

Digital Cinema

Explosive and expected growth by **early adopters**—192 screens at the end of 2005 to over **4,675** screens (out of 38,794) as of May 2008. This early-adopter stage has been the **beta market** we needed to evaluate d-cinema's potential and resolve lingering hiccups in the technology and the business models.

Digital cinema brings **consistent quality** to the movie-going experience—moviegoers will see the same crispness and clarity in the movie throughout the life of its exhibition.

Digital cinema and networking open up multiple avenues for **alternative content**: concerts, opera, sporting events, even video games. Local cinemas can become more like entertainment meccas, gathering points for diverse communities.

Digital cinema gives exhibitors greater **flexibility** in adding screens for surprise hits and replacing films that are not so popular.

Digital cinema facilitates and enhances exciting new technologies like **3D**.

Early signs indicate that the new and improved 3D cinema experience will be a significant enticement for people to come to the theatre. **The watershed year for 3D will be 2009, with 10 major releases.**

Both production and distribution are cheaper in digital, which lowers the cost barrier for **independent films**.

The financial benefits of digital distribution accrue to distributors, who stand to **save \$1 billion annually in print and distribution costs**. That is why current business models provide for some financing of the digital cinema transition by distributors in the form of a “virtual print fee.”

Through the Cinema Buying Group (CBG) we ensure that a robust community of independent exhibitors survive and thrive in the digital age.

Without broader penetration of digital cinema, 3D can't be done. **Time to finalize the deals.**