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WEBINAR SERIES

Week 2 Syllabus

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DEAD OR ALIVE: IS THE THEATRICAL MOTION PICTURE BUSINESS STILL VIABLE POST-COVID?

moderator:
Elsa Ramo
Managing Partner, Ramo Law, PC

panelists:
Nikkole Denson-Randolph
Senior Vice President, Content Strategy & Inclusion, AMC Theaters

Jim Orr
President, Domestic Theatrical Distribution, Universal Pictures

Tom Quinn
Founder and Chief Executive Officer, NEON

NIKKOLE DENSON-RANDOLPH *SENIOR VICE PRESIDENT*, CONTENT STRATEGY & INCLUSIVE PROGRAMMING, AMC THEATRES

NIKKOLE DENSON-RANDOLPH HAS INFLUENCED SOME OF THE BRIGHTEST MINDS AT THE INTERSECTION OF CREATIVE AND COMMERCE.

SHE JOINED AMC THEATRES IN 2009 AND HAS ACCUMULATED MORE THAN TWO DECADES OF BUSINESS STRATEGY AND DEVELOPMENT EXPERIENCE IN THE ENTERTAINMENT ARENA. IN HER CURRENT POSITION, DENSON RANDOLPH OVERSEES THE STRATEGIC DEVELOPMENT, IMPLEMENTATION, AND PROMOTIONAL PLANNING OF AMC'S PROGRAMMING EFFORTS AND INITIATIVES TO INCLUDE FILM, DIGITAL CONTENT (AMC THEATRES ON DEMAND), ALTERNATIVE CONTENT, AND LIVE EVENTS. RESPONSIBLE FOR DOUBLE-DIGIT RESULTS OF AMC'S TOTAL BOX OFFICE GROSS, SHE ALSO NEGOTIATES BOX OFFICE PARTICIPATION WITH 50+ FILM AND CONTENT DISTRIBUTORS.

IN 2010, DENSON-RANDOLPH LED AND ORCHESTRATED THE LAUNCH OF AMC INDEPENDENT, A HIGHLY POPULAR FILM PROGRAM DESIGNED NOT ONLY TO PROVIDE AMC THEATRES' GUESTS WITH INCLUSIVE, ON-SCREEN STORYTELLING FROM AROUND THE WORLD, BUT A DIRECT PIPELINE FOR FILMMAKERS WHO ARE POISED TO DISTRIBUTE THEIR OWN FILMS THEATRICALLY. AS PART OF THE PROGRAM, SHE SOURCED AND LED NEGOTIATIONS FOR THE AMC EXCLUSIVE RELEASE OF THE FIRST THEATRICAL KEVIN HART STANDUP COMEDY FILM KEVIN HART: LAUGH AT MY PAIN. THE FILM'S BOX OFFICE SUCCESS AND ITS THEATRICALLY EXCLUSIVE DIRECT DISTRIBUTION MODEL WERE NOTED AS ONE OF THE MOST EFFECTUAL INDEPENDENT FILM STORIES OF 2011, AND MADE HOLLYWOOD RECOGNIZE HART AS A BANKABLE STAR.

IN 2019, DENSON-RANDOLPH HAS SINCE FOLLOWED UP WITH LAUNCHING AMC ARTISAN FILMS, A PROGRAM DESIGNED TO CELEBRATE CHARACTER DRIVEN STORIES FROM UNIQUE PERSPECTIVES. THAT FALL, SHE LAUNCHED AMC THEATRES ON DEMAND, POSITIONING AMC AS THE FIRST THEATRE CIRCUIT IN THE US TO LAUNCH A STREAMING PLATFORM.

RECENTLY APPEARING ON THE 'ONES TO WATCH' LIST, ALONGSIDE BOXOFFICE & CELLULOID JUNKIES 50 TOP WOMEN IN GLOBAL CINEMA, AND RECEIVING NALIP'S 2019 INDUSTRY DISRUPTOR AWARD, SHE HAS ALSO BEEN RECOGNIZED AS A MAVERICK, IN DETAILS MAGAZINE'S HOLLYWOOD MAVERICKS ISSUE, ON ESSENCE MAGAZINE'S HOT HOLLYWOOD LIST, IN FAST COMPANY'S FAST TALK, AND IN 2 OF EBONY'S POWER 100 ISSUES. DURING HER TENURE AT AMC, SHE HAS ALSO BEEN A RECURRING FEATURED PANELIST AT THE SUNDANCE FILM FESTIVAL, TRIBECA FILM FESTIVAL, TORONTO INTERNATIONAL FILM FESTIVAL, CINEMACON, VARIETY'S FILM MARKETING SUMMIT AND OTHER NOTABLE INDUSTRY EVENTS AND CONFERENCES.

