant shall not have the right to compel Landlord to enter into such new lease as set forth in the immediately preceding sentence. The terms of this Section 2.3(f) shall survive the termination of this Lease until four (4) years after the termination of this Lease under this Section 2.3(f). Further, in the event of such termination, the provisions of Section 3.1(b) below regarding reimbursement of Tenant's costs and expenses shall apply to this Section 2.3(f). Provided, further, however, if Tenant compels Landlord to enter into a new lease in accordance with this Section 2.3(f), Tenant shall promptly refund to Landlord the reimbursement paid by Landlord to Tenant under Section 3.1(b).

ARTICLE 3

TERM AND POSSESSION

Section 3.1. Term of Lease. The Term of this Lease shall commence on the date (the “**Commencement Date**”) which is the first to occur of (i) the first day following the end of the Tenant’s Work Period, provided that the Commencement Date Conditions set forth in Exhibit C have been satisfied; or (ii) the date Tenant initially opens the Premises for business to the general public. Upon substantial completion of Tenant’s Work pursuant to the Work Letter, Tenant’s architect (the “**Tenant’s Architect**”) will measure the Floor Area of the Building, and certify the Floor Area to Landlord and Tenant. In no event shall the actual size of the Building be less than ninety-nine percent (99%) or more than one hundred one percent (101%) of 65,219 square feet of Floor Area. Tenant shall not be deemed to have initially opened the Premises for business to the general public during any period during which Tenant opens for business with a special preview on an invitation-only basis or with other special activities, which do not provide theater revenues to Tenant. The Term shall expire on the day immediately preceding the fifteenth (15th) Anniversary of the Commencement Date, subject to extension pursuant to Section 3.3 (in which case the Term shall expire on the last day of the Extension Term, subject, if applicable, to further extension pursuant to Section 3.3) and, if applicable, subject to extension pursuant to Section 3.4. Within ten (10) days after the Commencement Date, Tenant and Landlord shall execute a supplement hereto, in form and substance satisfactory to Landlord and Tenant acting reasonably and in good faith, setting forth the Commencement Date and the scheduled termination date of the Initial Term, the Floor Area of the Building, the initial Base Rent and the initial Percentage Rent Breakpoint, but the failure to do so shall not affect the actual Commencement Date, the Floor Area of the Building, the initial Base Rent or initial Percentage Rent Breakpoint.

(a) **Early Opening.** Tenant, in its sole discretion, may elect to open and operate its business in the Premises prior to the satisfaction of the Commencement Date Conditions, provided, however, Tenant shall not open for business in the Premises prior to such time as it has received a Certificate of Occupancy as required by the applicable governmental authority for the Premises. Tenant’s election to open and operate its business in the Premises prior to the satisfaction of the Commencement Date Conditions shall not constitute Tenant’s waiver of any of the Commencement Date Conditions and Landlord shall continue to use its good faith commercially reasonable efforts to satisfy all of the Commencement Date Conditions as soon as possible after the Commencement Date. If Tenant elects to open for business in the Premises prior to the satisfaction of the Commencement Date Conditions, then in lieu of the Base Rent otherwise payable by Tenant hereunder, Tenant shall pay Alternate Rent to Landlord in accordance with Section 4.6 below.

(b) **Termination Right.** If Landlord fails to satisfy Tenant’s Work Commencement Conditions on or before the date which is two (2) years after the Effective Date (subject to day for day extension for delays caused by Tenant), or if the Commencement Date Conditions are not satisfied by Landlord within sixty (60) days after the expiration of Tenant’s Work Period (and Tenant has not elected to open and operate its business in the Premises), then in either such event, provided that Tenant is not in default under this Lease, Tenant may elect to terminate this Lease by sending written notice to Landlord at any time thereafter but prior to the satisfaction of Tenant’s Work Commencement Conditions or the Commencement Date Conditions, as the case may be. Such notice shall specify the effective date of the termination, which shall be not less than fifteen (15) days after the date of the notice, but shall be void and ineffective if Landlord satisfies the applicable conditions prior to the specified effective date of the notice. If Tenant so terminates this Lease, then within ten (10) days after Tenant’s written demand, Landlord shall reimburse Tenant for all out-of-pocket costs and expenses incurred by Tenant in pursuance of this Lease and in the performance of Tenant’s undertakings hereunder, including (without limitation) the Unamortized Tenant Costs and all legal fees, fees and expenses of Tenant’s architects and design professionals and amounts paid by Tenant to Landlord hereunder. Landlord’s reimbursement obligation shall survive the termination of this Lease and shall not be subject to any provisions hereof otherwise purporting to limit Landlord’s liability or the recourse that may be had against Landlord.

Section 3.2. Initial Occupancy. Although the terms and provisions of this Lease to be performed by Tenant shall be effective from and after the Effective Date (except for Tenant’s insurance obligations hereunder, which shall be effective from the date Tenant takes possession of the Premises or the first day of Tenant’s Work Period, whichever occurs first), no Rent or other charges shall be payable by Tenant with respect to any period prior to the Commencement Date.

Section 3.3. Extension Options. Landlord hereby grants to Tenant the option to extend the Term of this Lease for (not more than) the number of Extension Terms set forth in Section 1.1, the first three (3) of which shall each be five (5) Lease Years in duration and the last of which shall be four (4) Lease Years and eleven (11) months in duration. Tenant's extension options may be exercised at once or serially, as Tenant sees fit.

(a) Each extension option shall be exercised by written notice to Landlord at least one hundred eighty (180) days before the end of the then-current Term; provided, however, that Landlord and Tenant agree that Tenant's extension options hereunder shall not be forfeited or deemed waived by neglect or inadvertence and, accordingly, Tenant's right to extend shall not be deemed waived or forfeited unless (i) Tenant affirmatively elects in writing not to extend the Term or (ii) Tenant fails to exercise its extension option by the date which is the later of: (x) one hundred eighty (180) days prior to the expiration of the then-current Term, or (y) thirty (30) days after receipt of Landlord's "reminder notice," which shall be sent by Landlord to Tenant no sooner than two hundred seventy (270) days prior to the expiration of the then-current Term.

(b) If the Term of this Lease is extended for any Extension Term, then during such Extension Term (but subject to Section 4.6 below), Tenant shall pay to Landlord the applicable Annual Base Rent specified in Section 1.1 above and, except as otherwise provided herein to the contrary, all terms and conditions in effect under this Lease immediately prior to such Extension Term shall continue to apply throughout such Extension Term.

(c) As a condition to Tenant's valid exercise of each extension option pursuant to this Section 3.3, no uncured Event of Default by Tenant shall be outstanding under Section 18(a) and Tenant shall be operating its business in the Premises as provided in Section 13.1 (subject to Excused Closures and Tenant's right to change its use pursuant to Section 13.1).

Section 3.4. Partial Extension. If the Initial Term or any Extension Term would otherwise expire during or within thirty (30) days prior to a Seasonal Period and if Tenant does not extend the Term of this Lease pursuant to Section 3.3, then Tenant nevertheless shall have the right to extend the Term of this Lease through the last day of such Seasonal Period by providing written notice of such election to Landlord not less than one hundred eighty (180) days prior to the expiration of the then-current Term. In such event, the Base Rent payable by Tenant during such extension period shall be equal to the Base Rent payable in the previous Lease Year, on a per diem basis.

Section 3.5. Early Termination Option. If, at any time during the Term while Tenant is operating the Premises primarily for the Theater Use (or during periods of Excused Closure provided that Tenant was operating the Premises for the Theater Use immediately before such Excused Closure commenced) the Co-Tenancy Condition is not satisfied and such condition continues for twenty-four (24) consecutive months or more, then at any time after the expiration of such 24-month period (but only for so long as such condition persists), Tenant shall have the option to terminate this Lease upon notice of such election given to Landlord. If Tenant elects to terminate this Lease pursuant to this Section 3.5, then Tenant shall surrender the Premises to Landlord in accordance with Section 20.1 and this Lease shall terminate. Tenant's termination right under this Section 3.5 shall be in addition to Tenant's right to pay Alternate Rent in accordance with Section 4.7 below.

ARTICLE 4

RENT

Section 4.1. Annual Base Rent. Beginning on the Commencement Date and continuing throughout the Term, but subject to Section 3.1(a) above and Section 4.6 below, Tenant shall pay annual base rent ("Annual Base Rent" or "Base Rent") to Landlord at the rate specified in Section 1.1 calculated based upon the Floor Area of the Premises, as determined by the Architect pursuant to Section 3.1. Subject to the terms hereof, Annual Base Rent shall be paid in equal monthly installments in advance on the Commencement Date and thereafter on the first day of each and every calendar month during each Lease Year. Base Rent and other charges payable by Tenant hereunder for any partial calendar month at the beginning or end of the first Lease Year and last Lease Year of the Term shall be prorated on a daily basis. All rentals and other charges to be paid by Tenant to Landlord hereunder shall be paid at the place designated in writing from time to time by Landlord. Subject to Tenant's express set-off, abatement, deduction and similar rights set forth in this Lease, all Base Rent and other amounts payable by Tenant hereunder shall be paid without deduction, abatement or off-set.

Section 4.2. Percentage Rent. In addition to Base Rent, Tenant shall pay Landlord percentage rent (“**Percentage Rent**”) with respect to each Percentage Rent Year as follows:

The Percentage Rent for any Percentage Rent Year shall be equal to the positive amount (if any) which is calculated by multiplying (i) .08 by (ii) the amount by which Tenant’s Gross Sales for such Percentage Rent Year exceed the Percentage Rent Breakpoint for such Percentage Rent Year.

As used herein, the term “Percentage Rent Breakpoint” shall mean the applicable amount provided in Section 1.1 above.

Section 4.3. Intentionally Deleted.

Section 4.4. Percentage Rent Payment and Statements. Tenant shall pay Percentage Rent (if any is due) within ninety (90) days following the end of each Percentage Rent Year. Together with each payment of Percentage Rent and in any event, within ninety (90) days after the end of the applicable Percentage Rent Year, Tenant shall submit a statement signed by a corporate officer, showing the amount of Tenant's Gross Sales for such Percentage Rent Year.

Section 4.5. Records and Audits. Tenant shall keep accurate records of all Gross Sales in accordance with Tenant’s usual accounting practices and shall maintain such records at the Premises or at Tenant’s primary place of business. Landlord may, not more frequently than once in any 12-month period, audit Tenant’s Gross Sales records for the Premises by providing forty-five (45) days’ advance written notice of such audit. Landlord must exercise its audit rights (if at all) within two (2) years following the end of the Percentage Rent Year that Landlord desires to audit. If Landlord fails to notify Tenant of Landlord’s intention to audit Tenant’s Gross Sales records for a particular Percentage Rent Year within two (2) years after the expiration thereof (or if Landlord notifies Tenant of Landlord’s intention to audit but fails to pursue the audit diligently), then Landlord may not seek to recover any deficiencies in the amount paid. All audits shall be performed during Tenant’s usual business hours and without interference with the conduct of business at the place where the audit is made. If an audit reveals that Gross Sales were understated by more than four percent (4%) than the amount in Tenant’s Gross Sales statement, then Tenant shall pay to Landlord the reasonable cost of such audit. In addition, within twenty (20) business days after the completion of the audit, Tenant shall pay to Landlord any additional Percentage Rent owed based on the audited Gross Sales figure (plus interest thereon at the Interest Rate from and after the date the Percentage Rent should have been paid if the Gross Sales had not been previously understated by Tenant). If the audit discloses an overpayment of Percentage Rent by Tenant, then Landlord shall pay to Tenant the amount of the overpayment within twenty (20) business days after the completion of the audit.

Section 4.6. Confidentiality of Financial Information. The financial information provided by Tenant to Landlord under this Lease, (including, without limitation, information concerning Tenant’s Gross Sales and/or Tenant’s general financial condition), together with any additional information that Landlord may obtain in connection with its audit rights hereunder, shall be received, handled and treated in all respects as confidential information, to be used solely by Landlord in connection with the bona fide purposes of this Article 4, and shall not be communicated, delivered, published or otherwise disclosed to any person or entity (in summary form or otherwise) without the express prior written consent of Tenant in each instance; provided, however, that nothing contained herein shall prohibit Landlord from making disclosures of any such information to the extent required by law or in pursuance of a valid subpoena or legal process or to Landlord’s actual or prospective investors or lenders (provided that the investors and lenders shall not own or operate any movie theaters and that such disclosure shall be made subject to the confidentiality and non-disclosure requirements hereof).

Section 4.7. Alternate Rent. If Tenant (in its sole discretion) elects to open for business to the public in the Premises prior to the satisfaction of the Commencement Date Conditions, or if the Co-Tenancy Condition is not satisfied on the Commencement Date (even though the initial satisfaction of the Co-Tenancy Condition shall not be a Commencement Date Condition), then in either case, provided Tenant is open and operating in the Premises, all Base Rent and Additional Rent (other than Tenant’s Tax Contribution) otherwise due hereunder shall be abated and in lieu thereof Tenant shall pay Alternate Rent to Landlord until the Commencement Date Conditions are satisfied and Landlord has initially satisfied the Co-Tenancy Condition. Further if, at any time after the initial satisfaction of the Co-Tenancy

Condition, the Co-Tenancy Condition remains unsatisfied for one hundred eighty (180) consecutive days or more, then until the date that the Co-Tenancy Condition is next satisfied, provided Tenant is open and operating in the Premises, all Base Rent and Additional Rent (other than Tenant's Tax Contribution) otherwise due hereunder shall be abated, and in lieu thereof Tenant shall pay Alternate Rent to Landlord. The Alternate Rent shall be paid monthly in arrears on or before the fifteenth (15th) day after the end of each calendar month. Together with each payment, Tenant shall submit a statement, showing the total Gross Sales for the applicable period, which shall be subject to the reporting, audit and confidentiality provisions of this Article 4.

From time to time at Tenant's request (but not more frequently than two (2) times in any Lease Year, except when the Co-Tenancy Condition is not satisfied), Landlord shall specify in writing the current Co-Tenancy Levels of the Center, which shall be subject to verification by Tenant. Tenant's payment of Base Rent or any other amounts with respect to any period when the Co-Tenancy Condition is not satisfied shall not constitute a waiver of Tenant's rights under Section 3.5 or this Section 4.7, whether or not Tenant knew or should have known that the Co-Tenancy Condition was not satisfied.

ARTICLE 5

COMMON AREAS

Section 5.1. Tenant's CAM Contributions. Beginning on the Commencement Date Tenant shall reimburse Landlord in the manner provided below for Tenant's Pro-Rata Share of Common Area Expenses reasonably incurred by Landlord from and after the Commencement Date (the amount payable by Tenant pursuant to this Article 5 is referred to herein as "**Tenant's CAM Contribution**"); provided, however, Tenant's liability for Tenant's CAM Contribution in any calendar year shall not exceed the Common Area Expenses Cap applicable to such calendar year. Notwithstanding the immediately preceding sentence, to the extent Common Area utility and insurance cost increases cause the Common Area Expenses to exceed the Common Area Expenses Cap, Tenant shall pay Tenant's Pro-Rata Share of those excess charges. To avoid overpayment by Tenant, Landlord shall provide Tenant with an annual statement showing the amounts of Tenant's CAM Contribution paid by Tenant for such calendar year. Tenant's CAM Contribution shall be subject to verification and reconciliation in accordance with Sections 5.5, 5.6 and 5.7 below. Notwithstanding anything to the contrary contained in this Lease, as consideration for Tenant's agreement to carry the insurance covering the Building set forth in Section 7.1(a)(ii) below, and as long as Tenant is opening and operating, Tenant's CAM Contribution shall be reduced each calendar year by an amount equal to \$35,419 ("**Tenant's CAM Contribution Reduction**"). Tenant's CAM Contribution Reduction shall be credited against Tenant's CAM Contribution yearly during the course of the Term of this Lease. In addition, Tenant's CAM Contribution Reduction shall be increased each year by the lesser of (i) the increase, if any, in insurance premiums for the insurance carried by Tenant, as described in Section 7.1(a)(ii) or (ii) three percent (3%) of Tenant's CAM Contribution Reduction for the prior calendar year on an annualized basis. Tenant shall continue to receive Tenant's CAM Contribution Reduction each year of the Term, but only if Tenant is carrying flood insurance in the normal course of business on a majority of its theatres located in California. In the event Tenant does not carry the required insurance in a majority of its theatres located in California, Landlord shall not be required to provide Tenant the Tenant's CAM Contribution Reduction. Tenant's CAM Contribution Reduction will no longer apply if Tenant assigns this Lease to an unaffiliated third party.

Tenant shall make estimated payments on account of Tenant's CAM Contribution to Landlord, in equal monthly installments, on the first day of each calendar month from and after the Commencement Date. For the partial calendar year in which the Commencement Date occurs, such monthly payments shall be based on Landlord's reasonable estimate of the Common Area Expenses to be incurred in such year, as shown on Landlord's budget therefor prepared reasonably and in good faith and provided to Tenant at least sixty (60) days prior to the Commencement Date (subject to the limitation set forth above with respect to the Common Area Expenses Cap). Annually during the Term, Landlord shall provide to Tenant Landlord's proposed budget of Common Area Expenses for the next following calendar or fiscal year giving due consideration to the Common Area Expenses for the preceding calendar or fiscal year (if and to the extent known).

Section 5.2. Landlord's Maintenance Obligations. The Common Areas shall be under the exclusive control and management of Landlord, subject to the terms hereof. Landlord shall at all times operate and maintain (or cause to be operated and maintained) the Common Areas (including, without limitation, the Parking Areas, and the hardscape and landscaping, if any, located on the Demised Land but outside the exterior footprint of the Building) in a safe, secure and sightly condition and repair, commensurate with (or better than) the then current standards of shopping center operation and maintenance for a majority of the other First Class Centers in the Metropolitan Area and in all events in compliance with the requirements of the REA, if any. Landlord shall provide therefor all such services as are reasonably required. As part of such operation and maintenance (but not as a limitation thereof), Landlord shall:

(a) Inspect, maintain, repair and replace the surface of the Common Areas (including, without limitation, the Parking Areas, curbs and sidewalks), keeping them level, smooth and evenly covered with the type of surface material originally installed thereon or such substitute therefor as shall be in all respects equal or greater in quality, appearance and durability;

(b) Remove all papers, debris, filth, refuse, snow and ice from the Common Areas (including, without limitation, the Parking Areas and removal of accumulated snow and ice from the Priority Parking Areas and walkways providing access to the Premises) and wash or thoroughly sweep paved areas as required, including washing the sidewalks and plazas around the Premises as appropriate to maintain a First-Class appearance;

(c) Provide at all times a sufficient number of first-class, functional trash receptacles in the Common Area for Common Area trash and remove such trash and refuse from such receptacles on a regular basis throughout the day and night as needed to avoid overflowing trash cans;

(d) Install, maintain, replace and repair all entrance, exit and directional signs, markers and lights as shall be reasonably required and in accordance with the practices prevailing in the operation of First Class shopping centers of similar size;

(e) Clean Common Area lighting fixtures and relamp as needed and, in all events pertaining to the lighting fixtures within the Protected Area within one (1) day after notice from Tenant;

(f) Repair, remark and replace striping, markers and directional signs in the Common Areas as necessary to maintain the same in good condition;

(g) Install, maintain, repair and replace landscaping as necessary to keep the same in good condition, and maintain all wetlands (if any) in the Center in good condition and in compliance with all Applicable Laws;

(h) Clean signs of the Center (as contrasted with those of tenants or other occupants), including relamping and making repairs as required;

(i) Keep the Common Areas (including, without limitation, the Parking Areas and all accessways and entrances to, from and between the Premises and the Parking Areas) open, operating and adequately lit and patrolled, as conditions may require during such hours as Tenant's business in the Premises is open for business as well as for no less than 30 minutes after Tenant's business closes;

(j) Maintain, repair and replace, as necessary, all utility facilities within and/or serving the Common Areas, including (without limitation) any utility facilities outside the Premises to which the Premises are connected;

(k) Use commercially reasonable efforts to ensure that the use of and activities within the Common Areas do not disrupt or interfere with access to the Premises or the conduct of Tenant's business in the Premises;

(l) Perform all maintenance, repairs, replacements, alterations and improvements in and to the Common Areas that are necessary to keep the Common Areas in compliance with Applicable Laws applicable to the design, construction, operation, use and maintenance of the Common Areas, including, but not limited to, all maintenance, repairs, replacements, alterations and improvements in or to the Common Areas that are required by Applicable Laws to permit Tenant to use the Premises for the uses contemplated under this Lease;

(m) Keep the Common Areas insured and covered by insurance policies providing coverage (in scope and amount) not less than the coverages specified in Article 7;

(n) Intentionally deleted.

(o) Take reasonable steps (but only to the extent permitted by Applicable Laws) to ensure that any demonstrations, leafleting or picketing in the Common Areas is removed or eliminated so that access to the Premises or the conduct of Tenant's business is not hindered or interrupted;

(p) Employ and/or contract for courteous trained personnel for Common Area security functions reasonably necessary during Center operating hours and such other hours as are reasonably deemed necessary by Landlord for the safe and orderly operation of the Common Areas;

(q) Repaint and re-finish the exterior surfaces of the Center and the interior Common Areas of the Center periodically; and

(r) At Landlord's option, provide an on-site manager and secretary and such other on-site staff and personnel as may be appropriate for the operation of a First Class Center.

Section 5.3. Failure to Maintain. If Landlord fails to commence and thereafter diligently complete its Common Area maintenance obligations with respect to the Protected Area, and/or Critical Accessways, in whole or in part, within a reasonable time (i.e., immediately, with respect to matters posing an imminent threat to the safety and security of Tenant or Tenant's patrons or their personal property, or (y) within twenty-four (24) hours with respect to matters adversely affecting access to the Premises or the conduct of Tenant's business (such as, without limitation, problems in the Protected Area), or (z) within four (4) days for all other matters) after written or telephonic notice thereof from Tenant, Tenant may (but shall not be obligated to) perform such work or cause such work to be performed at Landlord's cost and expense, and Landlord shall reimburse Tenant for the reasonable, out-of-pocket costs and expenses so incurred by Tenant within twenty (20) days after demand and receipt of evidence of payment by Tenant. If Landlord fails to reimburse Tenant as aforesaid within twenty (20) days after Tenant's demand, then Tenant may deduct the amount of its expense, together with interest thereon accruing at the Interest Rate, from subsequent installments of Rent or other payments due hereunder. Tenant's "self-help" and reimbursement rights under this Section 5.3 shall be in addition to and not in lieu of any and all other rights and remedies of Tenant as a consequence of Landlord's failure to perform its obligations under this Article 5. Without limiting Landlord's obligations hereunder with respect to the Common Areas and the maintenance, repair and operation of the Center, Landlord acknowledges that Tenant may operate its business in the Premises on days and at hours that some or all of the other tenants and occupants of the Center are not open and operating their businesses and Landlord covenants and agrees to keep the Common Areas of the Center open and staffed (including, without limitation, sufficient security personnel) at all times that Tenant's business in the Premises is open and operating for business.

Section 5.4. Trash and Refuse Area. The area that is depicted as the "Tenant's Refuse Compactor" on the Site Plan attached hereto as Exhibit A shall be enclosed, provided with utilities, and otherwise made ready by Landlord for the installation of a trash and refuse compactor (all as more particularly described in Exhibit D) and shall be used by Tenant for its trash and refuse compactor, which compactor will be installed and paid for by Tenant, and shall be for Tenant's exclusive use and benefit. The Tenant's Refuse Compactor area shall be separately screened and secured so that no other tenant or occupant of the Center shall have access to Tenant's Refuse Compactor or the affected area. In addition, Landlord shall, in accordance with the Work Letter, install, and shall provide and maintain electrical service lines to service Tenant's Refuse Compactor (provided that the cost of such electric service shall be paid by Tenant). Tenant shall be responsible for the maintenance and repair of such area, and repair of Tenant's Refuse Compactor itself, and for arranging and paying for the collection, haulage and disposal of the trash and refuse from the Tenant's Refuse Compactor. Tenant shall cause Tenant's Refuse Compactor to be emptied and the contents thereof disposed of regularly.

Section 5.5. Statement and Reconciliation of Common Area Expenses. Within ninety (90) days after the end of each calendar year and/or fiscal year, Landlord will send to Tenant an itemized statement of Common Area Expenses for such year and the detailed

computation of Tenant's CAM Contribution with respect thereto. To the extent Tenant overpaid, Landlord shall remit with such statement a check in the amount of the overage within ten (10) business days. To the extent Tenant underpaid, Tenant shall remit to Landlord a check in the amount of the unpaid balance within ten (10) business days following receipt of the notice.

