

PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

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Theatres Come Out Ahead in California Election

California's November 6 General Election results held some very good news for theatres. Soda tax proposals in Richmond and El Monte, CA which would have imposed a "business license fee" of one cent per ounce on sugar-sweetened beverages sold within city limits, were rejected by resounding margins – 67 percent voted No in Richmond and 77 percent voted No in El Monte.

NATO of California/Nevada took a leading role in opposition to the proposed taxes and prepared materials that were featured in the local Cinemark and Regal theatres. The theatre campaigns were seen by thousands of local voters and were cited in pre-election media coverage. This is a good example of how theatres can engage in the political process to educate patrons on the potential impacts of policy proposals.

NATO of CA/NV and our members greatly appreciate the support and cooperation of the American Beverage Association and Coca Cola in coordinating their campaign with the theatres.

At the statewide level, Proposition 37, which would have required labeling on raw or processed food offered for sale to consumers if the food is made from plants or animals with genetically modified material, failed with a 47 percent Yes vote. If Proposition 37 had passed, theatres could potentially have faced significant labeling and signage requirements, in addition to increased risk of predatory litigation.

The failure of these measures seems to indicate that California voters are dubious about government intrusion into what and how they eat. However, other election results show that voters are comfortable with imposing higher taxes and business costs.

Governor Jerry Brown scored an unexpected win with Proposition 30, which passed with 54 percent of the vote. Prop 30 raises California's sales tax to 7.5% from 7.25% and creates four high-income tax brackets for taxpayers with taxable incomes exceeding \$250,000, \$300,000, \$500,000 and \$1,000,000. Interestingly, the measure passed with virtually the same percentage of the vote as Governor Brown's 2010 election.

At the local level, approximately 171 of the 240 tax/revenue measures passed including 24 out of 27 add-on sales tax measures. These local add-on sales taxes will be in addition to Prop 30's sales tax increase.

City of San Jose voters passed Measure D with 59 percent of the vote, which sets the
Continued on next page

On behalf of its Board of Directors and staff NATO of California/Nevada
wishes you, our members and friends,

a Great Holiday Season and
Happy New Year filled with
Peace, Love, Friends,
Good Health and Prosperity



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hourly minimum wage in the city at \$10/hour with yearly adjustments for inflation. *San Jose Inside* editorialized against Measure D, writing, “Just as San Jose stores charge for shopping bags while retailers in Santa Clara, Milpitas and Campbell proudly give them away for free, Measure D will make San Jose a less desirable business environment than its immediate neighbors and cost the city jobs. Particularly hard hit will be small businesses, like theaters and restaurants.”

In summary, the theatre industry saw the defeat of two major threats on Election Night, but the cost of doing business will remain high in California.

Over 95% Certified at Food Safety Workshops

Over 95% of the managers and concessionists who participated in the NATO of California/Nevada sponsored Food Safety Certification Workshops in September received their 5 year Food Handlers certifications. The Association thanks our member companies, Rave Cinemas and Cinemark for hosting the workshops at the Rave Baldwin Hills 15 Theatre in Southern California and the Century Bayfair 16 Theatre in the Northern California city of San Leandro. We would also like to thank Pacific Standard Service for providing pens, notepads and clipboards to all students.

The course instructor, Jack Koury of the Avalon Resource Group, has over 30 years of experience in the field. He understands that theatre employees are not used to sitting for long periods of time and that most of the attendees have not taken an exam in many years. He explains and reviews the many topics; among them Preventing Contamination, Personal Hygiene and Employee Health, Managing Controls in a Food Establishment, and Conducting Cleaning and Sanitizing while emphasizing those most important to our industry. The one tip he stressed most often and the most important lesson to take away from the course, is that the best way to prevent contamination, is to wash hands thoroughly and often.

Certificates were mailed to the home addresses provided by the attendees on their exams. They should have been received by now so if you did not get yours please contact the NATO of CA/NV office.



Rave Baldwin Hills 15 Theatre’s Zachary Hill and GM Rob Boelman ensured the comfort of the students at the Southern California Food Safety workshop.



Appreciation goes to Cinemark’s Century Bayfair 16 Theatre managers Anita Liang and Armando Gutierrez for all of their help the day of the Food Safety workshop and to GM Anthony Tan (not pictured.)