BEFORE AMC, DENSON-RANDOLPH SERVED AS THE DIRECTOR OF BUSINESS DEVELOPMENT FOR STARBUCKS COFFEE COMPANY'S ENTERTAINMENT GROUP FROM 2004 TO 2009, WHERE SHE DEVELOPED AND LED THEIR STRATEGY TO EXPAND BEYOND MUSIC, INTO FILM AND LITERARY OFFERINGS. KEY INITIATIVES INCLUDED INTRODUCING THREE NOVELS WHICH THEN APPEARED ON THE NEW YORK TIMES TOP 10 BEST SELLERS LIST, AS WELL AS AN UNPRECEDENTED PARTNERSHIP WITH LIONSGATE, IN WHICH STARBUCKS WAS INVOLVED WITH THE MARKETING AND PROMOTION OF AKEELAH AND THE BEE.

PRIOR TO HER WORK AT STARBUCKS ENTERTAINMENT, SHE SERVED AS PRESIDENT OF MAGIC JOHNSON ENTERTAINMENT AND VICE PRESIDENT OF MAGIC JOHNSON ENTERPRISES, WHERE SHE WAS INSTRUMENTAL IN BUILDING THE CORPORATE INFRASTRUCTURE AND PROMOTING THE MAGIC BRAND TO UNPARALLELED HEIGHTS. BECAUSE OF DENSON-RANDOLPH'S ACCOMPLISHMENTS AT MJE, JOHNSON ENTRUSTED HER WITH THE RESPONSIBILITY OF

REBUILDING AND REVITALIZING MJE'S ENTERTAINMENT DIVISION. IN LESS THAN TWO YEARS AT THE HELM, SHE CREATED A DEVELOPMENT SLATE OF FILM AND TELEVISION PRODUCTS THAT SOLIDIFIED MJE AS A PLAYER WITHIN THE ENTERTAINMENT INDUSTRY. HER SAVVY, CREATIVE MANAGEMENT EFFORTS SPAWNED AN INTERNAL SURGE STRAIGHT TO THE DIVISIONS' BOTTOM LINE, WHICH GREW MORE THAN 100 PERCENT FROM ITS INITIAL CAPITAL INVESTMENT.

DENSON-RANDOLPH EARNED HER BACHELOR OF ARTS FROM THE UNIVERSITY OF CALIFORNIA AT DAVIS, HER DOCTOR OF JURISPRUDENCE FROM THE UNIVERSITY OF SAN FRANCISCO, SCHOOL OF LAW, AND SHE HAS BEEN A MEMBER OF THE CALIFORNIA STATE BAR SINCE 1996. SHE ENJOYS SUPPORTING FILM DIVERSITY AS AN ADVISORY BOARD MEMBER OF THE BENTONVILLE FILM FESTIVAL AND THE AMERICAN BLACK FILM FESTIVAL. SHE ALSO SERVES AS A MEMBER OF NATO'S DIVERSITY AND INCLUSION COMMITTEE, EMPOWHER.ORG, AND EVERYCHILD FOUNDATION. SHE, HER HUSBAND JOHN, AND THEIR 2 DOGS LIVE IN LOS ANGELES, CALIFORNIA.

JIM ORR *PRESIDENT,* DOMESTIC THEATRICAL DISTRIBUTION, UNIVERSAL PICTURES

JIM ORR IS PRESIDENT OF DOMESTIC THEATRICAL DISTRIBUTION FOR UNIVERSAL PICTURES. ORR IS RESPONSIBLE FOR THE STRATEGY AND MANAGEMENT OF THE STUDIO'S NORTH AMERICAN THEATRICAL FILM RELEASES.

ORR JOINED UNIVERSAL IN JUNE 2016 AS EXECUTIVE VICE PRESIDENT AND GENERAL SALES MANAGER OF DOMESTIC DISTRIBUTION. PREVIOUSLY, HE SERVED AS PRESIDENT OF DOMESTIC DISTRIBUTION FOR THE STUDIO'S SPECIALTY DIVISION, FOCUS FEATURES. WHILE AT FOCUS FEATURES, HE OVERSAW THE RELEASES OF SUCH HITS AS LONDON HAS FALLEN AND THE THEORY OF EVERYTHING.

PRIOR TO TRANSITIONING TO FOCUS FEATURES IN 2012, ORR SERVED AS PRESIDENT OF DISTRIBUTION AT FILMDISTRICT, WAS PARTNER IN PARK CIRCUS US, AND ALSO SERVED AS EXECUTIVE VICE PRESIDENT AND GENERAL SALES MANAGER AT MGM, WHERE HE WAS INVOLVED WITH EVERY ASPECT OF THE STUDIO'S THEATRICAL DISTRIBUTION ACTIVITIES. ORR BEGAN HIS ENTERTAINMENT CAREER AT PARAMOUNT PICTURES, WHERE HE ROSE TO SENIOR VICE PRESIDENT, DOMESTIC DISTRIBUTION. ORR RECEIVED HIS UNDERGRADUATE DEGREE FROM EASTERN WASHINGTON UNIVERSITY, AND HIS JD FROM NEW YORK LAW SCHOOL.