Section 5.6. Audit Rights. Within two (2) years after receipt of Landlord's statement of Common Area Expenses for any year, Tenant may audit all the accounting books, documents, records and files related to Common Area Expenses for such year. Landlord shall make all such records available at the Center or at Landlord's principal business office for examination by Tenant or any designated representative within fifteen (15) business days of Tenant's request to audit the records. Tenant must exercise its audit rights (if at all) within two (2) years following the submission by Landlord of the statement described in Section 5.5 for the year that Tenant desires to audit. If Tenant fails to notify Landlord of Tenant's intention to audit Landlord Common Area Expense records for a particular year within the period described in the previous sentence (or if Tenant notifies Landlord of Tenant's intention to audit but fails to pursue the audit diligently), then Tenant may not seek to recover any deficiencies in the amount paid. All audits shall be performed during Landlord's usual business hours and without interference with the conduct of business at the place where the audit is made. If the audit establishes an overstatement of the Common Area Expenses for any year by more than five percent (5%), then Landlord shall pay to Tenant the reasonable cost of such audit. Landlord shall pay the amount of the overage (if any) to Tenant within thirty (30) days after Landlord and its lender have received a copy of Tenant's audit and, if not so timely paid or timely submitted to arbitration in accordance with Section 5.7 of this Lease, Tenant shall have the right to offset such amount against Rent and other amounts next becoming due by Tenant hereunder. To the extent that the audit described in this Section 5.6 discloses that Tenant underpaid Tenant's CAM Contribution, Tenant shall pay to Landlord the amount of the unpaid balance (net of the out-of-pocket costs incurred by Tenant in connection with such audit) within twenty (20) business days following the completion of such audit.

Section 5.7. Disputed Common Area Expenses. In addition to Tenant's rights under Section 5.6, if Tenant disagrees with the inclusion of any item of Common Area Expenses, Tenant shall send written notice to Landlord specifying the item in question. If the dispute remains unresolved within ninety (90) days after Tenant's notice, then either Party may submit the matter to arbitration in accordance with Section 18.5 (subject to the limitations of Section 18.5(b)). Pending resolution of the dispute, the Party holding the funds in question shall segregate such funds until the matter is resolved. Within five (5) business days of the arbitrator's decision, any unpaid amounts shall be paid to the other Party.

Section 5.8. Separately Paid Real Estate Taxes, Separately Insured Buildings, and Separately Maintained Common Areas. Landlord may, or Landlord may elect to have Landlord Affiliates or other occupants of the Center, (a) separately pay Real Estate Taxes upon the portion of the Center that such Landlord Affiliates or that such other occupants own or lease and/or (b) separately procure insurance for the building(s) and/or the Common Areas located on or adjacent to the portion of the Center owned or leased by such parties. Landlord shall also cause the portion of the Common Areas located on or adjacent to the portion of the Center owned or leased by such parties to be maintained in accordance with Section 9.1 below. Upon such performance or election by Landlord, Tenant's Pro Rata Share (for purposes of this Article 5 and Article 6 only) shall be calculated without including in the denominator used to calculate Tenant's Pro Rata Share the Floor Area of the buildings for which Real Estate Taxes are separately paid and/or for which insurance is separately procured and/or for which the Common Areas are separately maintained; provided, however, Tenant's liability for Tenant's CAM Contribution when calculated as provided in this Section 5.8 shall not exceed Tenant's liability for Tenant's CAM Contribution when calculated as provided in Section 5.1 without exclusion of the separately maintained portions of the Center. To avoid overpayment by Tenant, Landlord shall provide Tenant with an annual statement showing the costs incurred to insure and maintain any separately maintained portion of the Center and Tenant shall have the right to audit all the accounting books, documents, records and files related to Common Area Expenses of any separately maintained parcel as provided in Sections 5.5, 5.6 and 5.7 above.

ARTICLE 6

REAL ESTATE TAXES

Section 6.1. Landlord's Obligation. Landlord shall pay when due all Real Estate Taxes which are lawfully charged, assessed or levied against the portion of the Center owned by Landlord (including the Premises), during the Term, regardless of the Tax Year for which the Real Estate Taxes are payable or accrue. Landlord shall cause Landlord Affiliates and/or Landlord Affiliates Successor(s) to pay when due all Real Estate Taxes which are lawfully charged, assessed or levied against the remainder of the Center not owned by Landlord, during the Term, regardless of the Tax Year for which the Real Estate Taxes are payable or accrue. Landlord shall also pay (or cause to be paid) when due all amounts referenced in clauses (i) through (iv) of the definition of "Real Estate Taxes" in Section 1.2. Landlord shall not do or permit anything within its control which would cause the Center to be assessed for purposes of Real Estate Taxes with any other properties or improvements that are not located within the Center.

Section 6.2. Tenant's Contribution. Until the end of the second full Tax Year after the Center has been redeveloped and is fully assessed (the "**Base Year**") Tenant shall pay to Landlord, for each Tax Year all or a part of which is within the Term, as its contribution to Real Estate Taxes the lesser of (i) Tenant's Pro Rata Share of Real Estate Taxes assessed against the Center for such Tax Year (subject to Section 5.8) prorated on a per diem basis, with regard to the number of days of the applicable Tax Year(s) that are within the Term) or (ii) \$3.50 per square foot of Floor Area of the Building (prorated on a per diem basis, with regard to the number of days of the applicable Tax Year(s) that are within the Term). Any buildings, additions, or improvements within the area designated as "**Major 4**" on Exhibit A, shall not be included in or assessed in Real Estate Taxes and the Floor Area of any such buildings, additions or improvements shall not be included in the denominator used to calculate Tenant's Pro Rata Share of Real Estate Taxes, until such time as the Major 4 area has been fully built and assessed. After such Base Year, Tenant's obligation for Real Estate Taxes shall be Tenant's obligation for Real Estate Taxes for the Base Year, adjusted by the increase or decrease in the Tenant's Pro Rata Share of Real Estate Taxes for such Tax Year above or below the Tenant's Pro Rata Share of Real Estate Taxes assessed against the Center for the Base Year (subject to Section 5.8). The amounts payable by Tenant pursuant to this Article 6 are referred to herein as "**Tenant's Tax Contribution**". To avoid overpayment by Tenant, Landlord shall submit an accounting to Tenant of the amount paid by Tenant with respect to Tenant's CAM Contribution and Tenant's Tax Contribution periodically at the request of Tenant and, in any event, within ninety (90) days after the expiration of each calendar year. The provisions of this Section 6.2 shall govern Tenant's Tax Contribution even if certain portions of the Center are separately assessed for Real Estate Tax purposes.

Section 6.3. Separate Assessment of Tenant's Tax Parcel. At Landlord's election, Landlord may cause Tenant's Tax Parcel to be separately assessed for Real Estate Tax purposes, such that a separate assessment level is established and a separate tax bill is issued by the taxing authority with respect to Tenant's Tax Parcel. For so long as Tenant's Tax Parcel is separately assessed for Real Estate Tax purposes, notwithstanding the provisions of Section 6.2, above, Tenant shall pay to Landlord, for each Tax Year all or a part of which is within the Term, as its contribution to Real Estate Taxes the lesser of (i) the Real Estate Taxes assessed against Tenant's Tax Parcel (prorated on a per diem basis, with regard to the number of days of the applicable Tax Year(s) that are within the Term) or (ii) Tenant's contribution to Real Estate Taxes as determined by Section 6.2 above.

Section 6.4. Method of Payment. Tenant shall pay the amount due under Section 6.2 for any Tax Year included within the Term not later than (i) the ninetieth (90th) day after Tenant receives Landlord's bill therefor, or (ii) the tenth (10th) day prior to the last day on which the Real Estate Taxes may be paid without being delinquent, whichever is later. Landlord shall hold all monies received hereunder in trust and use them only to pay Real Estate Taxes. If there is any discount available to Landlord for early payment of Real Estate Taxes, Tenant shall be entitled to its proportionate share of such discount, provided Tenant has timely paid Tenant's Pro Rata Share of such Real Estate Taxes.

Section 6.5. Construction of the Project. In determining the amount payable by Tenant in accordance with this Article 6, the amount of Real Estate Taxes assessed against any buildings, additions to buildings or improvements (other than to the Premises and other than any buildings, additions or improvements within the area designated as “**Major 4**” on Exhibit A) constructed after the first full Lease Year included in the Term in which the Center is assessed by the applicable assessment authority or authorities as a completed project, which are not in replacement of buildings or improvements damaged or destroyed by fire or other casualty, plus an allocable portion of any Real Estate Taxes assessed against the land (exclusive of buildings) upon which the Center is situated, shall be deducted from the Real Estate Taxes for the Center, and the Floor Area of any such new buildings or additions shall be deducted from the Floor Area of the Center prior to computation of Tenant’s Pro Rata Share of Real Estate Taxes.

Section 6.6. Tax Refunds. For purposes of calculating Tenant’s Pro Rata Share of Real Estate Taxes under Section 6.2, the Real Estate Taxes on the Center for any Tax Year shall mean such amounts as shall be finally determined after deducting abatements, refunds, rebates or credits, if any (less the reasonable and substantiated cost and expense of obtaining the same), plus any interest which the taxing authority may credit on account of the overpayment of Real Estate Taxes, to be payable with respect to the Center for such period (exclusive of separately assessed parcels if Landlord is not required to pay the Real Estate Taxes levied thereon). Expenses of a tax reduction or abatement proceeding shall include reasonable amounts for attorneys’ fees and other necessary out-of-pocket expenses, but shall not include any amounts paid or payable to the party prosecuting the review or to any person or legal entity having an interest in the Center (or any affiliate thereof) or to any employee of any of them or to any third party contractor to “review” bills or assessments. Landlord shall not be entitled to reimbursement of the expenses of tax abatement proceedings conducted by Landlord other than out of the proceeds of the tax abatement successfully obtained. If Landlord should obtain a tax abatement allocable to any Tax Year, all or a portion of which is included in the Term, Landlord’s obligation upon Landlord’s prompt reconciliation of Tenant’s obligations for Real Estate Taxes with respect to such Tax Year, to reimburse all or a portion of Tenant’s payment of Real Estate Taxes for such Tax Year, shall survive the expiration or earlier termination of this Lease.

Section 6.7. Right to Contest Taxes. If Tenant desires to initiate any proceedings to obtain an abatement or reduction of any Real Estate Taxes assessed against the Tenant’s Tax Parcel or the Center, Tenant must first notify Landlord, in writing, of its desire to pursue such action. After the notice is sent, Landlord shall have twenty (20) days to notify Tenant whether it wishes to pursue the action on its accord. Should Tenant fail to receive such written notice from Landlord within the prescribed period, Tenant may initiate and prosecute the action. In connection with any such proceeding, Landlord shall cooperate with Tenant, including the joining in, and signing of, any protest or pleading which Tenant may deem it advisable to file (but at no cost, expense or liability to Landlord). Tenant shall keep Landlord informed of the status of its tax review. If Landlord elects to initiate the proceeding, Landlord shall use reasonable efforts to obtain a reduction in Real Estate Taxes. Landlord shall keep Tenant informed of the status of its tax review and not terminate or withdraw the same without Tenant’s prior written consent, not to be unreasonably withheld or delayed. Landlord shall also permit Tenant to present to the taxing authority any information pertaining to the basis for establishing the assessed valuation of the Premises. Landlord shall not, in any event, make application to the taxing authorities which, if granted, would change the manner in which the Premises are being, or will be, assessed, or which would have the effect of increasing the assessed valuation of the Premises, without Tenant’s prior written consent, which shall not be unreasonably withheld, conditioned or delayed. In any event, if Landlord makes such application without Tenant’s consent, and as a result thereof, such Real Estate Taxes are increased, Tenant shall not be responsible for paying any increase in Real Estate Taxes on Tenant’s Tax Parcel or Tenant’s Pro Rata Share of such increase.

Section 6.8. Improvement or Special Assessment District. If at any time during the Term, any Governmental Authority shall undertake to create any improvement or special assessment district with boundaries that encompass all or any portion of the Premises, Tenant may appear in any proceeding relating thereto. Tenant may also exercise all of Tenant’s rights to exclude the Premises from the proposed improvement or assessment district or reduce the amount of the proposed levy. Notwithstanding Tenant’s right, Landlord is not prevented from taking a different position than Tenant with respect to any part of the Center that lies outside the Premises. Landlord shall promptly advise Tenant of the receipt of any notice or other

information relating to the proposed creation of any such improvement or special assessment district with boundaries that encompass any portion of the Premises. If any Real Estate Taxes imposed on the Center to finance any improvement made or proposed by such district shall be payable in a lump sum during the last ten (10) Lease Years, and Tenant reasonably believes that all or a portion of the benefit to be conferred by such improvement shall accrue to Landlord after the expiration of the Term, then Tenant and Landlord shall endeavor to determine the apportionment of such Real Estate Taxes and the share thereof to be borne by each. If the parties shall be unable to agree upon the proper apportionment, such apportionment shall be determined by arbitration in accordance with the provisions of Section 18.5 hereof. This Section 6.8 shall not apply to special assessments confirmed prior to the Effective Date hereof which are assessed or imposed by existing Governmental Authority or assessment districts.

Section 6.9. Tax Incentive Programs. If a program exists which will result in a total or partial exemption from, or abatement or reduction of Real Estate Taxes assessed or to be assessed against the Center, Landlord shall use all reasonable and diligent efforts to obtain the benefits of such program and to reduce Real Estate Taxes accordingly. If Landlord does not reasonably pursue the benefits, then Real Estate Taxes shall be adjusted for purposes of calculating Tenant's liability under this Article 6. The amount of adjustment shall be the amount by which the Real Estate Taxes would have been reduced if the full benefits under such program had been granted; provided, however, that such adjustment shall be contingent upon Tenant showing, to Landlord's reasonable satisfaction, that the benefits were in fact obtainable.

Section 6.10. Reassessment Upon Sale. If the assessed valuation of the Center (or any portion thereof) is increased by any taxing authority due to a sale, transfer, conveyance or financing of any portion of the Center (or any interest therein) more than once during the first fifteen (15) years of the Initial Term or more than once every five (5) years after the first fifteen (15) years of the Initial Term, then any such increases in valuation shall be disregarded for purposes of determining Real Estate Taxes hereunder and Real Estate Taxes and Tenant's Pro Rata Share of Real Estate Taxes shall be calculated based upon the assessed valuation that the Center would have had if the sale, transfer, conveyance or financing had not occurred.

ARTICLE 7

INSURANCE AND INDEMNIFICATION

Section 7.1. Insurance Policies.

(a) **Tenant's Insurance.** Throughout the Term (except as to the coverages required under Section 7.1(a)(iv) which will only be carried while Tenant's Work is ongoing and except that Tenant shall carry the coverages required under Section 7.1(a)(i) from the date Tenant enters upon the Premises for the purpose of commencing Tenant's Work), Tenant shall procure and maintain, or cause to be maintained, all the following insurance:

(i) **Commercial General Liability Insurance.** Commercial or comprehensive general liability insurance on an occurrence basis, with coverage at least as broad as the standard ISO Occurrence Form CG0001 or equivalent, insuring against any and all claims for damages to person or property or loss of life or of property occurring on or about the Premises or arising from the operation of the Premises or arising from any tortious acts or negligence of Tenant or any of Tenant's agents, employees, licensees or contractors on or about the Center, with coverage limits of not less than \$5,000,000 for bodily injury or death to any one person and not less than \$5,000,000 for bodily injury or death arising from any one accident or occurrence, and not less than \$500,000 for property damage, with such deductibles as Tenant may customarily carry in the conduct of its business. If Tenant elects to serve alcoholic beverages at the Premises, Tenant's commercial or comprehensive general liability insurance policy shall also include coverage for liquor liability (Dram Shop) insurance in a minimum amount of \$1,000,000 per occurrence.

(ii) **Tenant's Theatre Building and Other Insurance.** A special form property insurance policy covering loss or damage to the Building, with coverage at least as broad as the Standard ISO Form CP 1030 including fire,

lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief and sprinkler damage, business interruption insurance (also known as rent continuation insurance), collapse, flood, and water damage, and such other insurance in such amounts and covering such other perils or hazards deemed appropriate by Tenant, including earthquake and terrorism insurance. The amount of coverage of Tenant's insurance hereunder shall be equal to the full replacement cost of the insured Building and improvements, with such deductible amounts as Tenant may elect, subject to Section 7.4 below, provided however, that earthquake coverage shall be for the maximum available amount, if less than full replacement cost.

All insurance proceeds payable under Tenant's casualty insurance carried hereunder shall be payable to Tenant and delivered to Landlord to repair, rebuild or restore the Theatre building. Notwithstanding the provisions of this section and the immediately preceding sentence, in the event said Building is destroyed or damaged to the extent of twenty percent (20%) or more of the replacement cost during the last two (2) years of the Initial Term or during the last year of any Extension Term, then either Tenant or Landlord may elect to terminate this Lease as of the date of such damage or destruction by giving written notice to the other within sixty (60) days of such damage or destruction except Tenant can negate Landlord's termination if Tenant timely exercises an Extension Term. If this Lease is terminated, or if this Lease is not terminated, but the casualty proceeds are not used for the repair, rebuild or restoration of the Building, Landlord shall receive such insurance proceeds.

(iii) **Special Form Insurance.** A property insurance policy covering for loss or damage to Tenant's inventory, merchandise, signs and goods and Tenant's FF&E and other removable personal property within the Premises, with coverage at least as broad as the standard ISO Form CP 1030, including fire, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircraft, smoke, vandalism, malicious mischief, sprinkler damage, collapse, water damage, and other perils common to a special form policy, in an amount equal to the full replacement cost thereof, with such deductible amounts as Tenant may elect, subject to Section 7.4 below. Landlord shall have no interest in the insurance maintained by Tenant under this Section 7.1(a)(iii) with respect to Tenant's Property, and will execute all documents necessary or proper in connection with the settlement of any claim or loss by Tenant to confirm same.

(iv) **Worker's Compensation.** Worker's Compensation insurance shall be maintained by Tenant as required by the Applicable Laws of the State of California.

(v) **Builder's Risk.** The insurance coverage required to be maintained by Tenant under Section 4.4 of the Work Letter.

(b) **Landlord's Insurance.** Subject to Section 5.8, from and after the date of the termination of the Existing Lease (as set forth in Section 22.2), Landlord shall procure and maintain (and with respect to clauses (i), (ii) and (iv) below) shall cause to be procured and maintained by Landlord Affiliates and/or Landlord Affiliates Successor(s) as to the remainder of the Center not owned by Landlord) in full force and effect, at its sole cost and expense (subject to reimbursement of Common Area Expenses), all the following insurance:

(i) **Commercial General Liability Insurance.** Commercial or comprehensive general liability insurance on an occurrence basis, with coverage at least as broad as the standard ISO Occurrence Form CG0001 or equivalent, insuring against any and all claims for damages to person or property or loss of life or of property occurring upon or about the Common Areas (including, without limitation, the Common Areas located on the Demised Land, if any) insuring Landlord against all claims, demands, or actions for personal injury or death, or damage to property, made by or on behalf of any person, firm or corporation, while on or about the Common Areas (exclusive of the Premises) (including, without limitation, the Common Areas located on the Building Pad), with coverage limits of not less than \$5,000,000 in respect of bodily injury or death to

any one person and not less than \$5,000,000 in respect of bodily injury or death arising from any one accident or occurrence, and not less than \$500,000 for property damage or arising from the operation of the Common Areas or arising from any tortious acts or negligence of Landlord or any of Landlord's agents, employees, licensees or contractors. Such insurance may have such deductibles as Landlord may select consistent with Section 7.3(b) and Section 7.4(c).

(ii) **Landlord's Property and Other Insurance.** A special form property insurance policy covering loss or damage to the buildings and other improvements within the Common Areas, other than those items that Tenant is obligated to insure under Section 7.1(a)(ii) and Section 7.1(a)(iii) above, with coverage at least as broad as the Standard ISO Form CP 1030 including fire, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief and sprinkler damage, loss of rent insurance (also known as rent continuation insurance), collapse and water damage (but not water damage caused by a flood), and such other insurance in such amounts and covering such other perils or hazards deemed appropriate by Landlord, including flood, earthquake and terrorism insurance. The amount of coverage of Landlord's insurance hereunder shall be equal to the full replacement cost of the insured buildings and improvements, with such deductible amounts as Landlord may elect, subject to Section 7.4 below, provided however, that flood and earthquake coverage shall be for the maximum available amount, if less than full replacement cost. All insurance proceeds payable under Landlord's casualty insurance carried hereunder shall be payable solely to Landlord, to be applied in accordance with the terms of Article 16 hereof, unless the Parties otherwise agree.

(iii) **Workers' Compensation and Employer's Liability Insurance.** Workers' Compensation insurance shall be maintained by Landlord as required by the Applicable Laws of the State of California. Landlord also shall cause the property manager of the Center to maintain "Employer's Liability" insurance with limits of not less than \$1,000,000 for each component of "Coverage B".

(iv) **Insurance Required under REA.** All insurance (in coverage and amount) required to be maintained by the "Declarant" under the REA, if any.

(v) **Insurance Required Under Work Letter.** During the period Landlord's Work is ongoing, the insurance required to be maintained by Landlord under Section 4.4 of the Work Letter.

Section 7.2. Certificates of Insurance. Prior to the commencement of Landlord's Work, Landlord shall deliver to Tenant satisfactory certificates of insurance evidencing that Landlord has obtained (or caused to be obtained) and is maintaining (or causing to be maintained) the insurance coverage required herein. On or before the date that Tenant's Work Commencement Conditions (as defined in Exhibit D) are satisfied, Tenant shall deliver to Landlord satisfactory certificates of insurance evidencing that Tenant has obtained and is maintaining the insurance coverage required herein. All certificates of insurance shall contain a provision that the insurance carrier shall not cancel or reduce the insurance coverage without giving the other Party (and any lender of such Party of whom Landlord or Tenant has given written notice to the other Party) written notice in accordance with the policy provisions. Current certificates of extension or replacement of insurance shall be delivered to Landlord or Tenant, as the case may be, as soon as practicable prior to the expiration of any policy.

Section 7.3. Alternate Insurance.

(a) **Use of Blanket Policy.** Notwithstanding anything to the contrary hereinabove contained, Landlord or Tenant may, at its option, include any of the insurance coverage hereinabove set forth in general or blanket policies of insurance, provided that the coverage afforded will not be reduced or diminished by reason of the use of such general or blanket policies or the claims history of any other insured property and may be effected by any combination of primary, excess or umbrella coverage.

(b) **Self-Insurance.** During any period in which Tenant maintains a net worth of at least One Hundred Million Dollars (\$100,000,000.00), any insurance required to be maintained by Tenant under this Lease may be provided by Tenant self insuring and/or the deductible limits on Tenant's property/casualty insurance may exceed the limits specified in Section 7.4(c); provided, however, that Tenant shall be responsible for non-insured risks, all under-insured risks and all amounts otherwise within the formal and informal "deductible" amounts under the insurance policies actually maintained by Tenant hereunder. As used herein, the net worth of Tenant at any given time shall mean an amount equal to the sum of (a) the product of (1) Tenant's so-called EBITDA (i.e., earnings before interest, income taxes, depreciation and amortization), calculated in accordance with commercially reasonable past practice preceding the Effective Date by Tenant's parent corporation over the 12 month period immediately preceding the time of measurement, multiplied by (2) eight (8), plus (b) the amount of cash and cash equivalents held by Tenant on the determination date, minus (c) the amount of outstanding funded debt of Tenant on the determination date. Further, during any period in which Landlord (or Landlord through a Landlord Affiliate responsible for maintaining such self-insurance) maintains a net worth of at least Two Hundred Fifty Million Dollars (\$250,000,000.00), any insurance required to be maintained by Landlord under this Lease may be provided by Landlord self-insuring and/or the deductible limits on Landlord's insurance may exceed the limits specified in Section 7.4(c), provided, however, that Landlord (and Landlord's sponsor, if applicable) shall be responsible for non-insured risks, all under-insured risks, and all amounts otherwise within the formal and informal "deductible" amounts under the insurance policies actually maintained by Landlord hereunder, without regard to the limitations on Landlord's liability set forth in Section 18.6(b).