Winter/Spring Film Product Seminar Has Record Turnout

NATO of California/Nevada's Winter/Spring Film Product Seminar proved once again to be a big hit both in Southern and Northern California with a turnout of over 400 attendees. Presentations from all the studios including Focus Features, 20th Century Fox and Fox Searchlight, Lionsgate, Paramount Pictures, Relativity Media, Roadside Attractions, Sony Pictures, Universal Pictures, Walt Disney Studios Motion Pictures, Warner Bros. and The Weinstein Company included behind the scenes footage, featurettes and trailers for sixty-seven titles with each of the studios providing marketing plans for their respective releases.

An additional highlight of the seminars was the introduction of Meet and Greet with your Studio Exhibitor Relations representative. Each of the studio representatives was stationed at a table at the program break following their presentation giving them the opportunity to meet the attendees and to discuss any of their concerns or suggestions. Based upon a post seminar survey, it was the unanimous opinion that the Meet and Greet addition to the seminar received a positive response and will be repeated at future product seminars. The survey also disclosed attendees felt the presentations and footage provided them with a greater insight on future releases with the opportunity of being better prepared in communicating information to their theatre staffs.

In addition to the always anticipated Goodie Bags, at the conclusion of both seminars private advanced screenings of two of the most anticipated Fall releases were screened, in Southern California Paramount Pictures' FLIGHT and in Northern California Sony's SKYFALL. Our appreciation to both Paramount and Sony for providing these screenings and our thanks and appreciation to the management and staffs at the Rave LA 18 + Imax and Cinemark's Century San Francisco Centre 9 Theatres for being our gracious hosts.



Cinemark's Century San Francisco Centre 9 Theatre management team of Nick Anderson, new manager Eric Farley and Elizabeth Kennedy accept the appreciation of NATO of CA/NV's Charlene Sievers (2nd from left) and Milt Moritz (4th from left) for a job well-done.



Rebecca Jansson, 20th Century Fox; Miriam Kundstadt, Focus Features, Cynthia Orellana, Universal; Amanda Rufener, Lionsgate; Julie Kominski, Walt Disney; Francis Orante, Warner Bros.; Heather Chinich, Sony and Zach Beebee, Relativity Media spent time visiting with managers at the "Meet and Greet" tables following their presentation sessions.



Rave L.A. 18 + IMAX Assistant Manager Brandon Dickerson accepting an appreciation plaque from NATO of CA/NV President Milt Moritz.

And a special thanks to our sponsors of many years ACS and MOC Insurance and to our newest sponsors RegenEnergy and Olson Visual who produced all of the signage for the scholarship program and the new studio Meet and Greet.

'Hobbit' Tickets On Sale In Five Different Versions

450 locations will screen Peter Jackson movie in 48 fps

By ANDREW STEWART for Variety



Advanced tickets went on sale for Peter Jackson's first "Hobbit" installment, "An Unexpected Journey" -- with major U.S. circuits offering up a not-so-Hobbit-sized 450 total locations capable of screening the film's high-frame-rate 3D version.

With the increased 48 frames-per-second 3D format, "Hobbit" auds will be able to choose from five theatrical versions when the picture bows Dec. 14. The other formats are 2D, 3D, Imax and Imax 3D.

Exhibitors are selling advanced tickets for all formats simultaneously. Filmgoers will not have to pay an additional surcharge for the picture's high

frame rate version beyond the usual 3D uptick.

Warner originally planned to keep the HFR version far more limited, though the studio ultimately sided with Jackson, who advocated for a wider footprint with the format. As a result, Warners hand-picked theatres, with at least one location in all major U.S. cities.

"If this is going to be a game-changer, we needed to be responsible with the format," Warner domestic distribution prexy Dan Fellman told *Variety*.

The size of the high-frame-rate rollout is an impressive achievement considering that no theatres were considered HFR-ready in April.

The difficulty of upgrading digital cinema systems so they can handle 48 fps depends on the age and type of the system.

Essentially, it becomes a hardware vs. software upgrade: Early "Series 1" d-cinema systems can't be upgraded for high frame rates at all. Some "Series 2" auditoriums have to add an integrated media block at the projector, which is a significant hardware upgrade. More recent "Series 2" installations that already have an IMB need only a software update.

At Cinemark, the third-largest theatre chain, all of the first-run 3D locations are now HFR-capable. "The Hobbit" will occupy only some 70 of those, however. The nation's largest circuits -- Regal and AMC -- have set aside more than 90 HFR-capable domestic locations for the film.