TOM QUINN *FOUNDER AND CHIEF EXECUTIVE OFFICER,* NEON

QUINN IS THE CEO AND FOUNDER OF NEON; THE AUTEUR FOCUSED STUDIO. IN LESS THAN THREE YEARS, NEON HAS GROSSED OVER $150M AT THE BOX OFFICE AND CONTINUES TO PUSH BOUNDARIES AND TAKE CREATIVE RISKS ON BOLD FILMS SUCH AS BONG JOON HO'S RECORD-BREAKING DRAMA PARASITE, WHICH WON A HISTORIC 4 ACADEMY AWARDS INCLUDING BEST PICTURE (6 NOMINATIONS), THE PALME D'OR AT CANNES AND THE GOLDEN GLOBE FOR BEST MOTION PICTURE - FOREIGN LANGUAGE. THE CRITICALLY ACCLAIMED FILM BROKE MULTIPLE U.S. BOX OFFICE RECORDS INCLUDING HIGHEST PER SCREEN AVERAGE OF 2019 AND HIGHEST PER SCREEN AVERAGE FOR A FOREIGN LANGUAGE FILM OF ALL TIME, AMASSING OVER $54MM.

OTHER NOTEWORTHY NEON RELEASES INCLUDE: GOLDEN GLOBE AND WGA NOMINATED PALM SPRINGS STARRING ANDY SAMBERG, CELINE SCIAMMA'S GOLDEN GLOBE NOMINATED PORTRAIT OF A LADY ON FIRE, TODD DOUGLAS MILLER'S APOLLO 11, THE HIGHEST GROSSING DOCUMENTARY IN THE WORLD OF 2019 AT $16M AND GROWING; TIM WARDLE'S THREE IDENTICAL

STRANGERS, WINNER OF THE SUNDANCE SPECIAL JURY AWARD FOR STORYTELLING WHICH SURPASSED $13M AT THE BOX OFFICE; AND CRAIG GILLESPIE'S I, TONYA, WHICH GARNERED MULTIPLE ACADEMY AWARD® NOMINATIONS, ONE WIN FOR ALLISON JANNEY AND AMASSED OVER $30M IN BOX OFFICE IN NORTH AMERICA. FOLLOWING THEIR COLLABORATION ON I, TONYA, IN JANUARY 2018, 30WEST (DAN FRIEDKIN'S AND MICAH GREEN'S STRATEGIC VENTURE) PARTNERED WITH NEON TO BECOME MAJORITY INVESTORS IN THE COMPANY.

QUINN IS CREDITED WITH HAVING CREATED A NEW DISTRIBUTION PARADIGM FOR SUCH GROUNDBREAKING FILMS AS SNOWPIERCER, IT FOLLOWS AND BACHELORETTE, WHILE SIMULTANEOUSLY CHAMPIONING A TRADITIONAL DISTRIBUTION MODEL FOR BACK-TO-BACK OSCAR WINNERS 20 FEET FROM STARDOM AND CITIZENFOUR. HAVING ACQUIRED, PRODUCED AND DISTRIBUTED OVER 250 FILMS SPANNING A 25-YEAR CAREER, QUINN IS RESPONSIBLE FOR LAUNCHING 2 DISTRIBUTION LABELS: THE BOUTIQUE LABEL RADIUS AND THE GROUNDBREAKING GENRE LABEL MAGNET FOR MARK CUBAN AND TODD WAGNER. HE ALSO PLAYED A KEY ROLE IN PIONEERING THE USE OF VOD PLATFORMS AS THE SENIOR VICE PRESIDENT AT MAGNOLIA PICTURES. HE ALSO CREATED THE OSCAR SHORTS PROGRAM AND OVERSAW ITS DISTRIBUTION FOR THE FIRST 6 YEARS OF ITS EXISTENCE. PRIOR TO MAGNOLIA HE SERVED AS THE VP OF ACQUISITIONS AT SAMUEL GOLDWYN WHERE HE WAS RESPONSIBLE FOR SUPER SIZE ME.

QUINN IS THE RECIPIENT OF THE VISIONARY AWARD ALONGSIDE ELI ROTH AND ELIJAH WOOD FROM THE STANLEY FILM FESTIVAL, THE LEADING LIGHT AWARD FROM THE DOC-NYC FILM FESTIVAL, AND THE MAVERICK AWARD FROM THE WOODSTOCK FILM FESTIVAL.

ELSA RAMO *MANAGING PARTNER*, RAMO LAW P.C.

ELSA RAMO, RECENTLY NAMED TO VARIETY'S "2020 LEGAL IMPACT REPORT" AND "2020 DEALMAKERS LIST," ELSA RAMO REPRESENTED OVER 100 FILMS AND 50 TELEVISION SCRIPTED AND UNSCRIPTED SERIES IN 2019 ALONE, INCLUDING EMMY AWARD-WINNING SHOWS AND FILMS WHICH DEBUTED AT THE 2020 SUNDANCE FILM FESTIVAL.

