

Digital Cinema

Talking Points ...

- We've grown from **192** screens at the end of 2005 to over **5,684 screens** (out of 38,794) as of March 2009. The current slow-down is driven by the freezing of the credit markets, else we would have seen explosive growth this year.
- 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**. There were **2,083 3D screens** as of April 6, 2009.
- 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**, which represents over 7,500 screens in the U.S. and Canada, we strive to ensure that a robust community of independent exhibitors survive and thrive in the digital age.
- **Self-financing** may be useful for some companies, and we support the bold move by Paramount to release a straightforward 21-page agreement providing for direct-to-exhibitor VPF payments.