Section 7.4. Additional Insurance Provisions.

(a) All insurance provided for in this Article 7 shall be effected under standard form policies issued by insurers of recognized responsibility authorized to do business in the state in which the Project is located.

(b) Each Party shall name the other (and Landlord shall cause Landlord Affiliates and Landlord Affiliates Successor(s) (if applicable) to name Tenant, and Tenant shall name Landlord's mortgage lender and the Landlord Affiliates) as an additional insured on each liability policy maintained by such Party, Landlord Affiliate or Landlord Affiliate Successor(s). All of Tenant's liability policies and all of Tenant's contractor's liability policies shall also name SyWest Development LLC, Syufy Enterprises, Syufy Properties, Inc., SyWest Holdings LLC, Sy Howe Arden LLC, Howe Avenue Holdings LLC and Landlord's property manager (if any) as additional insureds. Tenant's Builder's Risk Policy shall name Landlord as a loss payee. Endorsements to (in addition to certificates of) such policies shall be obtained by Tenant and delivered to Landlord in order to effect such additional insured and loss payee status.

(c) To the extent any deductible is permitted or allowed as a part of any insurance policy carried by Landlord or Tenant, such Party shall be deemed to be covering the amount thereof under an informal plan of self insurance; provided, however that except as permitted under Section 7.3(b), neither Party shall be permitted to maintain any insurance required of it hereunder with a deductible of greater than One Hundred Fifty Thousand Dollars (\$150,000.00), without the prior written consent of the other Party.

(d) All policies shall be written by insurance companies having a rating of "A-VII" or better in the most recent edition of Best's Insurance Reports (or an equivalent rating), and such insurance companies shall acknowledge and confirm, by endorsement to the applicable policies, the release and waiver of subrogation provided hereunder.

(e) The liability insurance policies maintained by Tenant and Landlord hereunder shall include the following endorsements: (i) providing for blanket contractual liability coverage (including the Parties' respective indemnity obligations contained in this Lease); and (ii) a cross-liability endorsement. All such insurance: (w) shall be primary and noncontributory; (x) shall provide for severability of interests; (y) shall provide that an act or omission of one of the insureds shall not reduce or void coverage to any other insureds; and (z) shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

Section 7.5. Mutual Release and Waiver of Subrogation. Each of Landlord and Tenant, for themselves and for anyone claiming through or under them by way of subrogation or otherwise, hereby releases the other from any and all liability or responsibility to the releasing Party, for any casualty loss or property damage specifically insured against or required by the terms of Section 7.1(a)(ii) and (iii) or Section 7.1(b)(ii) to be insured against by the releasing Party, even if such loss or damage shall have been caused by the fault or negligence of the other Party, or anyone for whom such Party may be responsible, but only to the extent of the greater of (i) the amount of insurance required to be maintained by the releasing Party under Section Section 7.1(a)(ii) and (iii) or under Section 7.1(b)(ii) if and to the extent such insurance would have covered such loss or damage or (ii) the amount of insurance actually carried by such Party to the extent such releasing Party's insurance covers such loss or damage.

Section 7.6. Landlord's Indemnity. Subject to Sections 7.5 and 7.8, Landlord shall indemnify, defend (with counsel reasonably satisfactory to Tenant) and hold Tenant (and Tenant's subtenants, licensees and concessionaires) harmless from and against all claims, damages (excluding consequential, punitive and similar type damages claimed by the indemnified party), liabilities and expense, including, without limitation, reasonable attorneys' fees, in connection with loss of life, bodily injury or damage to property arising from or out of (a) any occurrence in or about the Common Areas of the Center during the Term (unless occasioned by the active negligence or willful misconduct of Tenant, its subtenants, licensees or concessionaires or any of their respective employees or contractors), (b) Landlord's Environmental Acts, (c) any willful misconduct or negligence of Landlord, its employees, agents, licensees or contractors, or (d) a default by Landlord in the performance of any of its obligations under this Lease. Landlord's obligations set forth above in this Section 7.6 shall survive and be enforceable following expiration or termination of this Lease.

Section 7.7. Tenant's Indemnity. Subject to Sections 7.5 and 7.8 Tenant shall indemnify, defend (with counsel reasonably satisfactory to Landlord) and hold Landlord harmless from and against all claims, damages (excluding consequential, punitive and similar type damages claimed by the indemnified party), liabilities and expense, including reasonable attorneys' fees in connection with loss of life, bodily injury or damage to property arising from or out of (a) any occurrence in or about the Premises during the Term (unless occasioned by the active negligence or willful misconduct of Landlord, its tenants (other than Tenant), licensees or concessionaires or any of their respective employees or contractors) (b) Tenant's Environmental Acts, (c) any willful misconduct or negligence of Tenant, its employees, agents, licensees or contractors, or (d) a default by Tenant in the performance of any of its obligations under this Lease. Tenant's obligations set forth above in this Section 7.7 shall survive and be enforceable following expiration or termination of this Lease.

Section 7.8. Conditions to Indemnity.

(a) The obligation to indemnify contained in this Article 7 or elsewhere in this Lease is conditioned upon the party claiming the right to be indemnified (the "**Indemnitee**"), (i) first notifying the other (the "**Indemnitor**") of any claim for which indemnity is sought (a "Claim") in accordance with Section 7.8(c) below, provided that a reasonable delay in such notification shall release the Indemnitor only to the extent of actual prejudice resulting from the delay; (ii) fully tendering to the Indemnitor the defense of such Claim for handling by counsel selected by Indemnitor and reasonably acceptable to Indemnitee; and (iii) otherwise fully complying with all of the terms set forth in this Section 7.8. With respect to the indemnity obligations undertaken by Landlord and Tenant in this Lease, the Indemnitor shall at its cost defend or cause to be defended any Claim against the Indemnitee alleging such acts or omissions and seeking damages which are payable under this Lease, even if any of the allegations of such Claim are groundless, false or fraudulent; but the Indemnitor may make or cause to be made such investigation and such settlement of any Claim as the Indemnitor or its insurers shall deem expedient. Unless the Indemnitor shall decline to so defend, the Indemnitee shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense in connection with any Claim for which indemnity may be sought hereunder. The Indemnitee shall cooperate with the Indemnitor or its insurer and, upon the request of the Indemnitor, assist in making settlements in the conduct of suits, and in enforcing any right of contribution or indemnity against any person or organization (other than an employee of the Indemnitee) who may be liable to the Indemnitee because of acts or omissions with respect to which indemnity is afforded under this Lease. The Indemnitee shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

(b) Subject to the provisions of Section 7.5, Section 7.6 and Section 7.7, to the extent of any payment made hereunder, the Indemnitor or, if applicable, its insurer, shall be subrogated to all of the Indemnitee's rights of recovery therefor, against any person or organization (other than an employee of the Indemnitee) and the Indemnitee shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Indemnitee shall do nothing after loss to prejudice such rights.

(c) Upon the Indemnitee becoming aware of any act or omission which might reasonably be expected to be the basis of a Claim covered hereby, written notice shall be given by the Indemnitee or on its behalf to the Indemnitor as soon as practicable, together with the fullest information obtainable. If claim or demand is made or suit is brought against the Indemnitee, the Indemnitee shall immediately forward to the Indemnitor every demand, notice, summons or other process received by the Indemnitee or its representative

ARTICLE 8

UTILITIES

Section 8.1. Service to the Premises. Landlord, at its expense (and as part of Landlord's Work), shall provide all mains, conduits and other facilities for any utilities or services needed at the Center (including the Premises), including (without limitation) water, sanitary sewer, natural gas, electricity, telephone and telecommunications and, if applicable, storm sewer, in each case as shown (if at all) on the Final Site Improvement Plans approved by Landlord in accordance with the Work Letter. All such utilities, if required by a local utility provider or governmental authority having jurisdiction, will be located within recorded utility easements, accepted by the applicable utility provider(s), from the public right-of-way to the point(s) of connection to the Premises. Once each meter is available for Tenant's use, Tenant will pay the cost of utility meter usage. Landlord shall pay all "impact" and other fees, however designated for connection of such utilities to the Premises. Landlord shall pay for the extension of the sanitary and storm sewer system to within five (5) feet of the Premises. On the Commencement Date, separate metering will be in place for all utilities that serve the Premises if such separate metering is available from the utility company providing the particular utilities to the Premises. Tenant shall pay to the public utility companies before delinquency all charges for water, gas, electricity and other utility services consumed on the Premises, unless separate metering is not available, in which case Landlord shall cause a separate submeter or check meter to be installed at the Premises, and Tenant shall reimburse Landlord for the cost of utility service, as measured by the submeter, at the rate Landlord is charged by the utility company (without mark-up) within thirty (30) days following receipt of Landlord's written request for reimbursement, accompanied by invoices evidencing the costs incurred. With respect to any utilities paid directly by Tenant to the provider for any energy consumed at the Premises, Tenant, promptly upon written request, shall deliver to Landlord (or, at Landlord's option, execute and deliver to Landlord an instrument in form and content reasonably acceptable to Tenant enabling Landlord to obtain from such provider) reasonable data about such consumption that Landlord, in its reasonable judgment, is required to disclose to a prospective buyer, tenant or Lender or prospective lender under California Public Resources Code §25402.10 or any similar law. If during the Term, any utility company or Governmental Authority requires additions to, or replacement of, capital improvements (by way of example and not by limitation, sanitary sewer lines or water lines) to serve the Premises, the cost of the same shall be borne solely by entities other than Tenant. Landlord, without contribution or reimbursement from Tenant, shall bear all sewer assessments imposed by public authorities to finance construction of sewage utilities and facilities outside the Center. Tenant shall not be responsible for increases in utility charges caused by Landlord's failure to comply with its repair obligations under this Lease. If Tenant requires Landlord to use a different utility provider than the utility provider that Landlord is using for the Center, Tenant shall pay all costs to change to the utility provider that Tenant requires.

Section 8.2. Interruption of Service. Except for interruptions in utility service caused by an Uncontrollable Event (defined below) or by Tenant's negligence or willful misconduct, Landlord shall provide continuous and uninterrupted utility services to the Premises, at least in the capacities needed to service the Premises, as specified in the Work Letter and/or Final Plans. Any interruption of or material reduction in utility service to the Premises (other than an interruption or reduction caused by Tenant's negligence or willful misconduct) that results in

Tenant closing its business in the Premises, in whole or in part, shall entitle Tenant to an equitable abatement of Rent and other charges otherwise payable hereunder during the period of closure, and if such interruption continues for one hundred eighty (180) consecutive days or more, then Tenant shall have the right to terminate this Lease (in which case the provisions of Section 19.4 shall apply), so long as Tenant exercises such right prior to the cessation of such interruption. If Tenant continues to operate its business in the Premises during the period of interruption or reduction, then Rent will abate only partially, in the same proportion as Tenant's Gross Sales are reduced from the period immediately prior to the interruption or reduction. Tenant's rights under this Section 8.2 shall be in addition to any other rights and remedies that Tenant may have as a consequence of Landlord's default hereunder. An "**Uncontrollable Event**" shall mean any of the following occurrences: (i) any act of God, (ii) any failure by the provider of the utility to provide the utility service to the Center; or (iii) any event that occurs outside of the Center's boundaries which was not a result of any act of Landlord or any of its agents, employees, contractors or tenants.

ARTICLE 9

MAINTENANCE AND REPAIRS

Section 9.1. Landlord's Maintenance and Repairs. In addition to and without limiting Landlord's obligations set forth elsewhere in this Lease (including Section 5.2 and Article 8), Landlord shall be responsible for the maintenance and repair of the portions of the Center that are within Landlord's control (i.e., have not been leased to third parties in occupancy) at no cost or expense to Tenant (except for Tenant's payment of Tenant's CAM Contribution) in a First Class manner and in accordance with this Section 9.1. In addition, Landlord shall cause the remaining portions of the Center to be maintained and repaired in a First Class Manner in accordance with the provisions of this Article 9. With respect to those areas of the Center not in Landlord's control, Landlord shall use commercially reasonable efforts to enforce the obligations of the occupants thereof to maintain and repair their premises.

(a) **Premises.** During the Term and any Extension Term, Landlord shall keep the foundations and floor slab and the exterior of the Theatre (including painting thereof), all supporting structures, gutters and water spouts, the sprinkler system, all interior structural parts of the Theatre, and the roof (including but not limited to keeping the roof free of leaks) in good condition and repair.

(b) **Center Improvements.** During the Term, Landlord shall keep and maintain the buildings and other improvements within the Center other than the Premises (except as otherwise provided in this Lease), and including (without limitation) the roofs, exterior walls, foundations, gutters, waterspouts and structural elements of (or within) the buildings of the Center (other than the Building and the Building Pad, except as otherwise specifically provided in this Lease), in good working order and in First Class condition and repair and shall make all necessary repairs thereto and replacements thereof. If the Building shares any so-called "common walls" with the building improvements of the Center, such common walls shall be maintained by Landlord.

(c) **Utilities and Common Area Facilities.** During the Term, Landlord shall keep or cause to be kept all wiring, pipes, conduits, water, sewer and utility lines within the Center (other than such wiring, pipes, water, sewer and utility lines as are located entirely within and exclusively serve the Premises), and all improvements and facilities in the Common Areas, including, without limitation, the Parking Areas, in good working order and First Class condition and repair and shall make all necessary replacements thereto. Without limitation, Landlord shall be responsible for and promptly make all repairs and replacements necessitated by the willful acts or negligence of Landlord, its agents, employees or contractors, or by the breach of this Lease by Landlord.

(d) **Compliance with Applicable Laws.** Landlord shall operate and maintain the Center (exclusive of the Premises, except as hereinafter provided) as a First Class Center and in compliance with all Applicable Laws and Governmental Requirements (including, but not limited to, Applicable Laws pertaining to accessibility and removal of architectural barriers, and all Environmental Laws) applicable to the design, construction, operation, use and maintenance of the Center, including, without limitation, all maintenance, repairs,

replacements, alterations and improvements in or to the Common Areas (but not the Premises, except as hereinafter provided) that are required by law to permit Tenant to use the Premises for the uses permitted under this Lease. Notwithstanding the foregoing, Landlord shall be responsible for remedying any non-compliance of the Premises with Applicable Laws, to the extent the Premises did not comply with Applicable Laws as of the Commencement Date as a result of any failure of Landlord's Work to comply with Applicable Laws.

(e) **Landlord's Work.** Landlord shall make all repairs and replacements to and remedy all design, materials and construction defects in Landlord's Work. Subject to Section 7.5, Landlord shall be responsible for any damage to the Premises and for any repairs that are caused or necessitated by the faulty design or performance of Landlord's Work; provided, however that Landlord shall not be responsible for defects in furnishings, fixtures, or equipment supplied or installed by Tenant, unless such defect is the result of the installation or other work by Landlord. Notwithstanding anything to the contrary in this Lease, Landlord shall be responsible for and promptly make all repairs to the Premises that are necessitated by the settling of the Center.

(f) **Damage to Premises.** Subject to Section 7.5, Landlord shall reimburse Tenant for any further loss or damage to the Premises or for any loss or damage to Tenant's Property and inventory arising from defects in or damages to the Center if such damage results from Landlord's negligence or from Landlord's willful failure to properly undertake and diligently prosecute any maintenance and/or repair obligations of Landlord hereunder within a reasonable time after the earlier of (i) Tenant's notifying Landlord of such defect or damage or the need for such repair or (ii) the time at which Landlord became aware of such defect or damage or that such repair was needed.

(g) **Self-Help and Emergency Repairs.** In the event of an emergency, or in the event Landlord fails to undertake and diligently prosecute repairs in accordance with Section 9.1(e) or in the event Landlord fails to perform its maintenance obligations under this Section 9.1 within a reasonable time (i.e., (x) immediately, with respect to matters posing an imminent threat to the safety and security of Tenant or Tenant's patrons or their personal property, or (y) within twenty-four (24) hours after written or telephonic notice from Tenant of the need for such maintenance with respect to matters adversely affecting access to the Premises or the conduct of Tenant's business (such as, without limitation, problems in the Protected Area), or (z) within four (4) days after written or telephonic notice from Tenant of the need for such maintenance for all other matters, and such failure interferes with the conduct of Tenant's business in the Premises, then in any such event and without further notice to Landlord, Tenant may (but shall not be obligated to) make any repairs and/or perform any maintenance required of Landlord hereunder to the extent reasonably necessary to secure the Premises or prevent injury to person or property or to eliminate (or mitigate) the interference with Tenant's business. With respect to any matters that are expected to cost in excess of \$5,000.00, any telephonic notice given by Tenant to Landlord under this Section 9.1 (g) shall be confirmed not later than the next following business day by a written notice from Tenant to Landlord. Landlord shall reimburse Tenant upon written demand and evidence of payment by Tenant for the actual out-of-pocket costs and expenses incurred by Tenant in connection with such repairs, and if Landlord fails to reimburse Tenant as required hereunder within twenty (20) days after Tenant's demand therefor, then Tenant shall be entitled to offset the applicable amount (plus interest thereon at the Interest Rate from the date of demand) from Rent and other amounts payable to Landlord hereunder. Tenant's rights and remedies under this Section 9.1(g) shall not exclude any other rights or remedies of Tenant as a consequence of Landlord's failure to properly repair and maintain, including (without limitation) Tenant's rights and remedies under Section 5.3 and Section 8.2 hereof.

(h) **Manner of Work.** Landlord shall use best efforts to make any repairs, additions or alterations in, about or affecting the "Critical Accessways" shown on the Site Plan attached hereto as Exhibit A or the Common Areas within the Protected Area or otherwise affecting the Premises, during Non-Seasonal Periods and non-business hours of Tenant and in all events, in a manner that minimizes interference with Tenant's use of and business within the Premises and/or the Common Areas (including access to, from and between the Common Areas and the Premises), and shall promptly restore the affected areas following any such work or activity. To the greatest extent possible without compromising the maintenance, repairs and operations of the Center as a First Class Center, maintenance and repairs that necessitate interference with Tenant's use of or business within the Premises and/or the Common Areas (including

access to, from and between the Common Areas and the Premises) shall be performed during Non-Seasonal Periods. Without limiting the foregoing requirements, except for emergency repairs that are necessary to avoid risk of injury to persons or property, (i) during Seasonal Periods, Landlord shall not perform any repairs or maintenance to the Priority Parking Areas, Critical Accessways, and sidewalks between the Premises and the Common Areas without the prior written consent of Tenant if such repairs or maintenance renders the affected facilities or areas unusable by Tenant or Tenant's patrons or if such repairs or maintenance materially interferes with the use of the affected facilities or areas by Tenant or Tenant's patrons, and (ii) all repairs and maintenance to the Priority Parking Areas, Critical Accessways, and sidewalks between the Premises and the Common Areas that renders the affected facilities or areas unusable by Tenant or Tenant's patrons or materially interferes with the use of the affected facilities or areas by Tenant or Tenant's patrons shall be done in sections and phases so that, at all times, (x) the access to, from and between the Premises and the Common Areas by Tenant and Tenant's patrons is not materially and adversely affected, and (y) at least the Premises Minimum Free Parking Spaces within the Priority Parking Area are readily accessible and available for use by Tenant and Tenant's patrons as contemplated hereunder. In addition, Landlord will not use or permit to be used any other premises or equipment owned or controlled by Landlord or by any other occupant of the Center in such manner as would result in any noise or vibration interfering with the acoustics required by Tenant in its use of the Premises, or as would result in any offensive odors penetrating the Premises. Except in the case of an emergency, Landlord shall not schedule any Common Area maintenance that would unreasonably disrupt parking or vehicular or pedestrian access or the conduct of Tenant's business (such as, without limitation, repaving or restriping the Priority Parking Areas during a Seasonal Period).

(i) **Waiver.** Tenant specifically waives any rights Tenant might otherwise have by virtue of Applicable Law which may provide any right to Tenant to make repairs at Landlord's expense; provided that such waiver shall not impair or apply to the exercise of Tenant's express rights and remedies set forth in this Lease.

Section 9.2. Tenant's Maintenance and Repairs. Subject to Landlord's obligations pursuant to Section 9.1 and in this Section 9.2, Tenant, at its sole cost and expense, shall keep and maintain the interior of the Theatre; to the extent located within the Premises, communication systems and lines, fire suppression and mechanical systems, storefront systems, glass, doors, wiring, pipes, conduits, water, sewer and utility lines; the electrical transformer serving the Premises; the "grease trap" serving the facility, if installed; and the fixtures and equipment in connection therewith in good and substantial repair and condition (ordinary wear and tear or injury by fire, the elements, or *Force Majeure* excepted). In addition, Tenant shall maintain in good and substantial repair and condition ordinary Tenant's signs on the Building, Tenant's sign panels on the pylon and monument signs, Building lighting, and leasehold improvements within the Building and the interior of the Premises and Tenant's Property, including Tenant's FF&E, in clean, sanitary and safe condition and repair and in compliance with all Applicable Laws (except to the extent compliance is Landlord's obligation under Section 9.1 or as otherwise provided in Section 10.4). Subject to Landlord's obligation in Section 9.1 and this Section 9.2, Tenant covenants and agrees to keep and maintain in good order, condition and repair all electrical, plumbing, heating and air-conditioning equipment and facilities contained within and serving exclusively the Premises, and all signs of Tenant permitted by this Lease and located within the Premises or on the Building. This Section 9.2 shall not require Tenant to furnish labor or materials or to perform any obligations required of Landlord by any other provision of Section 9.1 or this Section 9.2 or by any other provision of this Lease. Notwithstanding the above repair responsibilities of Tenant, but subject to Section 7.5, Landlord shall make and pay for repairs which would otherwise be the obligation of Tenant if said repairs are caused by events covered by Landlord's insurance. Subject to Section 10.4, Tenant shall also be responsible for providing security for the interior of the Premises, as required by applicable Governmental Authority, or if not so required, as Tenant deems reasonably necessary and/or appropriate under the circumstances.

Section 9.3. HVAC System. The Premises shall be served by a separate heating, ventilating and air conditioning ("HVAC") system devoted to the exclusive use of the Premises. Tenant shall be responsible, at its sole cost and expense (except as otherwise provided herein), for the installation (subject to payment of the Building Allowance), maintenance and servicing of the HVAC system.

Section 9.4. Other Tenants and Occupants. Upon receipt of notice from Tenant of any nuisance, interference, disturbance, loss, damage, or destruction Tenant is suffering due to an act or failure to act of any other tenant or occupant of the Center (including, without limitation, noise, vibration or cooking odors originating from premises within the Center (other than the Premises) being discernible within the Premises in any material respect), Landlord shall promptly initiate and thereafter diligently prosecute all reasonable action permitted by law, including (without limitation) the exercise of all rights and remedies available to Landlord under such other tenant's or occupant's lease or operating agreement and the institution and diligent prosecution of legal proceedings, to prevent any further nuisance, interference, disturbance, loss, damage or destruction from occurring to Tenant's property and business. Tenant agrees that normal cooking odors originating from restaurants in the Center shall be deemed not to violate the provisions of this Section 9.4. Without limiting the foregoing, with respect to any act or occurrence by another tenant or occupant that is in violation of Tenant's express rights or Landlord's express covenants hereunder (including, without limitation, the provisions of Sections 13.3, 13.4 or 13.5), Landlord shall use its good faith, commercially reasonable efforts to remedy such violation as soon as possible and, if applicable, no later than forty-eight (48) hours after receiving notice (telephonically or otherwise, provided that any telephonic or other non-written notice is confirmed in writing on or before the next following business day) of such violation from Tenant, Landlord shall commence (and thereafter diligently prosecute to completion) reasonable measures to remedy such situation.

ARTICLE 10

ALTERATIONS; IMPROVEMENTS

Section 10.1. Alterations to Premises. Tenant may, without Landlord's consent, make non-structural alterations and improvements to the interior of the Premises, at Tenant's sole cost and expense, and such alterations and improvements shall be deemed approved under the REA. In addition, Tenant shall be permitted to make exterior and/or structural alterations, which are consistent with the architectural theme of the Center, additions and structural improvements to the Premises with Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Not later than twenty (20) days prior to the date of commencement of any exterior or structural alteration or improvements, Tenant shall submit reasonably detailed plans to Landlord for Landlord's consent, which shall not be unreasonably withheld, delayed or conditioned. Upon completion of any exterior or structural alterations or improvements to the Premises undertaken by Tenant, Tenant shall deliver to Landlord a copy of as-built plans and specifications therefor (or, if as-built plans and specifications are not available, any change orders or other revisions to Tenant's final plans and specifications as furnished to and, if applicable, approved by Landlord), together with a copy of all permits and approvals obtained by Tenant for such work. With regard to Tenant's FF&E including, without limitation seats, special lighting, projection and sound equipment, which may be installed in the Premises by Tenant prior to or during the Term, the same shall not be deemed to become a part of the Premises and may be altered, removed, replaced and/or improved by Tenant without restriction and may be removed by Tenant from the Premises in accordance with Section 20.1 below. Further, Tenant covenants and agrees at its own cost and expense to repair any damage to the Premises resulting from or caused by such removal.