ELSA PROVIDES COMPREHENSIVE LEGAL SERVICES TO PRODUCERS, FINANCIERS, CREATORS AND OWNERS OF FILM, TELEVISION AND DIGITAL CONTENT AND PROJECTS ACROSS A RANGE OF BUDGETS AND PRODUCTION LEVELS. SHE ESTABLISHED HER OWN LAW FIRM TO ENABLE UP-AND-COMING FILMMAKERS AND PRODUCERS TO BRING THEIR STORIES TO LIFE. HER CLIENTS INCLUDE IMAGINE ENTERTAINMENT, LIONSGATE, SCOUT PRODUCTIONS (CREATORS AND EPS OF "QUEER EYE"), BOARDWALK PICTURES (EPS FOR "CHEFS TABLE"), LOL AND HARTBEAT PRODUCTIONS (KEVIN HART'S PRODUCTION COMPANIES), THE JIM HENSON COMPANY, AND SKYDANCE.

ELSA'S LEADERSHIP WITHIN THE LEGAL AND ENTERTAINMENT COMMUNITIES EXTENDS BEYOND HER SUCCESSFUL BEVERLY HILLS FIRM. SHE DEDICATES SUBSTANTIAL TIME TO MENTORING WOMEN THROUGH VARIOUS ORGANIZATIONS; AND SHE HAS BECOME A GO-TO COMMENTATOR AND INSTRUCTOR ON LEGAL ISSUES RELATED TO FILM FINANCING AND THE ENTERTAINMENT MARKET.

ELSA RAMO FOUNDED THE FIRM IN 2005 ON THE UNIVERSAL STUDIOS BACKLOT AFTER SEVERAL CLIENTS APPROACHED HER TO HANDLE THEIR INDEPENDENT PRODUCTIONS. NOW AS MANAGING PARTNER TO THE FIRM, SHE HANDLES CLIENT MATTERS AS WELL AS MANAGES THE FIRM'S ATTORNEYS AND PACKAGING AND SALES DEPARTMENT.

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Dead or Alive: Is the Theatrical Motion Picture Business Still Viable Post-Covid?

Outline Of Topics/Issues

In the aftermath of the havoc wreaked on the theatrical motion picture business by a once-in-a-century pandemic, it's uncertain if people will return to movie theaters and, if so, when and in what numbers. In a post-Covid world exhibitors must make a compelling case for the theatrical experience. Time will tell if they consolidate or perhaps become subsidiaries of AT&T, The Walt Disney Company, Comcast or Netflix. The traditional windows between theatrical release and availability for in-home viewing have been compressed in a market where the major studios have product that needs to find an audience. With Universal, Disney and Time Warner all releasing titles day and date on streaming platforms, all eyes are on the relationship between exhibitors and distributors. How will this affect: the types of films getting greenlit, the economic model for film production and distribution, the survival of independents, and, finally, what does the lack of a theatrical release mean for talent participating in box office success? Will the theatrical movie business be limited to tent poles and art films? How can exhibitors adapt to this changing landscape in order to survive? This panel will look at crucial issues surrounding the existential crisis that the theatrical exhibition business is facing from the legal, studio, independent, and producer's point of views.

CONTINUING EDUCATION CREDITS

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Mar 23, 2021 11:30am PT

'Black Widow,' 'Cruella' to Debut on Disney Plus and in Theaters as Disney Shifts Dates for Seven Films

By Rebecca Rubin

Courtesy of Marvel

As moviegoing slowly begins to rebound in the U.S., it appears Hollywood studios aren't yet ready to release their biggest blockbuster hopefuls on the big screen.

All that is to say Disney has massively overhauled its upcoming slate and amended release plans for "Black Widow," Emma Stone's "Cruella," "Shang-Chi and the Legend of the Ten Rings," Pixar's "Luca" and several others.

Notably, "Black Widow" and "Cruella" will now premiere on Disney Plus at the same time they open in theaters. "Cruella" is arriving as scheduled on May 28, while "Black Widow" has been pushed back two months and will debut on July 9 instead of May 7. Both titles will be offered on Premier Access, which comes with a $30 rental fee.

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“Black Widow’s” move means that Marvel’s “Shang-Chi and the Legend of the Ten Rings,” which was previously set for early July, was bumped back to Sept. 3. It’s expected to have a traditional theatrical release.

Meanwhile, Pixar’s animated coming-of-age adventure “Luca” won’t play in theaters and instead is launching exclusively on Disney Plus, at no extra cost, on June 18.

Despite the massive refocus on streaming, Disney doesn’t plan to entirely ditch theaters. Numerous smaller titles, mostly those inherited from 20th Century, have been postponed but will bow solely on the big screen, including “Free Guy” (Aug. 13), “The King’s Man”(Dec. 22), “Deep Water” (Jan. 14, 2022) and “Death on the Nile” (Feb. 11, 2022).

