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Time Warner and CBS Execs Suggest Theater Owners Calm Down; NATO Makes Its Own Suggestion

(Los Angeles, CA: May 12, 2011) Time Warner chairman Jeff Bewkes and CBS president and CEO Les Moonves offered some unsolicited advice for theater owners at the Jefferies 2011 Global Technology, Internet, Media & Telecommunications Conference, Wednesday morning.

According to published reports, *"There has been too much excitement about this," Bewkes said about premium VOD in highlighting that exhibitors and studios share the same interests. Discussing exhibitors, he emphasized once again that "nobody in the movie business wants them to be at risk," and suggested that studios and theaters have aligned interests in making content accessible in legal and high-quality ways to combat piracy. (Hollywood Reporter, May 11, 2011)*

Moonves said "I know theater owners are scared," noting that all companies in media have had to adapt to new technology. "They are going to have to change a bit to prevent a crisis." (Variety, May 11, 2011)

"Forgive us if we decline to take business lessons from the end of the industry that enabled the erosion of value in the home market," said National Association of Theatre Owners (NATO) president and CEO John Fithian. "The creation of \$1.99 kiosk rentals and \$7.99 monthly subscriptions have undercut the sell-through model in the home—not theatrical release windows."

"Let me offer some advice in return, from the end of the business that has grown more than 25 percent globally over the last five years," Fithian continued. "Your problem is in the home window: fix it there. You will not create extra revenue by introducing in the theatrical window the same self-cannibalizing channel confusion that has decimated the home market."

On the issue of movie theft, Fithian added, "Combat piracy by charging \$30 for a rental? Really? You can't compete with free. Early VOD release will only



exacerbate theft by giving the pirates a pristine digital copy of the movie much earlier than they have with DVDs.”

“Theater owners around the globe are indeed concerned. So are many leading movie directors and producers who care about the theatrical experience. Studio bosses should spend more time talking to their partners about models that might work, instead of asking us to calm down.”

About NATO

The National Association of Theatre Owners is the largest exhibition trade organization in the world, representing more than 30,000 movie screens in all 50 states, and additional cinemas in 50 countries worldwide. www.natoonline.org

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