Section 10.2. Tenant's Cost. Any alterations or improvements to the Premises made under Section 10.1 shall be made at Tenant's sole cost and expense (subject, however, to Section 9.2 above and Section 10.4 below), and Tenant shall be entitled to any and all salvage. Landlord shall cooperate with Tenant in obtaining any necessary governmental permits or approvals or otherwise in making said alterations and improvements; provided, however, such cooperation shall be at Tenant's sole cost and expense. All work undertaken by or on behalf of Tenant under this Article 10 shall be done in a good and workmanlike manner by a licensed contractor and in accordance with all Applicable Laws. Tenant shall not allow any mechanics' or other liens arising out of Tenant's Work or any other alterations to the Premises undertaken by or on behalf of Tenant to encumber the Center unless Tenant is contesting the same in good faith pursuant to appropriate proceedings and has provided Landlord with a title insurance endorsement insuring over the lien or a bond or other security reasonably satisfactory to Landlord.

Section 10.3. Ownership of Tenant's Property. Throughout the Term, Tenant shall be and remain the owner of the following (collectively, "**Tenant's Property**"): (i) the leasehold improvements, if any, constructed by Tenant, at its expense, to and within the Premises (but not the core and shell of the Building or any aspects of Landlord's Work), (ii) Tenant's FF&E and all other removable personal property installed in the Premises by Tenant and any other improvement or other property paid for and placed by Tenant in the Premises, and (iii) to the extent not included above, all alterations, improvements and additions undertaken pursuant to this Article 10. Notwithstanding the foregoing or anything to the contrary contained herein, however, including the insurance responsibilities of the Parties, Tenant's Property shall not include those aspects of the Building paid for and/or constructed by Landlord as part of Landlord's Work or funded with the Building Allowance, which shall be and remain the property of Landlord, subject to Tenant's rights to lease, use and occupy same in accordance with this Lease. Tenant shall be entitled to any depreciation on Tenant's Property. Landlord agrees to execute any and all documents necessary or appropriate to confirm Tenant's ownership rights hereunder with respect to Tenant's Property. Upon the expiration of the Term or the earlier termination of this Lease, Tenant shall deliver possession of the Premises to Landlord in its AS IS WHERE IS CONDITION WITH ALL FAULTS, and without any representations or warranties from Tenant, subject, however, to Tenant's rights and obligations under Section 9.2 and Section 20.1 of this Lease.

Section 10.4. Changes Required by Law. Should any alterations, repairs or additions to the Premises be required under any Applicable Law enacted after the Commencement Date, Tenant shall cause same to be made promptly and at Tenant's sole cost and expense; provided, however, notwithstanding the foregoing, if alterations or other modifications costing more than \$500,000 are required pursuant to this Section 10.4 to be made by Tenant during the last three (3) Lease Years of the Initial Term or during any Extension Term, then Tenant may elect to terminate this Lease upon not less than sixty (60) days' notice to Landlord, in which event Tenant shall not be obligated to make or pay for such alterations or modifications. In addition, Tenant shall be responsible for remedying any failure of the Premises to comply with applicable provisions of the Americans with Disabilities Act as of the Commencement Date. Pursuant to California Civil Code Section 1938, Landlord hereby notifies Tenant that the Premises have not undergone inspection by a Certified Access Specialist.

ARTICLE 11

REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 11.1. Landlord's Warranties and Representations. Landlord hereby warrants and represents to Tenant that Landlord is the record owner of Landlord's Parcel in fee simple absolute. Landlord further covenants with Tenant and warrants and represents to Tenant as follows:

(a) That Landlord's Parcel, the Premises, and all rights of Tenant hereunder are free and clear of all encumbrances and restrictions (whether contained in deeds, leases or other instruments or agreements), except the Permitted Encumbrances, and this Lease is and shall remain superior to any and all adverse matters and claims subject only to: any Mortgage to which this Lease may be subordinated in accordance with Section 21.1, to real estate taxes and assessments not yet due and payable, to the rights of others (as set forth in this Lease) to use the Common Areas, those matters caused by Tenant, and the Permitted Encumbrances; provided, however, notwithstanding the foregoing or any other provision of this Lease, Landlord shall have the right to create or place additional encumbrances and restrictions on the title to Landlord's Parcel, and the Landlord Affiliates shall have the right to create or place additional encumbrances and restrictions on the title to the Affiliate Parcels, provided that such encumbrances and restrictions do not prevent or prohibit the use and enjoyment of the Center (including the Parking Areas and the Common Areas) as a First Class Center or the use and enjoyment of the Premises as a multi-screen theater complex in accordance with this Lease. In addition, any such changes to Landlord's Parcel and/or Affiliate Parcels which (i) cause parking for the Center to be reduced, (ii) interfere with access to and/or visibility of the Theatre, (iii) interfere with Tenant's business operations at the Center or cause such operations to be more costly, or (iv) otherwise take away any of Tenant's rights under this Lease, shall be deemed to materially and adversely affect Tenant's use of the Premises.

(b) That Landlord and each person executing this Lease on behalf of Landlord (or in any representative capacity) have full right and lawful authority to execute this Lease;

(c) That there is no legal or contractual impediment arising out of any of the Permitted Encumbrances or out of any Applicable Laws or otherwise related to the construction and use of the Premises, which would prevent or prohibit the use and enjoyment of the Center (including the Parking Areas and the other Common Areas) as a First Class Center or the use and enjoyment of the Premises as a multi-screen movie theater complex in accordance with the provisions of this Lease;

(d) That as of the Commencement Date, Landlord shall have complied with all Applicable Laws related to the Center, so that the Center, the Common Areas and the business to be conducted by Tenant from the Premises may be operated in a manner consistent with the operation of a First Class Center;

(e) That from and after the commencement of Landlord's Work, Landlord shall have complied with and performed and thereafter shall continue to comply with and perform all recommendations, requirements and obligations regarding the environmental condition of the Center and the Project as specified in the Environmental Report and Landlord will continue to comply with all applicable Environmental Laws affecting the Center and the Project;

(f) That the Center is not subject to, and Landlord will not make or enter into any agreement or lease which is inconsistent with any of Tenant's rights or privileges under this Lease; and

(g) That, except for the Project Approvals as defined in Section 2.2 which Project Approvals Landlord will have obtained prior to the Commencement Date, Landlord has obtained all necessary entitlements (including zoning and site plan approvals) from the applicable Governmental Authorities to develop and operate the Center (including the Premises) as presently used and occupied and as contemplated hereunder.

Landlord acknowledges that Tenant has relied on each of the foregoing covenants, warranties and representations in executing this Lease, that each of the same is material and that each of said warranties and representations are true as of the date hereof, will be true as of the Commencement Date and will remain true throughout the Term.

Section 11.2. Easement Agreements. Landlord warrants and represents that there is and shall be no reciprocal easement agreement, operating agreement or agreement of similar import encumbering or benefiting all or any portion of the Center, except for the REA, and other matters expressly disclosed on Exhibit G hereto. Landlord shall not enter into any agreement that in any manner or fashion (directly or indirectly) limits or interferes with Tenant's rights and privileges under this Lease, interferes with the conduct of Tenant's business in the Premises or increases the cost of doing business by Tenant or the cost of Tenant's Work or creates or increases any obligations, restrictions or liabilities of Tenant. Landlord shall maintain all easements, including, without limitation those granted under the REA, that benefit the Premises or the Center in full force and effect throughout the Term and shall use all commercially reasonable efforts to enforce the REA, and all other cross easement rights, operating covenants and other similar rights, if any, in all material respects; provided that if Landlord fails to enforce such rights within thirty (30) days after notice from Tenant is received by Landlord (or such additional time as is reasonably required by Landlord), Landlord agrees that Tenant shall have the right to enforce said rights directly or in the name and on behalf of Landlord, and Landlord shall reimburse Tenant upon demand therefor for the reasonable expenses incurred by Tenant in enforcing such rights.

In addition: (i) Landlord covenants and agrees to observe and perform all of the covenants, conditions, restrictions and obligations imposed on the "Declarant" under the REA, and (ii) Landlord shall use all commercially reasonable efforts to enforce (including, without limitation, enforcement by legal process) any provisions of the REA that directly or indirectly benefit the Premises.

Upon written request of Landlord, Tenant shall give notice to terminate the parking agreement made as of the 1st day of October, 2010, by and between Tenant and Harrold Ford, Inc., a California corporation in accordance with the provisions of such parking agreement.

Section 11.3. Rules and Regulations. Tenant shall comply with the rules and regulations, if any, attached hereto as Exhibit L, but only to the extent applicable to Tenant's use and occupancy of the Premises as a tenant of the Center (and only to the extent the same are not inconsistent with or in conflict with the rights granted to Tenant or Tenant's obligations under this Lease), and such additional reasonable and customary rules and regulations that Landlord may hereinafter promulgate in writing from time to time for the entire Center; provided that such additional rules and regulations shall not limit, interfere or hinder Tenant's use, occupancy or operation of the Premises in any material respect, nor increase the cost of operating Tenant's business in any material respect, and provided further that Tenant shall receive not less than sixty (60) days' prior written notice of any additional rules and regulations proposed by Landlord before such additional rules and regulations become effective against Tenant; and provided further that all such rules and regulations shall not discriminate against Tenant vis-a-vis other occupants of the Center, whether expressly, in application or in enforcement. Landlord covenants and agrees to use all commercially reasonable efforts to enforce all such rules and regulations against the other tenants and occupants of the Center in accordance with the highest standards of shopping center management and operation.

ARTICLE 12

COMMON AREAS AND PARKING

Section 12.1. Common Areas. During the Term, Tenant and its licensees, employees, concessionaires, invitees and customers shall have the right, easement and privilege of using in common with the other occupants of the Center and their respective employees, patrons and invitees, all Common Areas for their intended purposes. Subject to the limitations of Section 11.3, such use shall be subject to reasonable rules and regulations of general applicability to all tenants of the Center promulgated by Landlord of which Tenant has reasonable notice, provided the rules and regulations are uniformly enforced by Landlord. Landlord shall not construct or permit or suffer the construction or location of any kiosks or sales booths which (i) are located within the "No Kiosk Area" (shown on Exhibit A attached hereto), (ii) are located within the "Protected Area" (shown on Exhibit A attached hereto) and serve food and/or beverage products (other than outdoor seating adjacent to a restaurant (but not within the Parking Areas) or (iii) in any event in Tenant's reasonable judgment materially impairs full access to and visibility of the Premises or Tenant's ticket booths or the visibility of Tenant's Signs. Landlord shall not place, construct or otherwise permit any structures, building, kiosk, seating area, fountain, planter or similar item in the Protected Area which materially impairs full access to and visibility of the Premises or Tenant's ticket booths or the visibility of Tenant's Signs.

Section 12.2. Interference with Common Area. Landlord, at no cost to Tenant, shall use commercially reasonable efforts to ensure that any disturbance in the Common Area is removed or eliminated, to the extent Landlord is able to do so under Applicable Laws, so that Tenant's business is not unreasonably hindered or interrupted. Landlord covenants, warrants and represents that: (a) neither Landlord, Tenant, nor any other tenant or occupant of the Center shall have the right to use the Common Area within the Protected Area for income producing (selling) promotional events (other than outdoor seating adjacent to a restaurant or kiosks (but not within the Parking Areas) including, but not limited to, sidewalk sales and truckload sales, and the use of the Common Area located outside the Protected Area for such purposes shall at all times be conducted in a First Class manner, consistent with (or better than) the operations of a majority of other First Class Centers in the Metropolitan Area; (b) in no event shall Landlord, Tenant, or any other tenant or occupant of the Center be permitted to store or sell food, beverages or merchandise in the Common Area within the Protected Area (other than outdoor seating adjacent to a restaurant); and (c) no deliveries to other tenants or occupants of the Center during Tenant's business hours shall occur in front of any public entrance to the Center or in any manner that impairs access to the Premises. Landlord further covenants that no leases for space in the Center executed after the Effective Date shall grant any tenant or occupant the right to do anything prohibited by this Section 12.2, whether or not such tenant or occupant is currently a tenant or occupant of the Center.

Section 12.3. Parking. Except for valet parking expressly permitted by this Lease, Landlord shall not charge or permit the operator of the Parking Areas, if any, to charge for use of the Parking Areas of the Center by Tenant or Tenant's patrons, employees, agents, contractors or invitees. Landlord warrants and represents that on the Commencement Date and thereafter throughout the Term that, there will be at least the number of parking spaces in the Parking Areas as the Minimum Free Parking Spaces set forth in Section 1.1 and at least the number of parking spaces in the Priority Parking Areas as the Premises Minimum Free Parking Spaces and that such parking spaces shall be available to Tenant and the other occupants of the Center and their respective patrons, employees, agents, contractors and invitees on an unreserved, first-come first-served basis without time limitation (provided, however, no more than five (5) restaurants in the Center may have short term parking spaces designated for food pickup subject to the following restrictions: (i) as to such restaurants that are within four hundred fifty (450) linear feet of the Premises, such restaurants may each have no more than two (2) short term parking spaces designated for food pick-up by its customers and (ii) as to such restaurants not within four hundred fifty (450) linear feet of the Premises, such restaurants may each have no more than four (4) short term parking spaces designated for food pick-up by its customers). Tenant shall use commercially reasonable efforts to cause all employees of Tenant to park their vehicles in the locations within the Parking Areas designated as "Employee's Parking" by Landlord and reasonably approved by Tenant. Landlord will similarly obligate the other tenants and occupants of the Center to cause their employees to park their vehicles within the "Employee Parking" areas of the Center, as reasonably designated by Landlord and approved by Tenant from time to time.

Section 12.4. Changes to Center. Landlord shall not change or modify (or permit to be changed or modified) in any "material" way the configuration of the Parking Areas and other Common Areas within the Protected Area as shown on Exhibit A attached hereto, without first obtaining Tenant's written approval of such change or modification. Landlord shall not alter or permit the alteration of the character of the Center as a First Class Center. The standards for Tenant's approval under this Section 12.4 shall be the same standards that apply to Section 2.2 above and the term "material" as used in this Section 12.4 shall have the same meaning as in Section 2.2. At the request of either Party, any disagreement between the Parties as to whether Tenant's consent or approval is required with respect to any proposed alterations to the Center or as to whether Tenant has unreasonably withheld or conditioned its consent or approval of any change or modification proposed by Landlord hereunder, shall be resolved by arbitration pursuant to Section 18.5 below.

ARTICLE 13

USE

Section 13.1. Permitted Use. Throughout the Term, subject to Section 13.1(b) below, Tenant shall have the right to occupy and use the Premises for the Permitted Use. The Premises initially shall be opened and operated by Tenant for the Theater Use and Tenant shall use commercially reasonable efforts to occupy and use the Premises for the Theater Use for the first ten (10) Lease Years of the Term (subject to Excused Closures); provided, however, Landlord acknowledges that the Term is long in duration and that the motion picture theater and entertainment industries are competitive and dynamic in nature and are subject to constantly changing technology and ideas, and that, notwithstanding anything to the contrary contained herein, in order to remain competitive, Tenant may need or desire (and shall be permitted) to alter, eliminate or add to the mix of motion pictures exhibited and the products or services which Tenant may sell or provide as part of the Theater Use, subject to Section 13.5 below. Nothing in this Lease is intended or shall be applied to preclude Tenant from using the Premises for any use which is from time to time consistent with industry trends for motion picture theater operations, provided such uses comply with all Applicable Laws and the REA. In addition, during the first ten (10) Lease Years of the Term, Tenant shall use commercially reasonable efforts to exhibit "first run" motion pictures (but not to the exclusion of any other films or presentations). Without limiting the foregoing:

- (a) The lobby of the Premises and the Theater Use may (at Tenant's sole option) include a cafe or bistro area in which food and beverages (including beer, wine and other alcoholic beverages, if Tenant is able to obtain the appropriate liquor licenses) are served. Landlord shall cooperate with Tenant (but at no cost to Landlord) to obtain from the County any and all permits and licenses allowing for the sale of beer, wine and liquor in the Premises. Landlord acknowledges that Tenant's intended use of the Premises may involve the generation of sound and noise and the emanation of cooking odors which may be discernible
-

outside the Premises. Tenant shall not be responsible for any disruption or interference with the businesses conducted by other occupants of the Center caused by the emanation of such sounds (or inaudible vibrations) from the Premises which are produced in the ordinary conduct of Tenant's business.

(b) Provided that Tenant initially opens and operates the Premises for the Theater Use for the first ten (10) Lease Years of the Term (subject to Excused Closures), Tenant shall have the right at any time thereafter to change the primary use of the Premises and the Building to a use other than the Theater Use (an "**Alternate Use**"), subject to the rights of Landlord under Section 13.2 below and subject to the following conditions: (i) Tenant shall notify Landlord of Tenant's intention to change the primary use of the Premises to an Alternate Use ("Alternate Use Notice") at least sixty (60) days prior to the proposed effective date thereof, such notice to describe in reasonable detail the proposed Alternate Use and the alterations (if any) that Tenant intends to make to the Building to accommodate the proposed Alternate Use and to specify that if Landlord fails to respond within forty-five (45) days by exercising its rights under Section 13.2, Tenant shall be entitled to effect the change in use; and (ii) such Alternate Use shall be a Compatible Use (defined below). As used herein, a "**Compatible Use**" shall mean any lawful retail, service or entertainment use, including, without limitation, use or uses that are commonly found in entertainment/shopping center projects or any other use(s) that are not substantially incompatible with the use and operation of the Center as a first class entertainment/shopping center and do not violate any of the "Existing Tenant Exclusives," if any, set forth on Exhibit I attached hereto which are in effect at the time in question; provided, however, that in no event shall the Premises be divided into more than three (3) separate tenancies or subtenancies for separate users.

Section 13.2. Recapture. Each time Tenant proposes to change the primary use of the Premises to a use other than the Theater Use, Landlord shall have the right to recapture the Premises and terminate this Lease by delivery of written notice ("**Recapture Notice**") to Tenant not later than forty-five (45) days after Tenant provides the Alternate Use Notice to Landlord. If Landlord elects to recapture the Premises and terminate this Lease, then Tenant shall have the right to withdraw the Alternate Use Notice by written notice given to Landlord on or prior to the date thirty (30) days after the date Landlord provides the Recapture Notice to Tenant. If Landlord fails to deliver the Recapture Notice within forty-five (45) days after Tenant provides the Alternate Use Notice to Landlord, then Tenant shall (subject to the provisions of Section 13.5 below) be permitted to effect the change in use and Landlord shall not have the right to recapture the Premises and to terminate this Lease. Concurrently with any termination under this Section 13.2, Landlord shall pay to Tenant the Unamortized Tenant Costs, if any.

Section 13.3. Exclusive Use. Provided that no Event of Default by Tenant is continuing hereunder and that Tenant is open and operating in accordance with the Theater Use (subject to Excused Closures), Landlord shall not sell, rent, use or permit to be used (a) any premises or space that is located within the Center or any other portion of the Project (other than the Premises), or (b) on any other land adjoining or adjacent to any part of the Project (including land separate from the Project by streets and rights of way) which is developed, owned or controlled by Landlord or a Landlord Affiliate, for use as a motion picture theater or for the commercial exhibition of motion pictures, films, videos or images including, without limitation, so-called specialty theaters (e.g., I-Max, I-Works and Showscan-type theaters, and ride/simulator theaters), or for the sale of tickets to any other motion picture theater (other than the Premises and other theaters operated by a Tenant Affiliate), provided that the foregoing shall not prevent Landlord from permitting style shows, private or public meetings or exhibits in other buildings of the Project so long as full length motion pictures are not shown as a part of such shows, meetings, or exhibits. If any other tenant or occupant of the Project violates the provisions of the limitation granted, then Landlord shall use best efforts to terminate such violation, including institution and diligent prosecution of legal process to enjoin such violation. In addition (and without limiting Landlord's obligations under this Lease), Tenant shall have the right and option to take legal action or initiate legal proceedings against such other tenant or occupant to enjoin said violation, all of which shall be done at Tenant's own cost and expense, provided, however, Landlord agrees to cooperate with Tenant at no cost or expense to Landlord, including permitting any such action or proceedings to be brought in Landlord's name. If the provisions of this Section 13.3 are violated and not cured by Landlord within thirty (30) days after Tenant has notified Landlord of such violation, then in addition to all other rights and remedies of Tenant for any such violation, Tenant may treat such violation as an Excused Closure and cease to operate, or if Tenant continues to operate during such violation then Tenant shall pay Alternate Rent in

lieu of Base Rent and Additional Rent pursuant to Section 4.7. The provisions of this Section 13.3 shall be included in each of the Memorandums of Lease and recorded against the entire Project.

Section 13.4. Food Sales and Advertising. Landlord will not sell or serve, or suffer or permit to be sold or served: (i) popcorn, from any premises, space or kiosk (other than the Premises) located within the Center; or (ii) bulk candy (i.e., candy sold by weight which is not prepackaged, other than “gourmet” candy sold by certain types of stores, as hereinafter specified), from any premises, space or kiosk (other than the Premises) located within that portion of the Center designated as the “**Bulk Candy Free Zone**” on Exhibit A attached hereto; provided, however, such restriction shall not preclude (a) the operation of a “See’s Candy,” “Godiva Chocolate,” “Fannie May,” “Van Dyne” or other like-kind store within the Bulk Candy Free Zone (an example of a precluded bulk candy store is “Sweet Factory”), or (b) the operation of a grocery store of any size (but not a convenience store, such as a “7-11” or a “Circle-K”, or similar concept) which may sell bulk candy within the buildings designated “Major 4” and “Building B” so long as any public entrance to such grocery store located in “Major 4” and “Building B” faces east. Except for the signage contemplated under Article 15, Landlord shall not display or distribute or permit or suffer to be displayed or distributed, anywhere within the Center (including the interior of any premises other than the Premises), any signage, advertisement, flyer, announcement or other information that directly or indirectly refers to the Premises (by name, description of Tenant’s business or otherwise) or invites a comparison to the food, beverages or other concessions or services sold or served within Premises. (As an example and not as a limitation of the foregoing, no tenant or other occupant of the Center shall be permitted to display signage or other advertising that states or implies that food or beverage products sold within such premises may be available at prices lower than the prices for similar food or beverage products within the Premises.) The provisions of this Section 13.4 shall be included in the Memorandum of Lease between Landlord and Tenant and recorded against the entire Project.

Section 13.5. Prohibited Uses for Center. Neither the Premises nor any other space or premises in the Center (including the Common Areas) shall be used for any of the prohibited uses listed on Exhibit N.

Section 13.6. No Lease Prohibitions. Landlord represents and warrants that (i) no lease or other operating agreement affecting the Center (including, without limitation, the Permitted Encumbrances) prohibits or restricts (or will prohibit or restrict) the operation of the Premises for the Theater Use described above, and (ii) there are no so-called exclusive uses or restricted uses (“Existing Exclusives”) which would apply to the Premises or bind Tenant, except as disclosed on Exhibit I attached hereto, if any, and that the use of the Premises for all aspects of the Theater Use (including, without limitation for the sale of coffee and coffee related products, including espresso and other similar drinks) will not violate any of the Existing Exclusives. Tenant agrees, in connection with any change in use of the Premises from the Theater Use to a Compatible Use, not to violate or to cause Landlord to be in violation of the provisions disclosed on Exhibit I, if any.