Kareem Daniel, the chairman of Disney Media and Entertainment distribution, says the announcement “reflects our focus on providing consumer choice and serving the evolving preferences of audiences.”

“By leveraging a flexible distribution strategy in a dynamic marketplace that is beginning to recover from the global pandemic, we will continue to employ the best options to deliver The Walt Disney Company’s unparalleled storytelling to fans and families around the world,” he said.

Earlier in the pandemic, Disney’s “Mulan” remake skipped theaters and launched on Disney Plus for a premium fee. Disney hasn’t released viewership numbers on any streaming offerings, but the company’s CEO Bob Chapek has hinted that the studio will continue to experiment with release plans as the global theatrical market remains impaired. The announcement comes days after Disney touted record (though entirely vague) viewership for the Marvel Studios TV series “Falcon and the Winter Soldier” on Disney Plus.

Among film exhibitors and some studio executives, optimism has been mounting in recent weeks as movie theaters in Los Angeles and New York City have started to reopen. However, capacity is being capped 25% (or 100 people per auditorium in L.A. and 50 per auditorium in NYC). That’s notably restricted ticket sales, making it virtually impossible for big-budgeted films to turn a profit in theaters alone. Marvel films, for one, regularly cost over $200 million to produce.

Disney has postponed much of its slate, including several Marvel titles, numerous times amid the pandemic. The studio has been able to witness firsthand how the U.S. market is recovering, as it recently released “Raya and the Last Dragon,” an animated adventure geared toward family audiences, in theaters and on Disney Plus for a premium fee. The film has made $23.4 million in the U.S. and $71 million globally, which is modest by pandemic standards. But it would be financially detrimental for “Black Widow,” “Shang-Chi” or any other tentpoles to replicated those results.

Still, Hollywood studios aren’t betting against the summer movie season entirely. Disney and rivals are hoping the general public will feel more comfortable returning to recreational activities, like going to the movies, as more and more people get the COVID-19 vaccine. To that end, Paramount has moved up the release of “A Quiet Place Part II” from September to May 28, while Universal marginally bumped “F9” from May to June 25.

“Black Widow” stars Scarlett Johansson and takes place after the events of 2016’s “Captain America: Civil War.” It was originally slated for May 2020 but was delayed three times amid the pandemic. As Black Widow, aka Natasha Romanoff, finds herself alone, she is forced to confront a dangerous conspiracy with ties to her former life as a spy, long before she became an Avenger. Cate Shortland directed the film, the 24th installment in the Marvel Cinematic Universe. Florence Pugh and David Harbour round out the cast.

“Shang-Chi and the Legend of the Ten Rings” puts the spotlight on Simu Liu as the eponymous superhero, who grapples with his past after he is drawn into the Ten Rings organization. The movie, which has also been bounced back a few times in the past year, features Awkwafina, Tony Leung, Ronny Chieng and Michelle Yeoh.

In the last 12 months, studios have made some bold moves to compensate for the near closure of indoor movie theaters. Perhaps the most notable has been the sledgehammer that was taken to the theatrical window, which is the industry term for the amount of time that new movies play exclusively in theaters. It was traditionally about 90 days, and cinema chains had long resisted studio’s attempts to shorten that timeframe.

But the pandemic has accelerated those changes, with Warner Bros. releasing its entire 2021 theatrical slate on HBO Max on the same day the films launch in theaters. Starting next year, the studio will keep its movies in theaters for 45 days ahead of putting them on home entertainment. Paramount similarly plans to keep its new releases on the big screen for 45 days before moving them to the newly relaunched Paramount Plus streaming service. Meanwhile, Universal has forged its own model that enables the studio to offer its films on premium video-on-demand platforms after 17 days in theaters. In return, theater chains are getting a cut of the digital profits.

Skipping Theaters: Digitally Released Studio Films

U.S. film releases scheduled for theaters that bowed or will bow digitally in place of or alongside their theatrical releases following COVID-19 disruption and the launch of new streaming services.

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Universal	**Trolls World Tour**	VOD	Apr 10, 2020	Apr 10, 2020
Lionsgate	**The Quarry**	VOD	Apr 17, 2020	Apr 17, 2020
Paramount	**Blue Story**	VOD	Mar 20, 2020	May 5, 2020
United Artists	**Valley Girl**	VOD	May 8, 2020	May 8, 2020