The 48 fps "Hobbit" version will be available only in 3D.

All the 3D system makers (RealD, Xpand, Dolby, MasterImage) say their systems will be ready for HFR when "The Hobbit" opens.

Industry Data

Average Ticket Price

The average ticket price for Q3 2012 was \$7.78. That is a decrease of 16 cents from Q3 2011 and a decline of 34 cents from Q2 2012. The year-to-date average for the first three quarters of 2012 is \$7.94. By way of comparison, the average ticket price in 1972 was \$1.70. Adjusted for inflation, that 1972 movie ticket would cost \$9.41 in 2012 dollars.

Screen Count

As of November 2012, there were 39,777 screens at 5,700 locations in the United States, for an average of 6.98 screens per location. At the same point in 2011, there were 39,630 screens at 5,713 locations, for an average of 6.94 screens per site.

Box Office and Admissions

2012 began with extremely favorable comparisons to 2011. The first quarter of the year was ahead of Q1 2011 by 23.1% in box office and 22.1% in admissions. Since the end of Q1, however, both box office and admissions have lagged the same portion of 2011, by 2% and 1.7%, respectively. Summer 2012 was \$4.28 billion -- a 2.9% decrease from the record \$4.4 billion in 2011 -- and admissions fell 2.3%.

Through November 11, 2012, YTD box office led 2011 by 4% and admissions were ahead 4.1%. As we head into an unusually packed holiday movie-going season, 2012 box office is currently on pace with 2010 at \$9.105 billion compared to 2010's \$9.116 billion (The full week box office in *Skyfall's* first week of release will more than erase the difference). With an arguably weaker slate, 2010 added an additional \$1.464 billion to close out the year at \$10.58 billion.

Courtesy of NATO President's Report

Applying for a NATO of CA/NV Scholarship 101

The National Association of Theatre Owners of California/Nevada (NATO of CA/NV) is once again offering twenty-five \$10,000.00 scholarship awards to member employees and qualifying dependents through its 2013 Scholarship Program. Applications are now available in the Scholarship Section of the Associations web site www.NATOCalNev.org The deadline for submitting applications is March 8, 2013.

Applying for a NATO of California/Nevada scholarship award really is easy, and to make it even easier we have compiled suggestions from a survey of the 2012 applicants to help future applicants through the steps to an accurate and complete application and a chance at winning one of the 25 awards.

1. APPLICATION –

- a. Read the application carefully. All the information you need to apply is included.
- b. Should you have questions after reviewing the application just contact the NATO of CA/NV office for answers; via email at Office@NATOCalNev.org or by phone 310.460.2900

2. TRANSCRIPTS –

- a. Order an official high school or college transcript covering the period of January, 2011 through December, 2012 as soon as the grades are available for the entire specified period. Keep in mind that the current high school semester may not end until January.
- b. Returning students who were not in school for that entire period must supply transcripts representing the equivalent of two years of their most recent studies.
- c. College freshmen and sophomores will need to include high school transcripts in addition to their current college ones to cover the entire period or the number of units needed to qualify.

3. LETTERS OF RECOMMENDATION –

- a. Provide opportunities to your college professors to get to know you, visit during their office hours.
- b. Don't wait until a few days before the application is due to request a letter of recommendation as managers, teachers, professors and community leaders may be busy with other obligations that take precedence over your request for a letter of recommendation.
- c. Explain to the person who is writing a letter of recommendation for you exactly what contact information is to be included and what is to be addressed within the letter of recommendation (as outlined in item 4 in the application.)

4. VERIFICATION LETTER and NUMBER OF HOURS WORKED –

- a. Check now to see if you are on track to work the qualifying numbers of hours, 500, between March 1, 2012 and February 28, 2013. Now is the time to ask for extra shifts.
- b. Find out from your manager or corporate office early to determine who you must contact to obtain your official verification of hours and how much time they will need to prepare the documentation.

5. ESSAY QUESTION and PERSONAL STATEMENT

- a. Follow all guidelines as listed on application
- b. Do not depend on Spell check alone. Re-read and review your essay for grammar and spelling errors.
- c. Remember, your personal statement is your opportunity to sell yourself.
- d. Review essays of past winners on Association web site for helpful guidelines.

6. DEPENDENTS and SPOUSES – Order your official documents such as birth certificates, marriage license, adoption papers and any other required documentation early as it may take weeks to arrive.