Section 13.7. Prohibition of Use. If at any time during the Term, it shall become illegal to operate a motion picture theater complex within the Premises, Tenant may terminate this Lease unless Landlord obtains an injunction against the enforcement of such Applicable Law or restriction within thirty (30) days of its passage, provided that the thirty (30) day period shall be extended for such period as may be reasonably required if Landlord commences appropriate proceedings to obtain such injunction within the thirty (30) day period and thereafter diligently proceeds to obtain the injunction (and so long as Landlord’s request for injunctive relief is not denied). If such prohibition shall occur, Rent and all other charges payable by Tenant under this Lease shall be fully abated from the date the prohibition becomes effective until such Applicable Law is repealed or declared unenforceable in a final, unappealable, judicial proceeding, or this Lease is terminated.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

Section 14.1. Assignment and Subletting. Except as otherwise provided herein (including, without limitation, Section 14.2 below), Tenant shall not assign this Lease or any interest herein nor sublet the Premises or any portion thereof (singularly, a “**Transfer**” and collectively, “**Transfers**”) without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Prior to any Transfer requiring Landlord’s consent, Tenant shall provide Landlord with the following: (1) a description of the business background and experience of the proposed transferee, (2) a draft copy of the proposed instrument by which Tenant proposes to effectuate the Transfer, and (3) a current financial statement for the proposed transferee. Within thirty (30) days after receiving this information, Landlord shall notify Tenant of its determination. If Landlord consents to the Transfer, Tenant shall provide Landlord with a copy of the executed instrument effectuating the Transfer. Should Landlord fail to respond within the requisite thirty (30) day period, Landlord will be deemed to have consented to the Transfer. Should Landlord wish to withhold its consent, it must state in writing the specific reasons for its determination. Four Wall Deals and customary license and/or concession arrangements shall not be “Transfers” hereunder and shall be permitted without Landlord’s consent. Except as provided in Section 14.3, no Transfer shall relieve Tenant from liability hereunder. Any disputes between Landlord and Tenant regarding the necessity of obtaining or the reasonableness of Landlord’s consent shall, at the request of either Party, be resolved by arbitration pursuant to Section 18.5 below.

Section 14.2. Permitted Transfers. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted without Landlord’s consent to assign or Transfer its interest in the Lease or sublet the entire Premises in connection with any of the following (individually and collectively, “Permitted Transfers”): (i) the sale, issuance or transfer of any voting capital stock of Tenant to any Tenant Affiliate, (ii) the sale, issuance or transfer of any voting capital stock of any entity, which controls Tenant or to a Tenant Affiliate, (iii) any Transfer to a Tenant Affiliate, (iv) any Transfer to any corporation, partnership, trust, joint venture or other entity provided that Tenant continues to operate and manage the Premises, (v) any Transfer to any entity to which five (5) or more theaters are Transferred in a single transaction, (vi) any Transfer to any entity which may, as a result of a reorganization, merger, consolidation, or sale of assets succeed to the business now carried on by Tenant in the Metropolitan Area, (vii) any assignment, sublease or Transfer to any corporation or entity that operates at least one hundred (100) screens in at least ten (10) theaters, has a net worth in excess of \$10,000,000, and agrees to operate the Premises as a theater, (viii) any assignment, sublease or Transfer in connection with any merger, consolidation or reorganization of Tenant in which Tenant is the surviving entity, (ix) any Transfer to any other corporation or entity so long as such corporation or entity merges or consolidates with Tenant, acquires a substantial portion of the assets or stock of Tenant or operates the Premises for the Theater Use, and (x) any assignment, sublease or Transfer in connection with any permitted financing or leasehold encumbrance. Notwithstanding any other provision of this Lease, Tenant shall be permitted without Landlord’s consent to enter into license and concession agreements and Four Wall Deals for any use permitted herein.

Section 14.3. Release. Tenant shall automatically be released of all of its obligations and liabilities to Landlord arising from this Lease upon an assignment or a Transfer involving an assignment (other than those accruing prior to the assignment date) subject to all of the following conditions being satisfied as of the date of such assignment: (1) the assignee has expressly assumed all such obligations in writing and a copy of such instrument has been sent to Landlord; (2) the assignment was consented to by Landlord or constitutes a Permitted Transfer; (3) the assignee has a net worth in excess of \$100,000,000 (as determined in accordance with Section 7.3(b)); (4) the assignee operates ten (10) or more theaters containing one hundred (100) or more screens; and (5) the assignee performs under this Lease without a monetary Event of Default for a period of at least two (2) years. At the request of Tenant, Landlord shall confirm in writing whether Tenant remains liable after an assignment and, if applicable, Landlord shall execute an instrument confirming that Tenant has been released from all further obligations hereunder; provided, however, that the failure of Landlord to execute an assignment document releasing Tenant from all of its obligations and liabilities arising under this Lease shall not effect Tenant’s full and complete release from all of its obligations and liabilities arising from this Lease. To the extent the original Tenant, (the “Original Tenant”) has not been released from all of its

obligations, liabilities and responsibilities hereunder pursuant to this Section 14.3, Landlord shall continue to send copies of all written notices required under this Lease to the Original Tenant, and no notice of default shall be effective until a copy thereof is received by the Original Tenant. The Original Tenant shall have a period of time after receipt of such notice to cure such default as is given to Tenant under this Lease. This notice is an additional notice requirement and not intended to replace the existing notice requirement to the existing Tenant.

Section 14.4. Assignment by Landlord. Landlord shall have the absolute right during the Term or any extension, to sell, convey, assign or transfer the Premises or the Center provided that the transferee shall agree to recognize Tenant's rights under this Lease, and shall assume all of Landlord's duties and obligations hereunder arising on or after the date of sale or transfer. Landlord will be released from all future liability under this Lease upon such a transfer but will remain liable, jointly and severally with the successor Landlord, for refund or reimbursement of any overpayment or other amounts due Tenant in respect of any period before the transfer. The original Landlord shall notify Tenant of the effective date of the transfer; and the name, telephone number and address of the successor Landlord. This Section shall not apply to an assignment for security purposes only; provided, however, such security assignee shall execute and deliver to Tenant an agreement of non-disturbance in a form reasonably acceptable to the parties.

ARTICLE 15

SIGNAGE

Section 15.1. Tenant's Signs. Landlord acknowledges the importance and benefit to Landlord, Tenant and the Center of having prominent signage advertising and providing information regarding the Premises and the features thereof. Tenant shall have, at Tenant's sole cost and expense with respect to Tenant's signs the exclusive right during the Term to erect, maintain and replace from time to time any and all signage on the exterior of the Building that may be permitted by (or consented to by the applicable parties to) the REA, and Applicable Laws. In addition, Tenant shall have the right to display its sign panel (i) in the top position on both sign faces of the multi-tenant sign located at the corner of Ethan Way and Arden Way in the location shown on Exhibit A, (ii) in the second position on both sign faces of the multi-tenant sign located at the corner of Howe Avenue and Arden Way in the location shown on Exhibit A, (iii) in the bottom position on both sign faces of the multi-tenant sign located on the south side of the Center at Ethan Way in the location shown on Exhibit A, and (iv) in the bottom position on both sign faces of the multi-tenant sign located on the south side of the Center at Howe Avenue in the location shown on Exhibit A. All of Tenant's sign panels on the signs referred to in the immediately preceding sentence shall be a full-size panel not smaller than any other tenant's full-size panel on the respective sign. A full-size panel shall mean a panel that runs the width of the sign. All full-size panels shall have a height dimensionally proportionate to the width. Landlord, at Landlord's sole cost, in accordance with Section 2.3 of this Lease shall be responsible for using commercially reasonable efforts to obtain any required governmental and REA approvals, if any, for the multi-tenant signs upon which Tenant has a right to display its sign panels according to the immediately preceding sentence on or before October 31, 2015. Landlord shall also construct and maintain all structural supports for Tenant's Signs not located on the Building, as part of Landlord's Work. Tenant shall maintain and replace from time to time its sign panels with Tenant's name and/or logo. All of Tenant's signs on the Building and Tenant's sign panels in the Center are collectively referred to herein as "**Tenant's Signs.**"

Section 15.2. Maintenance of Tenant's Signs. Tenant's Signs located within or upon the Premises shall be maintained in good repair and in compliance with Applicable Laws by Tenant at Tenant's expense, including the cost of any electricity consumed in illuminating such signs. Tenant's Signs located outside the Premises, and all other signage within the Common Areas of the Center, including directional and informational signage for the benefit of the Premises, if any, shall be maintained in good repair and in compliance with all Applicable Laws by Landlord, at Landlord's expense (which will be included in Common Area Expenses), including the cost of any electricity consumed in illuminating such signs.

Section 15.3. Sign Permits. Except as expressly set forth herein, Landlord shall be responsible for obtaining all necessary governmental approvals for Tenant's Signs (other than Tenant's Signs located on the Building), in connection with Landlord's efforts to obtain the

general development entitlements for the Center. Tenant shall cooperate and join with Landlord in filing and prosecuting all applications, appeals and/or variances for the obtaining of sign permits and other governmental approvals (and tenant approvals) that may be required with respect to Tenant's Signs, including furnishing sketches and/or plans showing the signs.

Section 15.4. Sign Easements. There shall be appurtenant to the Premises, and Landlord hereby grants to Tenant, easements for the purpose of enabling Tenant to have access to the off-Premises Tenant's Signs (if any) to maintain and service the same and to ensure the continued availability of power.

Section 15.5. No Obstructions. Landlord shall not place or permit any improvements, landscaping, signs or other obstructions in the Center or in the Common Area of the Center, except as shown on the Site Plan, which would interfere with the visibility of Tenant's Signs on the Building from the Common Area or from adjoining streets, highways and sidewalks. All other signs which can be viewed from the exterior of the Center shall be professionally made tenant identification signs which are attractive and in good taste.

Section 15.6. Roof-Top Access. Throughout the Term, subject to Applicable Laws, Tenant shall have the sole and exclusive right to install, locate, maintain, use, replace and repair satellite dishes and other roof-top communications equipment on the roof of the Building. Tenant shall have the right to install and operate or contract with a third party to install and operate one or more solar panels and satellite dishes and/or other communication devices on the roof of the Building (collectively, "**Rooftop Equipment**"), provided any such satellite dish is used for the transmission of signals to the Building (such as, by way of illustration and not limitation, the beaming of concerts, telecasts and the like or corporate communications) and not re-transmission to third parties and such solar panels are used primarily to provide power to or power credits for the Building and not for generation of revenue. Tenant shall, at its sole cost and expense, maintain and insure (or cause to be maintained and insured) any Rooftop Equipment as necessary to keep same in good condition and repair. Landlord shall not use or permit any person or entity (other than Tenant) to use the exterior walls or roof of the Building for any purpose whatsoever. Any Rooftop Equipment shall not be readily visible to the general public from ground of the Common Area and the installation and operation thereof shall not interfere with the safety or operation of the Center. Tenant shall pay all taxes levied upon the Rooftop Equipment and all licensing fees, franchise taxes and other charges, expenses (including any additional maintenance costs incurred by Landlord) and other costs relating to the construction, ownership, maintenance and operation of the Rooftop Equipment. The installation and operation of the Rooftop Equipment shall not violate any provision or requirement of any bond or guaranty covering the roof or any other portion of the Center.

Section 15.7. Directional Signs. In addition to Tenant's Signs specified above, Landlord may, but shall not be required to install and maintain directional signage in appropriate locations (to be agreed upon by the Parties pursuant to the Work Letter) throughout the interior and exterior portions of the Center to identify and direct patrons of the Center to the Premises (using Tenant's corporate identification and marks) and to inform the patrons of the Center of the location of and means of access to the Premises.

ARTICLE 16

DAMAGE AND DESTRUCTION

Section 16.1. Landlord and Tenant to Rebuild . Subject to Landlord's or Tenant's option to terminate this Lease as hereinafter set forth, if the Premises or any other part of the Center, including the Common Areas therein, shall be damaged, destroyed or rendered untenable, either in whole or in part, by fire, the elements or other casualty, whether or not such casualty is insured, then Landlord (with respect to the affected portions of the Center, including the Building and the leasehold improvements therein, but excluding Tenant's FF&E and other removable personal property in the Premises) and Tenant (with respect to the Tenant's FF&E and other removable personal property within the Premises), shall promptly rebuild, repair or restore all affected buildings, improvements and property to the condition that existed immediately prior to such casualty, with only such alterations as would be permitted hereunder in the absence of such casualty (the "**Restoration Work**"); provided, however, that Tenant shall not be obligated to commence or proceed with Tenant's Restoration Work unless and until

Landlord's Restoration Work (if any is required) is substantially complete and Landlord shall not be obligated to commence or proceed with Landlord's Restoration Work to the extent pertaining to any improvements insured or required to be insured by Tenant under Section 7.1(a)(ii), until insurance proceeds therefore are made available to Landlord. No delay or deficiency in settlement of any insurance claim shall excuse either Party from its obligation to restore the affected improvements. Each Party shall be completely liable for the proper disposition of the insurance proceeds paid to it or for its benefit in the event of a fire or casualty. Notwithstanding the foregoing, if a Major Uninsured Casualty, as defined below, occurs, the parties agree that Landlord's Restoration Obligations for the damaged portions of the Center as well as the location of Tenant's Building may be reasonably modified by Landlord to reflect the then highest, best and feasible use for Landlord's Property, but in any event, the use shall be a use that will have one or more substantial First Class retail/entertainment components [enclosed mall, life style center, mixed use development, etc.] with a design which takes into account the then relative competition and shopping habits in the trade area, and all other then existing attendant circumstances. For example, in such an event, the restored location of Tenant's Building may be on the ground level; may be part of other development or may be free-standing, but in any event, the new proposed location and any change in design for Tenant's Building shall be subject to Tenant's commercially reasonable prior approval (provided that in all events, any relocation and/or change in design shall provide for prominence and visibility of the Premises from areas outside the Center comparable to the prominence and visibility existing prior to the casualty, the design shall accommodate at least fourteen (14) screens (unless Tenant otherwise agrees), the design shall be consistent with Tenant's then applicable theater specifications and access to the Premises and parking (including spaces available for the Premises) shall not be materially diminished). As used herein, a "Major Uninsured Casualty" shall mean a casualty which (i) is not covered by Landlord's insurance and is not required to be covered by the insurance Landlord is obligated to maintain pursuant to the terms of Article 7 of this Lease, and will cost in excess of twenty-five percent (25%) of the replacement cost of the Center to repair and restore.

Section 16.2. Procedure. Landlord (or Landlord's mortgagee, if required by the terms of Landlord's mortgage) shall hold in trust any funds payable to Landlord by Landlord's insurance carrier for the restoration of the affected improvements required to be restored by Landlord pursuant to this Article 16 in a separate account prior to actual disbursement of funds to restore the affected improvements; and Tenant (or Tenant's leasehold mortgagee, if required by the terms of Tenant's mortgage) shall hold in trust any funds payable to Tenant by Tenant's insurance carrier for the restoration of the affected improvements required to be restored by Tenant pursuant to this Article 16 in a separate account prior to actual disbursement of funds to restore the affected improvements. The applicable Restoration Work shall be performed in a good and workmanlike manner in accordance with the original plans and specifications for the affected improvements, except to the extent changes are required under Applicable Law and except for alterations and other changes permitted hereunder.

As the reconstruction progresses, the insurance funds paid by Landlord's insurer (and other funds of Landlord or Tenant, as applicable, required to pay for the Restoration Work, if the insurance funds are not sufficient) will be disbursed by Landlord or Tenant (or their respective mortgagees), as the case may be, in accordance with standard construction disbursement practices. Landlord and Tenant each covenants and agrees that all liens that are filed as a consequence of its Restoration Work will be discharged as expeditiously as possible so as not to delay reconstruction, and in any event any such lien shall be discharged or bonded around in accordance with Applicable Laws within thirty (30) days of filing. At the completion of the reconstruction of Landlord's Restoration Work, and before Tenant shall be obligated to commence Tenant's Restoration Work, Landlord shall cause its architect to certify to Tenant that Landlord's Restoration Work has been properly completed in accordance with the aforementioned plans and specifications.

Section 16.3. Right to Terminate.

(a) If, as a result of any damage or destruction to the Premises or as a result of any damage or destruction to any other portion of the Center, including the Common Areas (whether or not the Premises or any part thereof is directly damaged), the operation of Tenant's business in the Premises as contemplated hereunder becomes impracticable in Tenant's reasonable judgment, whether directly as a consequence of damage or destruction or indirectly as a consequence of Landlord's Restoration Work (herein, a "Substantial Casualty"), and if (i) Tenant in good faith reasonably determines that such damage or

destruction cannot reasonably be repaired within three hundred (300) days following the date of such damage or destruction, or (ii) such damage or destruction has not been repaired (in fact) within three hundred (300) days following the date of such damage or destruction (or within such longer period of time as may have been approved in writing by Tenant), then in either case Tenant shall have the right to terminate this Lease upon thirty (30) days' prior written notice to Landlord at any time after such determination is made but before such Substantial Casualty is repaired or after the expiration of said 300-day period (or such longer period as may have been approved in writing by Tenant) but before such Substantial Casualty is repaired, as the case may be.

(b) If Tenant's FF&E and other removable personal property located within the Premises is damaged or destroyed to the extent of forty percent (40%) or more of the replacement cost thereof at any time during the Term or to the extent of twenty percent (20%) or more of the replacement cost thereof at any time during the last three (3) Lease Years of the Initial Term or during any Extension Term, then in any such case this Lease may be terminated at Tenant's option upon written notice to Landlord within sixty (60) days of such casualty and in such event neither Landlord nor Tenant shall be obligated to perform Landlord's Restoration Work or Tenant's Restoration Work respectively.

(c) If the Center is damaged or destroyed to the extent of twenty percent (20%) or more of the replacement cost thereof during the last three (3) Lease Years of the Term and Landlord desires not to undertake the applicable Restoration Work, then Landlord may elect not to perform Landlord's Restoration Work, by notice of such election to Tenant within sixty (60) days of such casualty, provided that such notice shall be void and Landlord shall nevertheless undertake Landlord's Restoration Work if, within twenty (20) days after receipt of Landlord's notice, Tenant notifies Landlord that Tenant elects to exercise its option to extend the Term (if any then exists), in which event the Term shall be extended for the next Extension Term, if any. If Landlord so notifies Tenant and Tenant does not nullify Landlord's notice as aforesaid, then (i) Tenant shall have the option to terminate this Lease, upon not less than sixty (60) days' prior written notice to Landlord at any time thereafter, or (ii) if Tenant does not elect to terminate this Lease, then Landlord shall promptly raze the affected improvements, remove all debris from the site, and convert the affected areas to first-class paved Parking Areas hereunder. If this Lease is terminated as a consequence of this Section 16.3(c) but Landlord nevertheless repairs or restores the Center within five (5) years after the date of termination, then Tenant shall have the right and option to reinstate this Lease for the number of Lease Years (and Extension Terms) remaining as of the date of termination so long as there are at least two (2) Lease Years remaining in the Term and/or Extension Term that Tenant has elected or may choose to elect.

(d) If a Major Uninsured Casualty shall occur which destroys all or a substantial portion of the Center (including the Premises) and Landlord desires not to undertake the applicable Restoration Work and to either (i) permanently cease operating the Center or (ii) to permanently cease operating the damaged portion of the Center (which in all events must be more than 50% of the Floor Area of the Center and must include the Premises), then Landlord may elect not to perform Landlord's Restoration Work and to terminate this Lease as of the date of the casualty by notice of such election to Tenant given within sixty (60) days following the date of the casualty. If Landlord notifies Tenant of termination pursuant to this Section 16.3(d) and permanently ceases operations at the Center or in the damaged portion of the Center, this Lease shall terminate as of the date specified in Landlord's notice; provided further that as a condition to Landlord's termination of this Lease under clause (ii) above, Landlord shall, concurrently with Landlord's notice (x) pay to Tenant Tenant's Unamortized Costs, to the extent they exceed the insurance proceeds paid to Tenant as a result of the casualty; and (y) Landlord shall record a restriction against the Center in form and substance satisfactory to Tenant, in its sole discretion, prohibiting any Theater Use at the Center by any person or entity during the then remaining Term of this Lease (determined as if no such termination had occurred). If Landlord does not elect to terminate this Lease by written notice to Tenant within the sixty (60) day period, this Lease shall remain in full force and effect and Landlord shall promptly and diligently complete Landlord's Restoration Work. In addition to any other remedies Tenant may have, if this Lease is terminated by Landlord as a consequence of this Section 16.3(d), but Landlord nevertheless repairs, restores or recommends operation of the damaged portion of the Center for any retail use within five (5) years after the date of termination, then Tenant shall have the right, at Tenant's option, to reinstate this Lease for the number of Lease Years (and Extension Terms) remaining as of the date of reinstatement,

including the applicable Base Rent then payable, and Landlord shall be obligated to timely perform Landlord's Restoration Work pursuant to Section 16.1, as if this Lease had not been terminated so long as there are at least two (2) Lease Years remaining in the Term and/or Extension Term that Tenant has elected or may choose to elect.

(e) Except as provided above and subject to Landlord's and Tenant's respective restoration and repair obligations, Landlord shall be entitled to all insurance proceeds payable in respect to any damage to or destruction of the Center, including the Premises (but excluding Tenant's FF&E and Tenant's Property), and Tenant shall be entitled to all insurance proceeds payable in respect to Tenant's FF&E and Tenant's Property.

Section 16.4. Rental Abatement. If, as a result of any damage or destruction to the Center or the performance of Landlord's Restoration Work, access to or visibility of the Premises, the operation of Tenant's business in the Premises (such as may be caused by excessive noise or debris in connection with Landlord's Restoration Work), or use of or access to the Common Areas within the Protected Area, or the use of or access to the Parking Areas is adversely affected or interfered with in any significant respect, whether directly as a consequence of the damage or destruction or indirectly as a consequence of the repair and restoration activities, but Tenant nevertheless continues to operate its business in the Premises, then all Rent otherwise payable by Tenant shall be abated during the applicable period and in lieu thereof Tenant shall pay Alternate Rent to Landlord in accordance with Section 4.7 above. If the damage or destruction is so extensive as to constitute a Substantial Casualty and Tenant ceases operating its business in the Premises as a consequence thereof, then the Rent otherwise payable hereunder shall abate in full until the earlier to occur of the date which is ninety (90) days following the date Landlord substantially completes Landlord's Restoration Work or the date Tenant recommences operation of its business in the Premises. If this Lease is terminated as a result of damage or destruction and if any Rent or other charge has been paid in advance by Tenant, then Landlord shall refund to Tenant all sums so paid for the period after the damage or destruction.

Section 16.5. Tenant's Special Self-Help Rights. If the Common Areas within the Protected Area or the Critical Accessways are damaged or destroyed in any manner that (directly or indirectly) materially interferes with the conduct of Tenant's business in the Premises and this Lease is not terminated in accordance with this Article 16 but either (i) Landlord fails to commence Landlord's Restoration Work with respect thereto within sixty (60) days after the date of such damage or destruction or as soon thereafter as is reasonably practical or (ii) Landlord commences Landlord's Restoration Work with respect thereto but subsequently fails to prosecute the completion of Landlord's Restoration Work diligently, then, unless Landlord commences or recommences the diligent prosecution of Landlord's Restoration Work within thirty (30) days after Tenant notifies Landlord (and each mortgagee of the Center to whom Tenant has been directed in writing to give notices of Landlord's default) of such failure, (a) such failure shall constitute a material default by Landlord hereunder, and (b) in addition to all other remedies available to Tenant as a consequence of such default, with respect to the Premises, the Protected Area and the means of access to, from and between the Premises and the Protected Area (including the Critical Accessways), Tenant shall have the right and easement (but not the obligation) to enter onto the affected portions of the Center and to undertake and thereafter prosecute the completion of Landlord's Restoration Work with respect to the affected facilities on Landlord's behalf and at Landlord's sole cost and expense.

If Tenant exercises the so-called "self-help" remedy set forth in this Section 16.5, then, Landlord shall reimburse Tenant, on demand, for the actual out-of-pocket costs incurred by Tenant in performing Landlord's Restoration Work. If Landlord fails to so reimburse Tenant within twenty (20) days after Tenant's demand and evidence of payment by Tenant, then Tenant shall have the right to offset the amount thereof (plus interest thereon at the Interest Rate from the date of demand) against Rent and all other sums otherwise payable to Landlord hereunder and, if the Term would otherwise expire prior to the date that Tenant is paid or recoups the entire amount due to Tenant hereunder (including interest thereon as aforesaid), then Tenant shall be entitled to extend the Term, on a Rent-free basis, until the entire amount thereof (including interest thereon as aforesaid) is paid to or otherwise recouped by Tenant.