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Warner Bros	**Scoob!**	VOD	May 15, 2020	May 15, 2020
Paramount	**The Lovebirds**	Streaming (Netflix)	Apr 3, 2020	May 22, 2020
Universal	**The High Note**	VOD	May 8, 2020	May 29, 2020
Neon	**Shirley**	Streaming (Hulu)	Jun 5, 2020	Jun 5, 2020
Disney	**Artemis Fowl**	Streaming (Disney+)	May 29, 2020	Jun 12, 2020
Universal	**The King of Staten Island**	VOD	Jun 19, 2020	Jun 12, 2020
Universal	**You Should Have Left**	VOD	Unscheduled	Jun 19, 2020
Universal	**Irresistible**	VOD	May 29, 2020	Jun 26, 2020
STX	**My Spy**	Streaming (Amazon)	Apr 17, 2020	Jun 26, 2020
Disney	**Hamilton**	Streaming (Disney+)	Oct 15, 2021	Jul 3, 2020
Sony	**Greyhound**	Streaming (Apple TV+)	Jun 12, 2020	Jul 10, 2020
Roadside	**The Secret: Dare to Dream**	VOD	Apr 17, 2020	Jul 31, 2020
Sony	**An American Pickle**	Streaming (HBO Max)	Unscheduled	Aug 6, 2020
STX	**The Secret Garden**	VOD	Unscheduled	Aug 7, 2020
Disney	**The One and Only Ivan**	Streaming (Disney+)	Aug 14, 2020	Aug 21, 2020

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
United Artists	**Bill & Ted Face the Music**	VOD	Aug 28, 2020	Aug 28, 2020
Disney	**Mulan**	Streaming Rental (Disney+)	Aug 21, 2020	Sep 4, 2020
Lionsgate	**Antebellum**	VOD	Aug 21, 2020	Sep 18, 2020
Warner Bros.	**Enola Holmes**	Streaming (Netflix)	Unscheduled	Sep 23, 2020
Roadside	**The Glorias**	Streaming (Amazon)	Sep 25, 2020	Sep 30, 2020
Sony	**Charm City Kings**	Streaming (HBO Max)	Apr 10, 2020	Oct 8, 2020
Paramount	**Love and Monsters**	VOD	Feb 12, 2021	Oct 16, 2020
Paramount	**The Trial of the Chicago 7**	Streaming (Netflix)	Sep 25, 2020	Oct 16, 2020
Warner Bros.	**The Witches**	Streaming (HBO Max)	Oct 9, 2020	Oct 22, 2020
20th Century	**Borat 2**	Streaming (Amazon)	Unscheduled	Oct 23, 2020
Sony	**The Craft: Legacy**	VOD	Unscheduled	Oct 28, 2020
Paramount	**Spell**	VOD	Aug 28, 2020	Oct 30, 2020
Lionsgate	**Run**	Streaming (Hulu)	May 8, 2020	Nov 20, 2020
Sony	**Happiest Season**	Streaming (Hulu)	Nov 25, 2020	Nov 25, 2020
101 Studios	**Mosul**	Streaming (Netflix)	Jun 12, 2020	Nov 26, 2020
STX	**Songbird**	VOD	Unscheduled	Dec 11, 2020

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Lionsgate	**Wander Darkly**	VOD	Unscheduled	Dec 11, 2020
STX	**Greenland**	VOD	Sep 25, 2020	Dec 18, 2020
Disney	**Soul**	Streaming (Disney+)	Nov 20, 2020	Dec 25, 2020
Warner Bros.	**Wonder Woman 1984**	Streaming (HBO Max)	Dec 25, 2020	Dec 25, 2020
STX	**Horizon Line**	VOD	Unscheduled	Jan 12, 2021
Warner Bros.	**The Little Things**	Streaming (HBO Max)	Jan 29, 2021	Jan 29, 2021
United Artists	**Minamata**	VOD	Feb 5, 2021	Feb 5, 2021
Lionsgate	**Barb and Star Go to Vista Del Mar**	VOD	Jul 16, 2021	Feb 12, 2021
United Artists	**Breaking News in Yuba County**	VOD	Feb 12, 2021	Feb 12, 2021
Warner Bros.	**Judas and the Black Messiah**	Streaming (HBO Max)	Feb 12, 2021	Feb 12, 2021
20th Century	**Nomadland**	Streaming (Hulu)	Feb 19, 2021	Feb 19, 2021
Warner Bros.	**Tom and Jerry**	Streaming (HBO Max)	Feb 26, 2021	Feb 26, 2021
Paramount	**The United States vs. Billie Holiday**	Streaming (Hulu)	Feb 26, 2021	Feb 26, 2021
Paramount	**Coming 2 America**	Streaming (Amazon)	Dec 18, 2020	Mar 4, 2021
Paramount	**SpongeBob: Sponge on the Run**	Streaming (Paramount+)	Aug 7, 2020	Mar 4, 2021