7. YOUR CHANCES OF WINNING AN AWARD – Your chances of winning a scholarship award are probably better than you think they are so don't miss out – get started on your 2013 application. Visit the Scholarship Section at www.NATOCalNev.org now to begin your journey to becoming a NATO of CA/NV scholarship winner. The application deadline is March 8, 2013.

Scotland's Indie Movie Theatres Team With Distrify for Online Streaming Service

Reprint from Hollywood Reporter, by Stuart Kemp

The platform will go live in November this year, launching with music doc "Sound It Out" and Japanese comedy drama "Rent-A-Cat" available to screen 24/7.

LONDON – Two of Scotland's premiere independent movie venues, the Glasgow Film Theatre (GFT) and Edinburgh's Filmhouse, have teamed with online movie distribution and marketing platform Distrify to push movies out on a curated streaming service.

The independent cinemas will be the first venues in the U.K. to work together to make available a specially selected online film program.

Each movie house will host a new online viewing platform on its website – the GFT Player and the Filmhouse Player.

The players will be available as part of an innovative trial, supported by a £90,000 (\$145,000) grant from Nesta's Digital R&D Fund, Scotland.

The Digital Research and Development Fund for Arts and Culture, Scotland is a partnership between Creative Scotland, Arts & Humanities Research Council (AHRC) and Nesta to support arts and cultural organizations across Scotland who want to work with digital technologies to expand their audience reach and engagement and/or explore new business models.

This project has been devised so that the two movie houses – each play a big part as host venues in their respective city's annual film festivals -- can reach beyond their walls and engage with audiences in other areas.

Films will be available to stream 24/7 and can be watched on computers, tablets and mobiles anywhere in the U.K. or Ireland. Streaming prices will start at £3.49 (\$5.62) with the service going live online from November.

The online players will carry fresh releases -- available to stream alongside their screenings in the cinema -- such as music documentary Sound it Out and Japanese comedy-drama Rent-a-Cat alongside "favorite" films that audiences may have missed on the big screen like the enjoyable French comedy The Women on the 6th Floor.

Both Sound It Out and Rent-A-Cat unspooled during this year's Edinburgh International Film Festival.

GFT head of cinemas Allison Gardner said: "Our reasons for pioneering the curated program online model are two-fold. There are an ever-growing number of films available to us and with our screens already working very hard, we needed to find a way to ensure that audiences are not missing out on the great films that we can offer them. Secondly, not everyone has access to cinemas like the GFT and the Filmhouse, or indeed time to go to the cinema when it suits them."

Filmhouse chief Rod White added: "The Player gives us the opportunity to provide an extra screen – open all hours – showing films that we would not otherwise have the room to screen, or audiences simply couldn't make it along to, or may have missed on the big screen."

Teaming with Distrify will allow both cinemas to utilize digital technology to research best practice in broadening total audience figures.

Distrify COO Andy Green said: "Audiences are finding films they want online and we want to offer cinema tickets as well as VOD, the idea is that a choice increases sales of both. Adding the curatorial voice of GFT and Filmhouse creates trust for an audience and adds an extra revenue stream for the cinemas."

Give your employees a chance at winning a \$10,000.00 scholarship award

Contact the NATO of CA/NV office to order 11" x 14" Break Room Posters promoting the 2013 Scholarship Program.



The 2013 Scholarship Break Room Poster serves as a backdrop for NATO of CA/NV President Milt Moritz and 2008 scholarship winner Michelle Marachi. Ms. Marachi's scholarship award made it possible for her to study abroad at the University of Oxford where she earned her Master's Degree in Medieval History. She returned to Cinemark's Northgate 15 Theatre and a part-time teaching job in her field of study.

CALENDAR of EVENTS & HOLIDAYS

Chanukah
December 8 - 16

Winter Begins
December 21

Christmas Day
December 25

New Year's Eve
December 31



New Year's Day
January 1

Martin Luther King Jr. Day
January 21



**NATO of CA/NV
Board of
Directors Meeting**
January 30

Variety Boys' and Girls' Club recipient of NATO of California/Nevada Matching Grant



Chairman of the Board of Variety Boys' and Girls' Club Jay Swerdlow and Executive Director Cris Arzate accept a check in the amount of \$100,000 from NATO of CA/NV President Milt Moritz. This matching grant is in addition to a previous \$100,000 donation from the Association that was used to equip the NATO of CA/NV Media Room at the newly built facility in East Los Angeles.