ARTICLE 17

EMINENT DOMAIN

Section 17.1. Taking of the Premises. If the whole of the Premises or any portion thereof which in Tenant's judgment renders the balance unsuitable for the continuation of Tenant's business shall be taken in condemnation proceedings, by right of eminent domain or by sale in lieu of such taking (each such event, a "Taking"), then this Lease shall terminate when possession shall be taken by the condemning authority.

Section 17.2. Taking of the Center. If, as a result of any Taking directly affecting portions of the Center or affecting any means of ingress or egress or other means of access to or within the Center, either (i) the conduct of Tenant's business in the Premises becomes impracticable in Tenant's reasonable judgment, or (ii) the number of parking spaces within the Parking Area as a whole is reduced below the number of Minimum Free Parking Spaces or the number of parking spaces within the Priority Parking Area is reduced below the applicable number of Premises Minimum Free Parking Spaces specified in Section 1.1, or (iii) ten percent (10%) or more of the Center (by Floor Area) is taken; then in any such event Tenant shall have the right and option to terminate this Lease upon notice to Landlord within thirty (30) days after Tenant is informed of the applicable occurrence. If any Rent or other charge has been paid in advance, Landlord shall refund to Tenant all sums so paid for the period after possession is taken by the condemning authority. Notwithstanding the foregoing, Landlord shall have the right to terminate this Lease in accordance with clause (ii) or (iii) of this Section 17.2 after the first fifteen (15) Lease Years, unless Tenant waives a violation of clause (ii) of this Section 17.2.

Section 17.3. Obligations if Lease Not Terminated. If there is a Taking but this Lease is not terminated pursuant to this Article 17, then:

(a) **Landlord's Obligation to Restore.** Landlord, at its sole cost and expense, shall repair, alter and restore the affected portions of the Center including the Building and the leasehold improvements therein (less any portions thereof so taken) and all means of access to the Protected Area and between the Protected Area and the Premises, to substantially their former condition or as close thereto as practicable.

(b) **Tenant's Obligation to Restore.** Upon substantial completion of Landlord's restoration work pursuant to Section 17.3(a), Tenant, at its sole cost and expense, shall repair, alter and restore Tenant's Property in the Premises to substantially its former condition or as close thereto as possible (subject to further alterations permitted hereunder).

(c) **Abatement of Rent.** If the Floor Area of the Premises is reduced by the Taking, or if any portion of the Protected Areas is affected by the Taking, then from and after the effective date of the Taking, all Rent otherwise due hereunder shall be reduced in the same proportion that the Floor Area of the Premises after such Taking shall bear to such Floor Area before the Taking (with respect to a Taking of any portion of the Premises) or, if no portion of the Premises is directly affected by the Taking, by an equitable amount, as determined by the Parties mutually or by arbitration in accordance with Section 18.5 if the Parties fail to agree.

(d) **Limitation on Restoration Costs.** In no event shall Landlord or Tenant be obligated to incur costs or expenses under Section 17.3(a) or (b) in excess of their respective portions of the aggregate condemnation award from the applicable Taking.

Section 17.4. Temporary Taking. If any portion of the Premises or the Parking Areas or the Common Areas within the Protected Area, or any means of access to, from or between the Premises and the Protected Area is Taken on a temporary basis, then (i) Tenant shall be entitled to that portion of the condemnation award recoverable in respect of such temporary use of the Premises whether in the form of rental or otherwise, for the Taking of Tenant's Property and for moving expenses, and for any restoration of Tenant's work in the Premises, and (ii) unless Tenant continues to operate its business in the Premises, all Rent otherwise due hereunder shall be abated during the duration of such temporary Taking. Except as provided above, this Lease shall be and remain unaffected by such Taking and Tenant shall continue to be responsible for all of its obligations hereunder insofar as such obligations are not affected by such Taking and shall continue to pay the Rent in full when due. If the period of temporary use or occupancy shall extend beyond the expiration of the Term (including any options to extend that shall have been

thereafter exercised), that part of the award which represents compensation for the use and occupancy of the Premises (or a part thereof) shall be divided between Landlord and Tenant so that Tenant shall receive so much thereof as represents the period up to and including the expiration date and Landlord shall receive so much thereof as represents the period after the expiration date.

Section 17.5. Condemnation Award. Except as otherwise herein provided, the entire compensation award for any Taking (the “Award”) shall belong to Landlord. Notwithstanding the foregoing: (i) Tenant shall be entitled to claim, prove and receive in any proceedings such award as may be allowed for Tenant’s Property, interruption of business, moving expenses and other damages available to a tenant under Applicable Law, and (ii) with respect to any Taking that results in the termination of this Lease, Tenant shall be entitled to a portion of the aggregate award equal to the fair market value of Tenant’s interest under this Lease as of the day immediately prior to such Taking.

Section 17.6. Takings Generally. At the election of either Party, any disagreement between Landlord and Tenant with respect to the effect or severity of a Taking that is not resolved within thirty (30) days after the Parties are first notified of the Taking shall be resolved by arbitration in accordance with Section 18.5 below. Each party waives any statutory and common law rights of termination which may arise by reason of a Taking; provided, however, that the foregoing waiver shall not impair the express termination rights of the parties set forth in Section 17.1 and Section 17.2.

ARTICLE 18

DEFAULT AND REMEDIES; ARBITRATION

Section 18.1. Events of Default. Each of the following shall be deemed an “Event of Default” by Tenant and a breach of this Lease:

- (a) **Monetary Defaults.** Tenant’s failure to pay Rent or other charges payable hereunder within seven (7) days after written notice from Landlord that the same was not paid when due;
- (b) **Insolvency, etc.** The filing of a voluntary bankruptcy petition by Tenant or the admission by Tenant in writing that it is insolvent or is generally unable to pay its debts as the same become due; or the filing of an involuntary bankruptcy petition against Tenant or adjudication of Tenant as insolvent or bankrupt (unless such petition or adjudication is vacated or dismissed within forty-five (45) days after the filing or entry thereof); or a general assignment by Tenant for the benefit of creditors; or the appointment of a receiver (except a receiver appointed at the request of Landlord) to take possession of all or substantially all of the assets of Tenant (unless such appointment is vacated or reversed within forty-five (45) days after the date of appointment).
- (c) **Other Defaults.** Default in the performance of any other material covenant or condition of this Lease on the part of Tenant to be performed for a period of thirty (30) days after written notice from Landlord of such default; provided, however, if the nature of the default is such that it cannot be cured practicably within thirty (30) days but Tenant commences the curing within thirty (30) days after notice from Landlord and thereafter diligently prosecutes the curing, then the cure period shall be extended for the amount of time practicably required to effect the cure.

Section 18.2. Landlord’s Remedies. Any notice given pursuant to this Article 18 shall be in lieu of, and not in addition to, any notice required under the Applicable Laws of the State of California. Upon the occurrence of any Event of Default by Tenant hereunder, Landlord may, at its option and without any further notice or demand (except as expressly provided herein or required by Applicable Laws), do any of the following in addition to the exercise of any and all remedies afforded Landlord at law or in equity:

- (a) **Termination of Lease.** Landlord shall have the right at any time thereafter to give notice of termination of this Lease to Tenant, on the date specified in such notice (which shall not be less than ten (10) days after the giving of such notice), unless the Event of Default
-

is cured on or before such date, and this Lease shall terminate and come to an end as fully and completely as if such date were the day herein definitely fixed for the expiration of this Lease, and Tenant shall remain liable as hereinafter set forth. In the event of any such termination of this Lease, Landlord may then or at any time thereafter, re-enter the Premises by summary proceedings or other judicial process and remove therefrom all persons and property and again repossess and enjoy the Premises, without prejudice to any other remedies that Landlord may have by reason of Tenant's default or of such termination.

(b) **Re-Entry into Premises.** Landlord shall have the right, without terminating this Lease, upon ten (10) days prior written notice during which time the circumstances giving rise to the Event of Default are not cured, to re-enter the Premises by summary proceeding or other judicial process in compliance with Applicable Law and remove all persons and property (including, without limitation, Tenant and Tenant's Property) therefrom, and Tenant shall remain liable as hereinafter set forth.

(c) **Notices.** The notices specified in Section 18.2(a) and Section 18.2(b) shall be in addition to any notices required under Section 18.1.

Section 18.3. Damages, Etc. In addition to any other remedies available to Landlord at law or in equity, in the event that Landlord shall elect to terminate this Lease pursuant to Section 18.2(a), then Landlord may recover from Tenant

(1) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(2) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(3) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term (excluding any unexercised extension options) after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, specifically including, but not limited to brokerage commissions and advertising expenses incurred, reasonable expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; plus

(5) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Law.

(b) The term "**Rent,**" as used in this Section 18.3, shall be deemed to be and to mean Base Rent, Percentage Rent, and all other sums required to be paid by Tenant pursuant to the terms of this Lease, all of the foregoing of which are deemed to be Rent.

(c) As used in subparagraphs 1 and 2(2) above, the "**worth at the time of award**" is computed by allowing interest at the Interest Rate. As used in subparagraph 3 above, the "**worth at the time of award**" is computed by allowing interest or discounting the amount, as applicable, at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus three percent (3%) per annum.

(d) **Reletting.** In the event that Landlord shall elect to re-enter as provided in Section 18.2(b), then (provided Landlord does not elect to terminate this Lease pursuant to Section 18.2(a)), Landlord may from time to time, without terminating this Lease, either recover all rental as it becomes due or relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable with the right to make reasonable alterations and repairs to the Premises that may be required to procure a replacement tenant of the Premises. In the event that Landlord shall elect to so relet, then rentals received by Landlord from such

reletting shall be applied first, to the payment of any indebtedness other than Rent due from Tenant to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the cost of any alterations and repairs to the Premises; fourth, to the payment of Rent due and unpaid; and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable under this Lease. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

(e) No re-entry or taking possession of the Premises or any other action shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any Event of Default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease in accordance with Section 18.2(a) for any such Event of Default. Landlord shall use best efforts to mitigate the damages caused by Tenant's default under this Lease. Without limitation, in the event of any re-entry or termination under Section 18.2, Landlord agrees to use commercially reasonable efforts to relet the Premises at a commercially reasonable rent and, in connection therewith, to reasonably cooperate with Tenant to find and enter into a lease with a replacement tenant or tenants.

(f) If an Event of Default by Tenant shall occur, then, in addition to any and all other remedies available to Landlord at law, in equity or pursuant to the terms hereof, Landlord may at its option incur the expense necessary to perform said obligation of Tenant.

(g) Landlord may employ the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

Section 18.4. Interest on Late Payments. In the event that either Party fails to pay any Rent or any other charge hereunder when due and such failure continues for ten (10) business days after notice thereof from the Party owed such amount to the Party owing such amount, then such unpaid amounts shall bear interest from the date due until payment thereof at the Interest Rate.

Section 18.5. Arbitration of Certain Disputes.

(a) **Disputed Defaults.** If either Landlord or Tenant disputes the existence of an alleged default or whether Landlord or Tenant is obligated to cure an alleged default under this Lease after being served with a notice of default, then the Party who is alleged to have committed the default shall have such grace period as is provided in this Lease (or, if no such grace period is provided herein, ten (10) business days after receipt of such notice) in which to submit the matter to binding arbitration as set forth below, in which event Landlord's remedies under Section 18.2, as well as any other right of Landlord at law to recover possession of the Premises or to terminate this Lease or to abate Rent or to offset amounts allegedly owed by Landlord to Tenant, and Tenant's remedies hereunder to terminate this Lease, shall be stayed pending the arbitration. In the event that the arbitration results in a finding that either Landlord or Tenant is in default or is required to cure the alleged default, the defaulting Party shall have such grace period as is provided in this Lease to cure such default, commencing from the date the defaulting Party receives a copy of the award of the arbitrator(s). Tenant's rights under this Section 18.5(a) shall not apply to a default consisting solely of the failure to pay Base Rent. Tenant's rights under this Section 18.5(a) shall not impair or otherwise affect any rights or remedies of Landlord other than the rights to terminate this Lease or to re-enter the Premises. Landlord's rights under this Section 18.5(a) shall not impair or otherwise affect any rights or remedies of Tenant other than the rights to terminate this Lease or to abate rent or to offset amounts allegedly owed by Landlord to Tenant.

(b) **Disputed Reimbursement.** If either Party disputes any demand for reimbursement, refund or offset by the other Party, then the disputing Party may, within thirty (30) days after the receipt of the non-disputing Party's demand for payment or offset serve a notice on the non-disputing Party that it is submitting the matter to binding arbitration, as set forth below; provided, however, that this Section 18.5(b) shall not excuse either Party from its obligations to pay when due any demanded amount that is not being disputed in good faith.

(c) **Other Disputes.** In the event of any dispute between Landlord and Tenant over the amount of any equitable abatement of Rent, or in the event of any other disputed matter that is expressly subject to arbitration under this Lease, such dispute shall be resolved by arbitration in accordance with the provisions of this Section 18.5.

(d) **Arbitrators; Award.** Any disagreement or controversy described in this Section or elsewhere in this Lease where dispute resolution by arbitration is expressly provided or reference is made to this Section, shall be settled by binding arbitration to be held, and the award made pursuant to the then-applicable Commercial Arbitration Rules of the American Arbitration Association. In any such arbitration, the arbitrator shall be: (i) any person selected by the Parties to the dispute, if they are able to so agree within 10 days after any Party requests the other to so agree, if not, (ii) a three-member arbitration panel, which shall act by majority vote and which shall consist of one member selected by each Party to the dispute and one member selected by the two members so selected, who shall act as chairman of the arbitration panel. If the first two arbitrators are unable to agree on the selection of the third arbitrator within 20 days after their appointment, the third arbitrator shall be selected by the American Arbitration Association. If one Party requests the other to agree on a single arbitrator and the Parties have failed to agree on such a single arbitrator, and one of the Parties thereafter shall fail or refuse to appoint a person to the arbitration panel under clause (ii) above within 20 days after the original request for agreement on a single arbitrator was made, the arbitration panel shall consist solely of the single arbitrator selected by the other Party. The arbitrator(s) shall apply the substantive law of the state in which the Premises are located. Any costs of arbitration (including the fees of the arbitrators) shall be borne by the Party against whom the award is made, as determined by the arbitrators. Any award of the arbitrator(s) shall state the reasoning on which the award is based.

(e) **Failure to Appear.** If one of the Parties shall fail or refuse to appear or to present evidence at the arbitration hearing, the arbitrator(s) shall be authorized to accept the evidence presented by the Party in attendance at the hearing and enter an award based on the evidence presented. Any costs of arbitration shall be borne by the Party against whom the award is made, including, but not limited to, the fees of the arbitrators.

(f) **Reimbursement.** Tenant may reimburse itself with respect to any matter described herein as follows: Landlord's failure to serve a demand for arbitration within the period described above shall be deemed a waiver of any objection to Tenant's demand, and Tenant, if not reimbursed by Landlord, may reimburse itself from, and Tenant shall be entitled to a corresponding credit against, succeeding Base Rent and other charges hereunder, with interest at the Interest Rate from the fifth (5th) business day after Tenant's initial demand. If Landlord timely demands arbitration as set forth in this Section 18.5, Tenant shall not reimburse itself pending award of the arbitrator(s). If any amount awarded Tenant in the arbitration is not paid by Landlord within twenty (20) business days from the date of award, with interest from the date of the award, Tenant may thereafter reimburse itself from, and Tenant shall be entitled to a corresponding credit against, succeeding Rent and other charges, with interest at the Interest Rate from the date of the award. If any amount awarded Landlord in the arbitration is not paid by Tenant within twenty (20) business days from the date of the award, with interest at the Interest Rate, from the date of the award, Landlord may resort to the remedies set forth in this Lease without further notice, as if no grace period ever existed.

(g) **Enforcement.** Judgment upon the arbitrator's award may be had and enforced in any court of law or equity having jurisdiction over the Parties.

Section 18.6. Default by Landlord.

(a) **Default and Remedies.** An "Event of Default" by Landlord shall occur if: (i) Landlord fails to pay to Tenant any amounts due by Landlord hereunder and such failure

continues for five (5) business days after written notice from Tenant, or Landlord shall be in default in the performance of any other material covenant or condition of this Lease on the part of Landlord to be performed for a period of thirty (30) days after written notice from Tenant of such default; provided, however, if the nature of the default is such that it cannot be cured practicably within thirty (30) days, but Landlord commences the curing within thirty (30) days after notice from Tenant and thereafter diligently prosecutes the curing, then the cure period shall be extended for the amount of time practicably required to effect the cure. If an Event of Default by Landlord shall occur, then, in addition to any and all other remedies available to Tenant at law, in equity or pursuant to the terms hereof, Tenant may at its option incur the expense necessary to perform said obligation of Landlord. If Tenant shall incur any expense, including reasonable attorneys' fees, in instituting, prosecuting or defending any action or proceedings instituted by reason of any Event of Default by Landlord, then Landlord shall reimburse Tenant for the amount of such expense, with interest thereon at the Interest Rate from and after the date of demand. If Tenant shall recover judgment against Landlord for failure to perform Landlord's obligations under this Lease, or if the matter is submitted by Tenant to arbitration in accordance with this Section 18.6 and it is determined that Tenant was entitled to incur such expense, then in either event, Tenant may offset the amount of such judgment or award remaining unpaid, with interest at the Interest Rate, against Rent and other charges coming due hereunder. In the event the costs and expenses incurred by Tenant to cure a default of Landlord exceed the amount recouped by Tenant by its withholding from Rent and other charges as aforesaid through the balance of the Term then in effect, then Tenant shall have the right, but not the obligation, to extend the Term for a period of time sufficient for Tenant to recover such unrecouped costs and expenses from Rent and other charges otherwise payable during such extended period.

(b) **Limitation on Landlord's Liability.** Other than for Landlord's failure to reimburse Tenant for Unamortized Tenant Costs as provided in this Lease, failure to pay the Fair Market Value of Tenant's Interest as provided in this Lease, failure to pay Real Estate Taxes or for Landlord's failure to apply any insurance proceeds or condemnation awards as required by this Lease (as to which matters the limitations on liability set forth in this Section shall not apply), Tenant shall have the right to, and shall, look solely to Landlord's estate and interest in the land and buildings constituting the Project, the rent therefrom, insurance proceeds or condemnation awards in respect thereof, proceeds of any title insurance, proceeds from the sale or refinancing of the Project or any interest therein and any applicable liability insurance for the satisfaction of any right of Tenant for the collection of a judgment or other judicial process or arbitration award requiring the payment of money by Landlord, and no other property or assets of Landlord shall be subject to levy, lien, execution, attachment or other enforcement procedure for the satisfaction of Tenant's rights and remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or under law, or Tenant's use and occupancy of the Premises or any other liability of Landlord to Tenant relating to any of the foregoing. After any sale or transfer of Landlord's interest in the Center and provided that the Landlord's successor expressly assumes the obligations of the Landlord arising hereunder, the transferring Landlord shall have no further liability hereunder except for breaches or defaults arising prior to the date of such sale or transfer, and except for any continuing duty to apply any insurance proceeds and condemnation awards received prior to such sale or transfer.

ARTICLE 19

ENVIRONMENTAL

Section 19.1. Tenant's Responsibilities.

(a) **General Covenant.** Tenant shall not cause or authorize any Hazardous Materials to be brought upon, stored, used, generated, released into the environment or disposed of in the Premises in violation of Applicable Laws. Subject to Sections 7.5 and 7.8, Tenant hereby agrees to indemnify and defend Landlord and agrees to hold Landlord harmless from and against any and all claims, judgments, damages, liabilities and losses which arise from the presence of Hazardous Materials in the Premises in violation of Applicable Laws which are brought upon, stored, used, generated or released into the environment by or through the acts or omissions of Tenant or Tenant's agents, subtenants, employees or contractors (referred to as "**Tenant's Environmental Acts**"). This indemnification by Tenant of Landlord includes

any reasonable costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any governmental agency because of the presence of such Hazardous Materials due to Tenant's Environmental Acts, but excludes consequential damages (such as, without limitation, lost profits or diminution in value of the Center). Tenant shall promptly notify Landlord of any Environmental Hazard in or about the Premises, which Tenant becomes aware of during the Term of this Lease.

(b) **Reporting Requirement.** Tenant shall promptly notify Landlord of, and shall promptly provide Landlord with copies of the following environmental items relating to the Premises which may be filed or prepared by or on behalf of, or delivered to or served upon, Tenant (excluding those which may be reasonably considered confidential): all orders, reports, listings and correspondence of or concerning the release, investigation of, compliance, clean up, remedial and corrective actions, and abatement of Hazardous Materials whether or not required by any Applicable Laws, including, reports and notices required by or given pursuant to any Applicable Laws, and all complaints, pleading and other legal documents filed against Tenant related to Tenant's use, handling, storage or disposal of Hazardous Materials in or about the Premises. In the event of a release of any Environmental Hazard caused by Tenant's Environmental Acts in, on or about the Premises, Tenant shall promptly notify Landlord and provide Landlord with copies of all reports and correspondence with or from all governmental agencies, authorities or any other persons relating to such release (excluding those which may be reasonably considered confidential).

(c) **Environmental Actions.** Landlord may join and participate in any legal proceedings or actions initiated in connection with any claims or causes of action arising out of Tenant's Environmental Acts which results in: (i) injury to any person within or about the Premises, (ii) injury to or any contamination of the Premises or (iii) injury to or contamination of any real or personal property wherever situated. Tenant, at its sole cost and expense, shall promptly take all actions necessary to return the Premises to the condition existing prior to the introduction of such Hazardous Materials as a consequence of Tenant's Environmental Acts and to remedy or repair any such injury or contamination. Notwithstanding the foregoing, Tenant shall not, without Landlord's prior written consent, which consent shall not be unreasonably withheld or denied or conditioned or delayed, take any remedial action in response to the presence of any such Hazardous Materials in the Premises or enter into any settlement agreement, consent decree or other compromise with any governmental agency with respect to any such Hazardous Materials claims; provided, however, Landlord's prior written consent shall not be necessary in the event that the presence of Hazardous Materials in the Premises (i) poses an immediate threat to the health, safety or welfare of any individual or (ii) is of such nature that an immediate remedial response is necessary and it is not possible to obtain Landlord's consent before taking such action.

Section 19.2. Landlord's Responsibilities.

(a) **General Covenant.** Landlord shall not cause, permit or authorize any Hazardous Materials to be brought upon, stored, used, generated, released into the environment or disposed of, on, in, under or about the Common Areas, or any other portion of the Project by Landlord, its tenants, its agents, employees, or contractors in violation of Applicable Laws. Subject to Sections 7.5 and 7.8, Landlord hereby agrees to indemnify, defend and hold Tenant free and harmless from and against any and all claims, judgments, damages, liabilities and losses which arise from Hazardous Materials in or about the Project in violation of Applicable Laws or which are present at the Project as of the Effective Date (including, without limitation, the conditions identified in the Environmental Report) or which are brought upon, stored, used, generated or released into the environment by or through the acts or omissions of Landlord or Landlord's agents, employees or contractors (referred to as "**Landlord's Environmental Acts**"). This indemnification by Landlord of Tenant includes any reasonable costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any governmental agency because of the presence of such Hazardous Materials due to Landlord's Environmental Acts but excludes consequential damages (such as, without limitation, lost profits or diminution in value of Tenant's Property). To the extent the presence of Hazardous Materials in or about the Project is caused by any party other than Tenant, Landlord or their respective agents, contractors or employees (a "**Third Party Violation**"), as between Landlord and Tenant, Landlord shall bear the cost of remediation and shall defend any claim or proceeding brought against Tenant in connection with such Third Party Violation. Landlord shall promptly notify Tenant of any

Environmental Hazard in or around the Project, which Landlord becomes aware of during the Term of this Lease, whether or not caused by Landlord's Environmental Acts.

(b) **Reporting Requirement.** Landlord shall promptly notify Tenant of, and shall promptly provide Tenant with copies of the following environmental items relating to the Project which may be filed or prepared by or on behalf of, or delivered to or served upon, Landlord (excluding those which may be reasonably considered confidential): all orders, reports, listings and correspondence of or concerning the release, investigation of, compliance, clean up, remedial and corrective actions, and abatement of Hazardous Materials whether or not required by any Applicable Laws, including reports and notices required by or given pursuant to any Applicable Laws, and all complaints, pleading and other legal documents filed against Landlord related to Landlord's use, handling, storage or disposal of Hazardous Materials. In the event of any release of any Environmental Hazard caused by Landlord's Environmental Acts, Landlord shall promptly notify Tenant and provide Tenant with copies of all reports and correspondence with or from all governmental agencies, authorities or any other persons relating to such release (excluding those which may be reasonably considered confidential).