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Disney	**Raya and the Last Dragon**	Streaming Rental (Disney+)	Mar 5, 2021	Mar 5, 2021
United Artists	**Bad Trip**	Streaming (Netflix)	Apr 17, 2020	Mar 26, 2021
Warner Bros.	**Godzilla vs. Kong**	Streaming (HBO Max)	Mar 31, 2021	Mar 31, 2021
Warner Bros.	**Mortal Kombat**	Streaming (HBO Max)	Apr 23, 2021	Apr 23, 2021
Sony	**The Mitchells vs. The Machines**	Streaming (Netflix)	Oct 23, 2020	Apr 30, 2021
Paramount	**Without Remorse**	Streaming (Amazon)	Feb 26, 2021	Apr 30, 2021
Warner Bros.	**Those Who Wish Me Dead**	Streaming (HBO Max)	May 14, 2021	May 14, 2021
20th Century	**The Woman in the Window**	Streaming (Netflix)	May 15, 2020	May 14, 2021
Disney	**Cruella**	Streaming Rental (Disney+)	May 28, 2021	May 28, 2021
Warner Bros.	**The Conjuring: The Devil Made Me Do It**	Streaming (HBO Max)	Jun 4, 2021	Jun 4, 2021
Warner Bros.	**In the Heights**	Streaming (HBO Max)	Jun 11, 2021	Jun 11, 2021
Sony	**Wish Dragon**	Streaming (Netflix)	Unscheduled	Jun 11, 2021
Sony	**Fatherhood**	Streaming (Netflix)	Apr 16, 2021	Jun 18, 2021
Disney	**Luca**	Streaming (Disney+)	Jun 18, 2021	Jun 18, 2021

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Paramount	**Infinite**	Streaming (Paramount+)	Sep 24, 2021	Jun 2021
20th Century	**Summer of Soul**	Streaming (Hulu)	Jul 2, 2021	Jul 2, 2021
Skydance / Paramount	**The Tomorrow War**	Streaming (Amazon)	Jul 23, 2021	Jul 2, 2021
Disney	**Black Widow**	Streaming Rental (Disney+)	Jul 9, 2021	Jul 9, 2021
Warner Bros.	**Space Jam: A New Legacy**	Streaming (HBO Max)	Jul 16, 2021	Jul 16, 2021
Warner Bros.	**The Suicide Squad**	Streaming (HBO Max)	Aug 6, 2021	Aug 6, 2021
Warner Bros.	**Reminiscence**	Streaming (HBO Max)	Aug 20, 2021	Aug 20, 2021
Warner Bros.	**Malignant**	Streaming (HBO Max)	Sep 10, 2021	Sep 10, 2021
Warner Bros.	**The Many Saints of Newark**	Streaming (HBO Max)	Sep 24, 2021	Sep 24, 2021
Warner Bros.	**Dune**	Streaming (HBO Max)	Oct 1, 2021	Oct 1, 2021
Warner Bros.	**Cry Macho**	Streaming (HBO Max)	Oct 22, 2021	Oct 22, 2021
Warner Bros.	**King Richard**	Streaming (HBO Max)	Nov 19, 2021	Nov 19, 2021
Warner Bros.	**Matrix 4**	Streaming (HBO Max)	Dec 22, 2021	Dec 22, 2021
Sony	**Cinderella**	Streaming (Amazon)	Jul 16, 2021	2021
Amblin / Universal	**Finch**	Streaming (Apple TV+)	Aug 20, 2021	2021

Studio / Distributor	Film	Digital Release Type	Last Theatrical Date	Digital Date
Paramount	**My Little Pony**	Streaming (Netflix)	Sep 24, 2021	2021
Universal	**Run Sweetheart Run**	Streaming (Amazon)	May 8, 2020	2021
Sony	**Vivo**	Streaming (Netflix)	Jun 4, 2021	2021
Paramount	**Untitled Paranormal Activity Film**	Streaming (Paramount+)	March 4, 2022	TBA

FOR MORE DATA, VISIT

SOURCE: VARIETY BUSINESS INTELLIGENCE
DATA AS OF MAY 6, 2021

Film Distribution Chiefs Talk Pandemic Takeaways: "The Old System Was Creaky"

Four top studio executives discuss the past year and the near future, including the slow march to a box office recovery, the shattering of the theatrical window and the streaming tsunami.

BY PAMELA MCCLINTOCK MARCH 19, 2021 6:00AM

Clockwise from left: New Yorkers passed by AMC's boarded-up 34th Street Theater in September; F9 is scheduled to bow in June; Black Widow is now set for a May 7 release. NOAM GALAI/GETTY IMAGES; GILES KEYTE/UNIVERSAL PICTURES; FILM FRAME/MARVEL STUDIOS

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Even the most cynical Hollywood insider was stunned in February 2020 when word spread that MGM and Eon — home of the James Bond film franchise — were postponing the release of *No Time to Die* because of the COVID-19 pandemic. "It was the first big Hollywood movie to be delayed — and then the wheels came off," recalls Erik Lomis, a veteran exec who is president of distribution at United Artists Releasing, a joint venture of MGM and Annapurna that is rolling out the Bond pic in North America in October. By March 20, almost every indoor theater across North America was ordered shut, sparking the biggest box office disruption in Hollywood history. It's been a roller-coaster ride ever since.