(c) **Environmental Actions.** Tenant may join and participate in any legal proceedings or actions initiated in connection with any claims or causes of action arising out Landlord's Environmental Acts which results in: (i) injury to any person within or about the Premises, (ii) injury to or any contamination of the Premises, or (iii) injury to or contamination of any real or personal property of Tenant. Landlord, at its sole cost and expense, shall promptly take all actions necessary to return the Project to the condition existing prior to the introduction of such Hazardous Materials to the Project and to remedy or repair any such injury or contamination. Notwithstanding the foregoing, Landlord shall not, without Tenant's prior written consent, which consent shall not be unreasonably withheld or denied or conditioned or delayed, take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Project or enter into any settlement agreement, consent decree or other compromise with any governmental agency with respect to any such Hazardous Materials claims; provided, however, Tenant's prior written consent shall not be necessary in the event that the presence of Hazardous Materials is not in, on, under or about the Premises and/or the Protected Area or the presence of Hazardous Materials (i) poses an immediate threat to the health, safety or welfare of any individual or (ii) is of such nature that an immediate remedial response is necessary and it is not possible to obtain Tenant's consent before taking such action.

(d) **Environmental Hazard.** If during the Term an Environmental Hazard, other than an Environmental Hazard caused by Tenant's Environmental Acts, causes the Premises or any other part of the Project to be rendered untenable, either in whole or in part, or materially and adversely affects Tenant's ability to operate its business in the Premises in the normal course, in Tenant's reasonable judgment (subject to Landlord's right to submit the matter to arbitration pursuant to Section 18.5, if Landlord disputes Tenant's determination), then Landlord shall promptly remediate the Environmental Hazard and rebuild, repair or restore all affected buildings and improvements. If such condition of untenability or inability to operate Tenant's business in the normal course continues for more than ninety (90) days following occurrence or discovery of the Environmental Hazard, then until such untenability or inability has ended, Tenant shall have the right to terminate this Lease by written notice to Landlord at any time after such period. In the event that this Lease shall be terminated as a result of an Environmental Hazard (other than an Environmental Hazard caused by Tenant's Environmental Acts), if any Rent or other charge has been paid in advance, Landlord shall refund to Tenant all sums so paid for the period after the date of untenability or inability to operate. With respect to any period during which, as the result of an Environmental Hazard (other than an Environmental Hazard caused by Tenant's Environmental Acts) any part of the Premises is untenable or Tenant is prevented from operating its business therein in the normal course, the Rent and other charges payable hereunder shall be abated in proportion to the Floor Area of the Premises so affected. If the untenability or inability is so extensive as to render the Premises substantially unfit for occupancy by Tenant for the normal conduct of its business, the Rent and other charges payable hereunder shall abate until such time as Tenant resumes the conduct of its business, up to a maximum of one hundred twenty (120) days after the restoration of the Premises, in order to give Tenant sufficient time to refixture and equip the Premises. If by reason of an Environmental Hazard affecting the Premises or the Building of which the Premises are a part

or to any other part of the Project, the Premises are rendered substantially unusable for Tenant's business by reason of diminished access, the payment of Rent and other charges payable hereunder shall equitably abate until accessibility is restored.

(e) **General Representation.** To the best of Landlord's knowledge, after diligent inquiry, there are no Hazardous Materials in violation of Applicable Law or Environmental Hazards located within the Project or affecting the Project as of the Effective Date, except as specified in the Environmental Report.

Section 19.3. Environmental Remedial Work. In the event any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or other remedial work pertaining to any Hazardous Materials or Environmental Hazard at or affecting the Project ("**Environmental Remedial Work**") is required (i) under any Applicable Law, (ii) by any judicial, arbitration or administrative order, (iii) to comply with any agreements affecting the Premises or (iv) to maintain the Project in a standard of environmental condition which presents no risk to safety or health, (v) to prevent the release of any Hazardous Materials to adjacent property and otherwise is consistent with the prudent ownership of property of the character of the Project, then Tenant (if such Environmental Remedial Work is required as a direct result of Tenant's Environmental Acts) or Landlord (if such Environmental Remedial Work is not required as a direct result of Tenant's Environmental Acts), shall perform or cause to be performed such Environmental Remedial Work promptly and in accordance with all Applicable Laws. All Environmental Remedial Work shall be conducted (i) in a diligent and timely fashion by licensed contractors acting under the supervision of a consulting environmental engineer, (ii) pursuant to a detailed written plan for the Environmental Remedial Work approved by any public or private agencies or persons with a legal or contractual right to such approval, (iii) with such insurance coverage pertaining to liabilities arising out of the Environmental Remediation Work as is then customarily maintained with respect to such activities and (iv) only following receipt of any required permits, licenses or approvals. The selection of the Environmental Remedial Work contractors, any disclosures to or agreements with any public or private agencies or parties relating to Environmental Remedial Work and the written plan for the Environmental Remedial Work (and any changes thereto), whether the responsibility of Landlord or Tenant each shall be subject to the other Party's prior written approval, which approval shall not be unreasonably withheld, denied, conditioned or delayed. In addition, the Party responsible for the Environmental Remedial Work shall submit to the other Party, promptly upon receipt or preparation, copies of any and all reports, studies, analyses, correspondence, governmental comments or approvals, proposed removal or other remedial work contracts and similar information prepared or received by such Party in connection with any Environmental Remedial Work or Hazardous Materials relating to the Project. In the event the Party responsible therefor should fail to commence or cause to be commenced in a timely fashion, or fail diligently to prosecute to completion, such Environmental Remedial Work, the other Party (following written notice) may, but shall not be required to, cause such Environmental Remedial Work to be performed, and all costs and expenses thereof, or incurred in connection therewith, (i) in the case where Tenant is the responsible Party, shall be paid by Tenant to Landlord within thirty (30) days of Landlord's invoice therefor or (ii) in the case where Landlord is the responsible Party, shall be paid by Landlord to Tenant within thirty (30) days of Tenant's invoice therefor, and if not timely paid by Landlord, in addition to all other rights and remedies, Tenant shall have the right to offset such amount (together with interest thereon at the Interest Rate) against Rent which thereafter becomes due. Neither Party shall be obligated to perform Environmental Remedial Work under this Section while it is contesting the application of any law, regulation or order, provided the other Party is not exposed to any additional liability, risk or damages. The Parties' obligations under this Section are solely for the benefit of the Parties hereto, their successors, and assigns and any subtenants of this Lease, and not for any other third parties.

Section 19.4. Effect of Termination. All liabilities of Landlord and Tenant, respectively, under this Article 19, accrued as of the date this Lease terminates, shall survive such termination. If this Lease shall be terminated as a result of any Environmental Hazard other than Tenant's Environmental Acts, Landlord shall promptly pay to Tenant an amount equal to the Unamortized Tenant Costs as of the date of such termination. If this Lease is terminated pursuant to Section 19.2, Tenant shall have the first right of refusal for the lease of the Premises should the Premises be restored within three (3) years of the termination date. Upon commencing the restoration of the Premises, Landlord shall send a written notice to Tenant stating its intent to restore the Premises and the projected date for the completion of such restoration. Within sixty (60) days of receipt of such notice, Tenant shall notify Landlord as to whether it desires to reinstate this Lease on the original terms and conditions.

Section 19.5. Survival of Obligations. The obligations of Tenant and Landlord under this Article 19 shall survive and be enforceable following the expiration or earlier termination of this Lease.

ARTICLE 20

SURRENDER OF PREMISES AND REMOVAL OF PROPERTY

Section 20.1. Surrender. On or before the last day of the Term, Tenant shall surrender the Premises to Landlord in accordance with Section 10.3, subject to repairs and maintenance which are Landlord's obligation hereunder and damage by casualty or the elements or Taking by eminent domain; provided, however, Tenant (in its sole and absolute discretion) shall remove any or all of its FF&E, readily removable personal property and trade fixtures (including Tenant's Signs) from the Premises within thirty (30) days after the expiration of the Term or the earlier termination of this Lease, but Tenant shall repair any unreasonable damage incurred in the removal of the same.

Section 20.2. Financing of Trade Fixtures. Notwithstanding anything to the contrary contained in Article 14 or elsewhere in this Lease, Tenant may lease or finance Tenant's FF&E and other personal property from a leasing company or lender, hereinafter referred to as the "**Finance Company**". Said FF&E and other personal property will be installed, maintained and used in the Premises in order to assist Tenant to carry on its business as provided for herein. Landlord further agrees that any of said FF&E and other personal property shall remain Tenant's personal property, notwithstanding the manner or mode of the attachment to the Premises. Landlord recognizes and acknowledges that any claim or claims that the Finance Company has or hereafter may have against said FF&E and other personal property by virtue of an equipment lease or chattel mortgage or the like is superior to any lien or claim of any nature which Landlord now has or hereafter may have to Tenant's FF&E and other personal property by statute, agreement or otherwise. In the event of default of Tenant in the payment of any rental or other amount due to the Finance Company, or in the performance of any of the other terms and conditions of the equipment lease, chattel mortgage or the like or extensions or renewals thereof, the Finance Company or its assignee may remove Tenant's FF&E and other personal property covered by such equipment lease or chattel mortgage or the like or any part thereof from the Premises in accordance with the terms and conditions of the equipment lease or chattel mortgage or the like. Tenant shall be responsible for any damage caused in the removal of any such FF&E and personal property from the Premises. Landlord will make no claim whatsoever to any FF&E or other personal property covered by any equipment lease or chattel mortgage or the like. The Finance Company may, without affecting the validity of this waiver, extend the terms of payment of any rental or the performance of any of the other terms or conditions of the equipment lease or chattel mortgage or the like, without the consent of Landlord and without giving notice to Landlord. This waiver shall inure to the benefit of the successors and assigns of the Finance Company and shall be binding upon the heirs, personal representatives, successors and assigns of Landlord.

Section 20.3. Waiver of Liens and Distraint. Landlord hereby waives, releases and relinquishes any and all liens in favor of Landlord and rights of distraint (whether arising by virtue of statute, common law or otherwise) upon Tenant's Property. Landlord further agrees not to assert any lien, levy or attachment on or recourse to any of Tenant's Property that is subject to any lien or security interest in favor of any vendor or other supplier under any conditional sale, chattel mortgage or other security arrangement, any consignor, any holder of reserved title or any holder of a security interest, or lender. Although the foregoing shall be self-operative without the necessity for any further instrument or document, Landlord hereby agrees to furnish Tenant or any vendor or other supplier under any conditional sale, chattel mortgage or other security arrangement, any consignor, any holder of reserved title or any holder of a security interest, upon written request from time to time, reasonable waivers of Landlord's liens upon and right to distraint, levy, attachment or recourse with respect to the property subject thereto and exempting the same from distraint, levy, attachment or recourse.

Section 20.4. Landlord's Agreement. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right, without Landlord's consent to encumber the leasehold estate created under this Lease and/or to grant a security interest in Tenant's removable trade fixtures, furnishings and equipment located within the Premises (but not to encumber Landlord's fee interest in the Premises), to secure financing provided to Tenant by any bank, thrift institution, insurance company or other institutional lender. Tenant agrees to notify

Landlord of any such encumbrance. With respect to any such leasehold financing (and provided that Tenant is not in default under this Lease beyond any applicable notice and cure period), upon thirty (30) days' prior written request from Tenant, Landlord will execute and deliver to the secured lender a "Landlord's Agreement" in the form attached hereto as Exhibit J.

ARTICLE 21

GENERAL PROVISIONS

Section 21.1. Subordination. Tenant agrees to subordinate this Lease to the lien of any first priority mortgage or deed of trust or ground lease affecting the Premises (a "**Mortgage**"), provided that the holders of such Mortgage (each a "**Mortgagee**") shall not be a Landlord Affiliate and provided further that the Mortgagee shall acknowledge in writing that, notwithstanding such subordination or the foreclosure of such Mortgage, the transfer by deed in lieu of foreclosure or the termination of the ground lease, as applicable, Tenant's interest in the Premises and rights under this Lease shall be recognized and not be disturbed, and upon transfer of the Landlord's interest hereunder by such foreclosure or deed in lieu thereof or termination Tenant will attorn to the transferee and the transferee will assume, observe and perform the obligations of Landlord hereunder. The instruments effecting such subordination, non-disturbance and attornment (each, a "**Non-Disturbance Agreement**") shall be in form and substance satisfactory to Tenant and the holder of the applicable Mortgage, in their respective reasonable judgments (it being agreed, however, that it shall be reasonable for Tenant to disapprove any proposed Non-Disturbance Agreement that reduces Tenant's rights or privileges hereunder, or increases Tenant's obligations hereunder, or reduces the obligations of the transferee as landlord hereunder). The commencement of Tenant's Work Period and Tenant's obligation to pay Rent are conditioned upon Landlord obtaining and delivering to Tenant Non-Disturbance Agreements from the holders of each and every Mortgage (regardless of priority), or other monetary encumbrance affecting the Premises, which is in existence prior to the recordation of the Memorandums or which is otherwise shown as superior to Tenant's interest hereunder in the Leasehold Title Policy.

Section 21.2. Notices. Except as provided herein to the contrary (including, without limitation, Sections 5.3, 9.1 (f) and 9.3), any notice, request or demand to be given pursuant to this Lease, shall be in writing and shall be sent by United States certified mail, return receipt requested, or delivered by a reputable overnight courier delivery service, addressed to Landlord or Tenant, as the case may be, at their respective addresses set forth in Article 1. All such notices, requests and demands shall be deemed given upon receipt by the addressee or upon wrongful refusal of attempted delivery). Either Party may, by written notice, designate different and/or additional addresses for notices, requests or demands to it.

Section 21.3. Invalid Provisions. The invalidity and unenforceability of any provision of this Lease shall not affect or impair any other provision.

Section 21.4. Interlineation. Whenever in this Lease any printed portion has been stricken out, whether or not any relative provision has been added, this Lease shall be construed as if the material so stricken was never included herein and no inference shall be drawn from the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material were never contained herein.

Section 21.5. Joint Preparation. This Lease is to be deemed to have been prepared jointly by the Parties hereto and any uncertainty or ambiguity existing herein, if any, shall not be interpreted against any Party, but shall be interpreted according to the application of the rules of interpretation for arm's-length agreements.

Section 21.6. Relationship of Parties. Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the Parties hereto other than the relationship of landlord and tenant. Nothing contained herein shall in any way impose any liability upon the stockholders, officers or directors of Landlord or stockholders, officers, directors or trustees of Tenant should such Parties be corporate entities. Landlord shall not use, in its advertising materials or otherwise, any trade names, brands or marks that are owned by or commonly used by Tenant.

Section 21.7. Short Form Lease; Consent to Lease. This Lease shall not be recorded by either party hereto; provided, however, Landlord and Tenant will, at the request of either, enter into and record a short form memorandum of lease (the “**Landlord Memorandum**”), in the form of Exhibit H attached hereto (modified as appropriate to be in recordable form) containing such provisions as Tenant may reasonably request and, if any portion of the Project is not owned by Landlord or a Landlord Affiliate, Landlord shall cause the then owner of any portion of the Project not then owned by Landlord or a Landlord Affiliate to join in such short form memorandum of lease for the limited purpose of reflecting of record the limitations upon the Center set forth in this Lease. After the expiration or earlier termination of this Lease, Landlord and Tenant will, at the request of either, enter into and record a document to evidence the expiration or termination of this Lease and release of the Landlord Memorandum. Additionally, Landlord Affiliates and Tenant will, at the request of either, enter into and record a short form memorandum of lease (the “**Landlord Affiliate Memorandum**”), in the form of Exhibit H-1 attached hereto (modified as appropriate to be in recordable form) containing such provisions as Tenant may reasonably request. After the expiration or earlier termination of this Lease, the Landlord Affiliates and Tenant will, at the request of either, enter into and record a document to evidence the expiration or termination of this Lease and release of the Landlord Affiliate Memorandum.

Section 21.8. Estoppel Certificate. At any time, upon not less than twenty (20) days’ prior request by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate substantially in the form of Exhibit F attached hereto. At any time, upon not less than twenty (20) days’ prior request by Tenant, Landlord shall execute and deliver to Tenant an estoppel certificate containing assurances substantially similar to the assurances contained in Exhibit F.

Section 21.9. No Continuing Waiver. No waiver of any default hereunder shall be implied from any omission by either Party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver, and then only for the time and to the extent therein stated. No delay or omission by either Party hereto to exercise any right or power accruing upon any non-compliance or default by the other Party with respect to any of the terms hereof, or otherwise accruing hereunder, shall impair any such right or power or be construed to be a waiver thereof. One or more waivers of any breach of any covenant, term or condition of this Lease shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by a Party to or of any act by the other Party requiring the former Party’s consent or approval shall not be deemed to waive or render unnecessary such former Party’s consent or approval to or of any subsequent similar acts by the other Party.

Section 21.10. Entire Agreement. All Exhibits attached to this Lease are incorporated herein in their entirety. This Lease and the Exhibits attached hereto include the entire agreement of the Parties concerning this Lease. All prior agreements of Landlord and Tenant with respect to the subject matter hereof (whether written or oral), are hereby merged into this Lease and shall have no further force or effect except to the extent expressly provided herein. No change, amendment or addition to this Lease (or the Exhibits attached hereto) shall be effective unless in writing and signed by both Parties.

Section 21.11. Captions. The captions of this Lease are for convenience and reference only and shall not be deemed or construed to define, limit or describe the scope or intent of this Lease or affect its interpretation or construction.

Section 21.12. Binding Effect. The covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the Parties hereto and their respective successors and assigns, except as expressly provided above to the contrary.

Section 21.13. Reasonable Consent. Unless otherwise expressly provided in this Lease, the Parties shall be reasonable whenever their consent or approval is required, and such approval or consent shall not be unreasonably withheld, delayed or conditioned. In the event that any such consent, approval or permission is specifically withheld, the withholding Party shall set forth in writing its reasons for doing so. Except as otherwise provided herein, the Parties will endeavor in good faith to respond to any request from the other Party for a consent or approval within fifteen (15) days after receiving the request, but the failure to so respond shall not imply or constitute consent or approval (or denial of consent or approval) of the requested matter.

Section 21.14. Brokers’ Commissions. Landlord and Tenant each represents and warrants to the other that it has not engaged or worked with any broker in connection with this

Lease; and Landlord and Tenant each agrees to indemnify the other Party and hold it harmless from any and all liabilities arising from any breach by the applicable Party of the foregoing representations and warranties, and/or covenants, including claims for brokerage commissions and finder's fees and including the non-breaching Party's attorneys' fees. The obligations of Landlord and Tenant hereunder shall survive the termination of this Lease.

Section 21.15. Unavoidable Delays. If either Party shall be delayed or hindered in or prevented from the performance of any act required hereunder (other than the payment of Rent or other sums due hereunder by either Party) by *Force Majeure*, then, except as expressly provided herein to the contrary, for purposes of determining whether the applicable Party is in default of this Lease (but not for any other purposes hereunder, except as expressly provided herein), performance of such act shall be extended for a period equivalent to the period of such delay. The foregoing shall not apply to Landlord's covenant of quiet enjoyment, nor to either Party's obligations to pay any sums due hereunder to the other Party in a timely manner.

Section 21.16. [Intentionally deleted.]

Section 21.17. Attorneys' Fees. If Landlord or Tenant institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder or if either Party invokes the arbitration procedures of Section 18.5, the non prevailing Party in such action or proceeding (as determined by the court or arbitrators, as the case may be) agrees to reimburse the prevailing Party for the reasonable expenses of such action (including appeals and enforcement actions, if the Party seeking reimbursement prevails), including reasonable attorneys' fees and disbursements incurred by the prevailing Party, regardless of whether the action or proceeding is prosecuted to judgment. The term "attorneys' fees" wherever used in this Lease, shall mean only the reasonable charges for services actually performed and rendered, of independent, outside legal counsel who are not the employees of the Party in question.

Section 21.18. Anti-Merger. The voluntary or otherwise surrender of this Lease by Tenant, or a mutual cancellation of this Lease shall not work a merger but shall at the option of Landlord either: (i) terminate any existing subleases or subtenancies; or (ii) operate as an assignment to Landlord (and assumption by Landlord) of any subleases or subtenancies.

Section 21.19. Quiet Enjoyment. Landlord covenants and agrees that, so long as Tenant is not in default in its obligations hereunder beyond the expiration of any applicable cure or grace period, Tenant shall have and enjoy the peaceable and quiet enjoyment of the Premises subject to the terms of this Lease, free and clear of any molestation, hindrance, eviction, nuisance, claim, interruption or impairment by Landlord or by any person or entity claiming by, through or under Landlord.

Section 21.20. Tenant's Operation. Except as expressly provided in this Lease, nothing contained in this Lease (including, without limitation, the provisions hereof concerning Percentage Rent or in the rules or regulations (if any) promulgated by Landlord) shall be deemed in any way (i) to regulate the manner of operation by Tenant of its business or the hours or days of such operation, or (ii) to constitute or imply a covenant by Tenant to operate continuously in the Premises at any time, or (iii) to limit Tenant's use of the Premises or to give Landlord any censorship right, express or implied, over any movies, films or other attractions exhibited by Tenant or over the content of Tenant's advertising.

Section 21.21. Promotional Activities/Merchants' Association. Tenant shall not be obligated to join any merchants' association established for the tenants and occupants of the Center or participate in any promotional activities or advertising of the Center, except that Tenant, at Landlord's written request, shall contribute an amount equal to one hundred dollars (\$100.00) per Lease Year to the promotional fund of the Center, and to the extent Tenant makes such contribution, notwithstanding anything to the contrary in this Lease, Tenant's CAM Contribution payable by Tenant for such Lease Year and the Common Area Expenses Cap for such Lease Year shall be reduced by such contribution. Landlord shall reasonably cooperate with Tenant in connection with the marketing of the Center.

Section 21.22. Business Days. Any references in this Lease to "business days" refer to days other than a Saturday, Sunday or a legal holiday under the laws of the United States or the State of California.

Section 21.23. Counterparts. This Lease may be executed in any number of identical counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

Section 21.24. Confidentiality. Without limiting the provisions of Section 4.6 all of the terms and conditions of this Lease, as well as all financial information (including statements of Tenant's Gross Sales) provided by Tenant to Landlord under this Lease concerning Tenant's operation, shall be received, handled and treated in all respects as confidential information, to be used solely by Landlord in connection with the bona fide purposes in connection with the administration of this Lease, and shall not be communicated, delivered, published or otherwise disclosed to any person or entity (in summary form or otherwise) without the express prior written consent of Tenant in each instance, except that Tenant's consent shall not be required for the disclosure of such information in good faith to Landlord's lenders, accountants, attorneys and actual and potential investors provided that the recipient acknowledges and agrees in writing to treat such information as confidential and to be bound by this Section 21.24. The provisions of this Section 21.24 shall survive the expiration of the Term or the earlier termination of this Lease.

Section 21.25. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California (excluding conflicts of laws principles).

Section 21.26. [Intentionally deleted.]

Section 21.27. [Intentionally deleted.]

Section 21.28. [Intentionally deleted.]

ARTICLE 22

SPECIAL PROVISIONS REGARDING TENANT'S EXISTING THEATRE AND THE CONSTRUCTION OF THE THEATRE

Section 22.1. Tenant's Existing Theatre. As of the Effective Date of this Lease, Tenant is operating a theatre in the Center (the "Existing Theatre") and leases the same from Existing Landlord pursuant to the Existing Lease. Tenant has ceased operations in the portion of the Existing Theatre which is known as the Century 22 dome theatre and located at 1600 Ethan Way as shown on Exhibit Q (the "Ethan Way Dome"). As of the date of this Lease Tenant has vacated the Ethan Way Dome, and Tenant shall return possession of the Ethan Way Dome to Landlord on the Effective Date of this Lease. Base Rent and other Impositions (as such terms are defined in the Existing Lease) for the Existing Lease shall be reduced by twenty-five percent (25%) beginning on the date upon which Tenant ceases to be open to the public for business in the Ethan Way Dome. Notwithstanding anything in this Lease to the contrary, in the event either party terminates this Lease because the General Conditions are not satisfied within the applicable time periods and Landlord has demolished the Ethan Way Dome, then Landlord shall, as soon as is commercially reasonable, replace the Ethan Way Dome with new premises in the Center adjacent to the remainder of the Existing Theatre in a location reasonably acceptable to Tenant and containing a theatre of at least twenty thousand (20,000) square feet according to plans and specifications which have been reasonably approved by Tenant ("Replacement Premises"); and if despite using good faith commercially reasonable efforts Landlord is unable to obtain the necessary governmental approvals to provide such Replacement Premises, the twenty-five percent (25%) reduction in Base Rent and other Impositions under the Existing Lease provided by this Section 22.1 shall remain in effect for the remainder of the term of the Existing Lease and, notwithstanding anything in the Existing Lease to the contrary, there shall be no increases in Base Rent under the Existing Lease for a period of ten (10) years beginning on the date of termination of this Lease. The terms of this Section 22.1 shall survive the termination of this Lease.

Section 22.2. Termination of the Existing Lease. Within ten (10) days after (i) the satisfaction of Tenant's Work Commencement Conditions as provided in Section 4.6 of the Work Letter, (ii) Landlord's approval of Tenant's general contractor as provided in Section 4.2 of the Work Letter and (iii) Tenant's right to terminate this Lease under Section 5.1 of the Work Letter has expired or been waived by Tenant, Landlord shall provide notice to Tenant specifying

the date upon which Tenant shall cease operation and tender possession of the remainder of the Existing Theatre to Landlord (“**Proposed Existing Lease Termination Date**”). Tenant shall vacate all of the Existing Theatre no later than January 15, 2016, or such earlier time as Tenant and Landlord mutually agree. On the date Tenant tenders possession of the remainder of the Existing Theatre to Landlord, the Existing Lease shall terminate.

ARTICLE 23

SPECIAL PROVISIONS REGARDING THE CENTER

Landlord’s Affiliate, Sy Howe Arden LLC owns the part of the Shopping Center labeled “**Affiliate Parcel 1**” on Exhibit “A”, which land is more particularly described by metes and bounds in Exhibit “B-1” (“**Affiliate Parcel 1**”). Landlord’s Affiliate Howe Avenue Holdings LLC owns the part of the Center labeled “**Affiliate Parcel 2**” on Exhibit “A”, which land is more particularly described by metes and bounds in Exhibit “B-2” (“**Affiliate Parcel 2**”). Affiliate Parcel 1 and Affiliate Parcel 2 are sometimes collectively referred to in this Lease as “**Affiliate Parcels.**” The Center, including, without limitation, the Affiliate Parcels, is subject to that certain Declaration of Reciprocal Easements, Covenants, Conditions and Restrictions (“**REA**”), the form of which is attached hereto as Exhibit “P”. Landlord shall not allow the REA to be amended or otherwise agree to any modification of the REA without the prior written consent of Tenant if such amendment or modification will materially and adversely affect Tenant’s use of the Premises. For the purposes hereof any amendment or modification of the REA, which (i) causes parking for the Center to be reduced, (ii) interferes with access to and/or visibility of the Theatre; (iii) interferes with Tenant’s business operations at the Center or causes such operations to be more costly; or (iv) otherwise takes away any of Tenant’s rights under this Lease, shall be deemed to materially and adversely affect Tenant’s use of the Premises. Landlord shall, at Landlord’s sole cost and expense, upon Tenant’s request, enforce the provisions of the REA on behalf of Tenant so as to protect all of Tenant’s rights under this Lease and the REA. Additionally, if any breach or default under the REA has not been (or is not being) cured within the applicable cure period provided in the REA, then Landlord hereby grants Tenant the right to cure a breach of the REA as provided in Section 12 of the REA and, if Tenant so elects, to enforce the REA; provided, however, this grant does not diminish or in any other way affect Landlord’s obligations under this Lease. If Tenant shall incur any reasonable expense, including reasonable attorneys’ fees, in curing a breach of the REA or in enforcing any provisions of the REA, then Landlord shall reimburse Tenant for the amount of such expense, with interest thereon at the Interest Rate from and after the date of demand, and, if Landlord shall fail to make such reimbursement promptly after demand, Tenant may recoup the amounts unpaid, with interest at the Interest Rate, against Rent and other charges coming due hereunder. In the event the costs and expenses incurred by Tenant to cure such breach of the REA exceed the amount recouped by Tenant by its withholding from Rent and other charges as aforesaid through the balance of the Term then in effect, then Tenant shall have the right, but not the obligation, to extend the Term for a period of time sufficient for Tenant to recover such unrecovered costs and expenses from Rent and other charges otherwise payable during such extended period. Notwithstanding any other provision of this Lease to the contrary, some of Landlord’s obligations under this Lease, including, but not limited to, paying Real Estate Taxes, maintaining Common Areas, maintaining signage and insuring portions of the Center, may be performed by the Landlord Affiliates or their successors or assigns as to items on the Affiliate Parcels.

IN WITNESS WHEREOF, the undersigned Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

SY ARDEN WAY LLC,
a California limited liability company

By: SyWest Holdings LLC,
a California limited liability company
Its: Member/Manager

By: Syufy Enterprises,
a California limited partnership
Its: Member/Manager

By: Syufy Properties, Inc.
a California corporation
Its: General Partner

By: _____
Name: William Vierra
Its: Senior Vice President

TENANT:

CENTURY THEATRES, INC.,
a California corporation

By: /s/ Tom J. Owens

Name: Tom J. Owens

Its: Executive Vice President – Real Estate

Existing Landlord has executed this Lease as of the day and year first above written solely for the purpose of Section 22.2, Termination of the Existing Lease.

EXISTING LANDLORD:

SYUFY ENTERPRISES,
a California limited partnership,

By: Syufy Properties, Inc.,
a California corporation,

Its: General Partner

By: /s/ William Vierra

Name: William Vierra

Its: Senior Vice President

February 8, 2016

VIA EMAIL

Sy Arden Way LLC
c/o SyWest Development
150 Pelican Way
San Rafael, California 94901

Re: ***Lease, dated May 26, 2015, by and between SY ARDEN WAY LLC, a California limited liability company ("Landlord") and CENTURY THEATRES, INC., a California corporation ("Tenant") (together with any amendments or supplements thereto, the "Lease") for a theatre of approximately 65,219 square feet in the Howe 'Bout Arden Center, in the County of Sacramento, California.***

Dear Landlord,

Due to the fact that Landlord, Tenant and CSI Construction ("Contractor") disagree as to the payment process for the Building Allowance, Landlord and Tenant hereby agree to the below.

Landlord and Tenant hereby agree to delete the Addendum to the Construction Contract attached to the Work Letter of the Lease ("Work Letter") in its entirety. As such, the provisions in the Lease and the Work Letter requiring Landlord to execute the Addendum with the Contractor are hereby waived by Landlord and Tenant. Accordingly, Tenant hereby agrees to waive all of the provisions of the Upset Price, as such term is defined in the Work Letter. Further, Tenant hereby waives all provisions set forth in Section 5.1 of the Work Letter relating to Tenant's right to terminate the Lease in connection with the Upset Price. Landlord is hereby directed to make all payments of the Building Allowance directly to Tenant, rather than the Contractor, in accordance with the terms of Section 5.2 of the Work Letter. Such payments shall be in lieu of any and all other requirements in the Lease, including the Work Letter, for Landlord to pay the Contractor, and all such requirements are hereby waived by Landlord and Tenant. Also, in Section 5.2 of the Work Letter, the fourth sentence relating to Landlord's indemnification of Tenant due to Landlord's failure to timely pay the Contractor is hereby deleted and replaced with the following sentence: "Landlord shall indemnify, defend and hold Tenant harmless from costs, expenses, damages and fees incurred due to Landlord's failure to timely pay the Building Allowance to Tenant." Tenant shall pay the Contractor directly for all of the costs to construct Tenant's Work (except the Building Allowance to be paid by Landlord to Tenant). Except as herein specifically modified or waived, all other provisions in the Lease regarding the Building Allowance, including the payment thereof, shall remain in full force and effect.

Except as herein specifically modified or waived, all the terms, provisions and conditions of the Lease, including the Work Letter, shall remain in full force and effect.

This letter agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute but one and the same agreement. For purposes of this letter agreement, a facsimile or electronic transmission signature shall be deemed an original signature. This letter agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns.

Please indicate your agreement with the foregoing by executing this letter agreement in the space designated below and returning a copy to us.

Sincerely,

CENTURY THEATRES, INC.,
a California corporation

By: /s/ Thomas J. Owens
Name: Thomas J. Owens
Its: Executive Vice President – Real Estate
Date: February 8, 2016

AGREED TO AND ACCEPTED BY LANDLORD:

SY ARDEN WAY LLC,
a California limited liability company

By: SyWest Holdings LLC,
a California limited liability company
Its: Member/Manager

By: Syufy Enterprises,
a California limited partnership
Its: Member/Manager

By: Syufy Properties, Inc.
a California corporation
Its: General Partner

By: /s/ William Vierra
Name: William Vierra
Its: Senior Vice President
Date: February 8, 2016

CINEMARK HOLDINGS, INC.

THIRD AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR
COMPENSATION POLICY

Effective as of February 15, 2017

Introduction: In order to advance the interests of Cinemark Holdings, Inc. (the “*Company*”) and its stockholders by aligning the interests of the Company and its stockholders with Non-Employee Directors and enhancing the ability of the Company and its Subsidiaries to attract and retain qualified Non-Employee Directors, the Company has adopted this Non-Employee Director Compensation Policy (this “*Policy*”), by which Non-Employee Directors are compensated for their service to the Company.

Eligibility: Only those members of the Company’s board of directors (the “*Board*”) who constitute Non-Employee Directors are eligible to receive compensation under this Policy. For purposes of this Policy, “*Non-Employee Director*” means any member of the Board of Directors of the Company (the “*Board*”) who (i) is not an employee of the Company or any of its Subsidiaries; and (ii) is not an employee of any the Company’s stockholders with contractual rights to nominate directors (a “*Significant Stockholder*”). Directors who are employees of the Company, any of its Subsidiaries, or any of its Significant Stockholders are not entitled to additional compensation on account of such director’s service on the Board. In addition, no additional compensation shall be paid to any member of the Board who serves as a director of any subsidiary of the Company.

Cash Compensation: Each Non-Employee Director shall be entitled to receive the following annual compensation (as applicable to such Non-Employee Director) in connection with the service of such Non-Employee Director as a member of the Board:

- (a) A base director retainer of \$60,000;
 - (b) An additional retainer of \$35,000 if such Non-Employee Director serves as the Lead Director;
 - (c) An additional retainer of \$20,000 if such Non-Employee Director serves as the chairman of the Audit Committee of the Board (the “**Audit Committee**”);
 - (d) An additional retainer of \$10,000 if such Non-Employee Director serves as a member of the Audit Committee, other than the chairman of the Audit Committee;
 - (e) An additional retainer of \$15,000 if such Non-Employee Director serves as the chairman of the Compensation Committee of the Board (the “**Compensation Committee**”);
-

- (f) An additional retainer of \$10,000 if such Non-Employee Director serves as a member of the Compensation Committee, other than the chairman of the Compensation Committee;
- (g) An additional retainer of \$10,000 if such Non-Employee Director serves as the chairman of the Nominating and Corporate Governance Committee of the Board (the “**Governance Committee**”);
- (h) An additional retainer of \$7,500 if such Non-Employee Director serves as a member of the Governance Committee;
- (i) An additional retainer of \$10,000 if such Non-Employee Director serves as the chairman of the Strategic Planning Committee of the Board;
- (j) An additional retainer of \$5,000 if such Non-Employee Director serves as a member of the Strategic Planning Committee;
- (k) An additional retainer of \$10,000 if such Non-Employee Director serves as the chairman of the New Ventures Committee of the Board; and
- (l) An additional retainer of \$5,000 if such Non-Employee Director serves as a member of the New Ventures Committee.

Cash Payment: Each Non-Employee Director shall be paid the amount of cash retainer applicable to such Non-Employee Director in four (4) equal quarterly payments to be made on the fifth (5th) business day following the end of each fiscal quarter of the Company during which such Non-Employee Director has continuously served as a member of the Board (or applicable committee of the Board), or as soon thereafter as is administratively possible. Notwithstanding anything in this Policy to the contrary, in the event a Non-Employee Director assumes or vacates a position on the Board or one of its committees during a quarter, such Non-Employee Director shall be entitled to a prorated portion of the cash compensation for such position for that quarter based on the percentage of days in that quarter during which such Non-Employee Director served in the position for which the cash retainer is payable under this Policy.

Expense Reimbursement: All Non-Employee Directors shall be entitled to reimbursement from the Company for their reasonable travel (including airfare and ground transportation), lodging and meal expenses incident to attending meetings of the Board or committees thereof or in connection with other Board related business. The Company shall also reimburse directors for attendance at director continuing education programs that are relevant to their service on the Board and which attendance is pre-approved by the chairman of the Nominating and Corporate Governance Committee or chairman of the Board. The Company shall make reimbursement to a Non-Employee Director within a reasonable amount of time following submission by the Non-Employee Director of reasonable written substantiation for the expenses.

Restricted Shares: Promptly following the initial election of a Non-Employee Director to the Board, or promptly following a Board member meeting the criteria of a Non-Employee Director, such Non-Employee Director shall receive a grant of Restricted Shares of the Company's Common Stock valued at \$115,000 (the "*Initial Award*") and thereafter, promptly following the anniversary of the date of election to the Board a continuing Non-Employee Director shall receive a grant of Restricted Shares of the Company's Common Stock valued at \$115,000 (the "*Annual Award*") on June 15 of every year. The valuation date of the Restricted Shares will be the date of grant of such Restricted Shares. The number of Restricted Shares to be issued will be determined by dividing \$115,000 by the Fair Market Value of a share of Common Stock on the valuation date. The Initial Award shall vest on a date determined by the Board and each Annual Award shall vest on the first anniversary of the date of the grant, subject to the Non-Employee Director's continued service to the Company through the vesting dates. All grants of Restricted Shares shall be made pursuant to the Company's current equity incentive plan. The descriptions of these grants set forth above are qualified in their entirety by reference to the equity incentive plan and the applicable Restricted Share Award Agreement issued thereunder.

Annual Review: This Policy shall be reviewed annually by the Compensation Committee and modified as necessary to ensure its terms remain consistent with the stated interests of the Company and its stockholders. The Compensation Committee shall have the power to construe this Policy to determine all questions arising thereunder, and to adopt and amend such rules and regulations for the administration of this Policy as it may deem desirable. The Compensation Committee shall determine the members of the Board who qualify as Non-Employee Directors and are eligible to receive compensation under the terms of this Policy. Any decisions of the Compensation Committee in the administration of this Policy shall be final and conclusive. The Compensation Committee may authorize one or more of its members or any officer of the Company to execute and deliver documents on its behalf. No member of the Compensation Committee shall be liable for anything done or omitted to be done by such member or by any other member of the Board or the Compensation Committee in connection with this Policy, except for such member's 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 Compensation Committee shall have the power to engage outside consultants, auditors or other professional help to assist in the fulfillment of the duties of the Compensation Committee under this Policy at the Company's expense.

Capitalized Terms: Capitalized terms used not defined in this Policy have the meanings ascribed to them in the Amended and Restated Plan.

IN WITNESS WHEREOF, upon authorization of the Compensation Committee of the Board, the undersigned has caused this Cinemark Holdings, Inc. Third Amended and Restated Non-Employee Director Compensation Policy, to be executed effective on the 15th day of February, 2017.

CINEMARK HOLDINGS, INC.

By: /s/ Michael D. Cavalier

Name: Michael D. Cavalier

Title: Executive VP-General Counsel and Secretary

*Signature Page to
Cinemark Holdings, Inc. Non-Employee Director Compensation Policy*

CINEMARK HOLDINGS, INC.
CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES

	2013	2014	Year Ended December 31, 2015	2016	2017
Computation of Earnings:					
Pretax income from continuing operations before equity income	\$ 241,182	\$ 267,320	\$ 319,541	\$ 328,684	\$ 309,392
Add:					
Fixed charges	215,488	207,100	207,914	204,523	203,789
Amortization of capitalized interest	496	496	496	496	496
Distributed income of equity investees	22,682	22,743	28,126	31,962	35,985
Less:					
Capitalized interest	—	—	—	—	—
TOTAL EARNINGS	<u>\$ 479,848</u>	<u>\$ 497,659</u>	<u>\$ 556,077</u>	<u>\$ 565,665</u>	<u>\$ 549,662</u>
Computation of Fixed Charges:					
Interest expense	\$ 119,237	\$ 108,453	\$ 107,590	\$ 102,821	99,721
Capitalized interest	—	—	—	—	—
Amortization of debt issue costs	5,476	5,245	5,151	5,492	97,871
Interest factor on rent expense	90,775	93,402	95,173	96,210	203,789
TOTAL FIXED CHARGES	<u>\$ 215,488</u>	<u>\$ 207,100</u>	<u>\$ 207,914</u>	<u>\$ 204,523</u>	<u>\$ 203,789</u>
RATIO OF EARNINGS TO FIXED CHARGES (1)	<u>2.23x</u>	<u>2.40x</u>	<u>2.67x</u>	<u>2.77x</u>	<u>2.70x</u>

(1) For the purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before taxes plus fixed charges excluding capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortization of debt issue costs and that portion of rental expense which we believe to be representative of the interest factor.

SUBSIDIARIES OF CINEMARK HOLDINGS, INC.

United States

Cinemark USA, Inc., a Texas corporation
Cinemark, L.L.C., a Cayman corporation
Sunnymead Cinema Corp., a California corporation
Cinemark Properties, Inc., a Texas corporation
Greeley Holdings, Inc., a Texas corporation
Greeley, Ltd., a Texas limited partnership
Cinemark Concessions, L.L.C., a Florida limited liability company
Cinemark International, L.L.C., a Texas limited liability company
Cinemark Mexico (USA), Inc., a Delaware corporation
Cinemark Partners I, Inc., a Texas corporation
Cinemark Partners II, Ltd., a Texas limited partnership
Cinemark Investments Corporation, a Delaware corporation
CNMK Brazil Investments, Inc., a Delaware corporation
CNMK Investments, Inc., a Delaware corporation
CNMK Texas Properties, L.L.C., a Texas corporation
Laredo Theatre, Ltd., a Texas limited partnership
Brasil Holdings, L.L.C., a Delaware limited liability company
Brazil Holdings II, L.L.C., a Delaware limited liability company
Cinemark Media, Inc., a Delaware corporation
Cinemark Latin America Ventures, L.L.C., a Delaware limited liability company
Cinemark Prodecine Holdings, L.L.C., a Delaware limited liability company
Brazil Transition Holdings, L.L.C., a Delaware limited liability company
Century Theatres, Inc., a California corporation
Marin Theatre Management, L.L.C., a California limited liability company
Century Theatres NG, L.L.C., a California limited liability company
CineArts, L.L.C., a California limited liability company
CineArts of Sacramento, L.L.C., a California limited liability company
Corte Madera Theatres, L.L.C., a California limited liability company
Novato Theatres, L.L.C., a California limited liability company
San Rafael Theatres, L.L.C., a California limited liability company
Northbay Theatres, L.L.C., a California limited liability company
Century Theatres Summit Sierra, L.L.C., a California limited liability company
Century Theatres Seattle, L.L.C., a California limited liability company
Cinemark AB, Inc., a Maryland Corporation
FM Delaware I, LLC, a Delaware limited liability company
FM Delaware II, LLC, a Delaware limited liability company

ARGENTINA

Cinemark Argentina, S.R.L., an Argentine limited liability company
Prodecine S.R.L., an Argentine limited liability company
Bulnes 2215, S.R.L., an Argentine limited liability company
Cinemark Argentina Holdings, Inc., a Cayman corporation
BOCA Holdings, Inc., a Cayman corporation
Hoyts Cinema de Argentina S.A., an Argentine corporation

BRAZIL

Cinemark Brasil S.A., a Brazilian corporation
Cinestar Cinemas Ltda., a Brazilian corporation
Flix Media Publicidade e Entretenimento Ltda., a Brazilian limited partnership

CANADA

Century Theatres of Canada, ULC, a Canadian corporation

CENTRAL AMERICA

Cinemark Panama, S.A., a Panamanian joint stock company
Cinemark Equity Holdings Corporation, a British Virgin Islands corporation
Cinemark Costa Rica, S.R.L., a Costa Rican limited liability company
Cinemark El Salvador, Ltda de C.V., an El Salvadorian limited liability company
Cinemark Nicaragua y Cia, Ltda., a Nicaraguan limited liability company
Cinemark Honduras S. de R.L., a Honduran limited liability company
Cinemark Guatemala Ltda., a Guatemalan limited company
Flix Media Holdings Corporation, a British Virgin Islands corporation
Flix Cinevision Honduras S.R.L., a Honduran limited liability company
Flix Cinevision Costa Rica S.R.L., a Costa Rican limited liability company
Flix Cinevision Nicaragua S.R.L., a Nicaraguan limited liability company
Flix Cinevision Guatemala S.R.L., a Guatemalan limited liability company
Flix Cinevision Panama S.R.L., a Panamanian limited liability company
Flix Cinevision El Salvador S.R.L., an El Salvadorian limited liability company
Cine Food Services S.A., a Panamanian joint stock company

CHILE

Cinemark Chile S.A., a Chilean corporation
Inversiones Cinemark, S.A., a Chilean corporation
Worldwide Invest, Inc., a British Virgin Islands corporation
Flix Impirica S.A., a Chilean corporation

COLOMBIA

Cinemark Colombia S.A.S., a Colombian corporation
Flix Cinevision Colombia S.A.S., a Colombian corporation

ECUADOR

Cinemark del Ecuador S.A., an Ecuadorian corporation

MEXICO

Cinemark Plex, S. de R.L. de C.V., a Mexican limited liability company

PERU

Cinemark del Peru S.R.L., a Peruvian limited liability company

BOLIVIA

Cinemark Bolivia, S.R.L., a Bolivian corporation

PARAGUAY

Cinemark Paraguay, S.R.L., a Paraguayan limited liability company

CURACAO

Cinemark Curacao, B.V., a Dutch Caribbean limited liability company

SPAIN

Cinemark Holdings Spain, S.L., a Spanish limited liability company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-146349, 333-153273, and 333-218697 on Form S-8 of our reports dated February 23, 2018, relating to the financial statements and financial statement schedule of Cinemark Holdings, Inc., and the effectiveness of Cinemark Holdings, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Cinemark Holdings, Inc. for the year ended December 31, 2017.

/s/ Deloitte & Touche LLP

Dallas, Texas
February 23, 2018

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

I, Mark Zoradi, certify that:

1. I have reviewed this annual report on Form 10-K of Cinemark Holdings, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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; and
 - 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: February 23, 2018

CINEMARK HOLDINGS, INC.

By: /s/ Mark Zoradi
Mark Zoradi
Chief Executive Officer

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

I, Sean Gamble, certify that:

1. I have reviewed this annual report on Form 10-K of Cinemark Holdings, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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; and
 - 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
 - c) 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: February 23, 2018

CINEMARK HOLDINGS, INC.

By: /s/ Sean Gamble
Sean Gamble
Chief Financial Officer

**CEO CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADDED BY
SECTION 906 OF THE SARBANES - OXLEY ACT OF 2002**

This certification is provided pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the annual report on Form 10-K (the "Form 10-K") for the year ended December 31, 2017 of Cinemark Holdings, Inc. (the "Issuer").

I, Mark Zoradi, the Chief Executive Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: February 23, 2018

/s/Mark Zoradi

Mark Zoradi

Chief Executive Officer

Subscribed and sworn to before me this 23rd day of February 2018.

/s/Julie Martinez

Name: Julie Martinez

Title: Notary Public

My commission expires: 09/25/2021

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 18 U.S.C. SECTION 1350, AS ADDED BY
SECTION 906 OF THE SARBANES – OXLEY ACT OF 2002

This certification is provided pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the annual report on Form 10-K (the “Form 10-K”) for the year ended December 31, 2017 of Cinemark Holdings, Inc. (the “Issuer”).

I, Sean Gamble, the Chief Financial Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: February 23, 2018

/s/Sean Gamble

Sean Gamble
Chief Financial Officer

Subscribed and sworn to before me this 23rd day of February 2018.

/s/Julie Martinez

Name: Julie Martinez
Title: Notary Public

My commission expires: 09/25/2021

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.