Lomis, Paramount domestic distribution president Chris Aronson, Universal domestic distribution president Jim Orr and Elissa Federoff, who heads distribution for Neon — home of 2020 Oscar best picture *Parasite* — recently sat down to discuss the past year and the near future, including the slow march to a box office recovery, the shattering of the theatrical window and the streaming tsunami.

Now that theaters in New York and L.A. — the two biggest U.S. markets — are reopening, will we see movies continue to be delayed or the start of a return to normal?

ERIK LOMIS We can see the light at the end of the tunnel, but we still have to go through the tunnel. I'm guessing that Marvel's *Black Widow* on May 7 will be the first really big movie still [releasing]. I think that will be the beginning of the resurgence.

CHRIS ARONSON On the research and polling side, one thing has been constant: The people going to theaters in other parts of the country are overwhelmingly positive [with] the experience. They feel safe, they feel comfortable.

How can studios help get the message out that it's safe to go back?

JIM ORR The best message is putting films in theaters, as we've been doing for a while now. We had relatively great success with *Croods*, for example. There was a lot of family business that came out. It's very encouraging.

LOMIS Once the big movies start opening, you'll see massive amounts of television spots, and that will let everybody know that theaters are back. Look at the performance of the box office in Asia, Australia — and China, where you have one picture that did $680 million and another that does $780 million side by side, over a four-week span. That tells you how much we're missing it.

Will limited capacity — or 25 percent — in New York and L.A. be an obstacle for big movies launching in the coming weeks?

ARONSON Were you talking to me? I'm sorry, my Zoom froze. Kidding, kidding. (*Laughter*.)

ELISSA FEDEROFF We actually had some fun with the capacity cap in New York. We opened one of our shortlist contenders for best foreign film at the Angelika [Film Center] on March 5. There were sold-out shows. It was obviously only 50 people.

ARONSON You have to start somewhere. Local jurisdictions are going to be careful in how they reopen. Well, some are. Other states really don't care. You're going to see those capacity limits inch upward in the coming weeks.

Universal [delayed] *Fast & Furious* installment *F9* again, but by only a month, from May to June. Why?

ORR It is a very important global franchise for us, and having another four weeks, especially in certain markets around the world, gave us a bit more breathing room.

Paramount quickly took *F9*'s old spot and [moved up] *A Quiet Place Part II* from September to Memorial Day, which dovetails with exhibitors saying they need new product to reopen.

ARONSON We want exhibition to be healthy. Sometimes you have to take a bold shot, and that is what we did. Our filmmakers are on board, and we know the audience is ready.

FEDEROFF What we've all been missing is having the audience as part of our cinema experience. Genre and horror films are great examples of that. *A Quiet Place Part II* will make some noise.

For years, studios wanted to release films sooner in homes but were blocked by theater owners. That changed with COVID-19. Universal created a new premium VOD window beginning at 17 days, and Paramount a 30- to 45-day window for Paramount+ tentpoles. Thoughts?

ORR There are folks that absolutely, like myself, want to be in theaters. Then there are folks who didn't want to be in theaters even before the pandemic. We feel particularly good about the model that we've developed and it seems to be doing extraordinarily well. So, away we go.

LOMIS Windows are changed forever. It took a long time and a pandemic to make it happen.

FEDEROFF What exhibitors and studios have started doing is looking at what windowing works for each film. I completely agree with Jim. There are some people who just go to the movies once a month or not at all. The audience is not one size fits all.

ARONSON Over the past five years, wide-release films that grossed $10 million or more and opened in over 2,000 locations earned 98 percent of their box office in 45 days. That's all you need to know. The old system was creaky.

Cinema chains have always insisted that a shorter window will hurt movie attendance. What have you learned in recent months?

ORR *Croods* was number one in its 12th and 13th weekends even though it had been on PVOD for weeks. There are different customers out there.

Warner Bros. sparked an uproar when it announced it would release its 2021 slate simultaneously on HBO Max and in cinemas. Disney debuted *Raya and the Last Dragon* day-and-date in theaters and on Disney+. Will you do similarly?

LOMIS We are, first and foremost, a big-screen company. We recognize the value of the small screen and exploit it. We can't properly monetize the big movies, like James Bond, without theatrical leading the way.

ARONSON ViacomCBS just launched Paramount+. Our CEO, Jim Gianopulos, made it very clear that Paramount Pictures believes in the theatrical window. He went to great pains to reinforce that point. That being said, we'd be naive if we didn't recognize that the theatrical distribution and exhibition industry has some pretty strong challenges ahead of it.

LOMIS I think you need to carve it out for each movie. We're probably going to experiment with [a window of] 17 days coming up on some films.

During the pandemic, we've seen Warner Bros. and Sony break with tradition and prevent rivals from seeing box office grosses on Comscore. Will you follow suit?

ORR Over the years, we developed the ability to share these grosses. I think it's absolutely the right practice and the right way to go about it, and that's why I'm continuing to allow our grosses to be seen.

ARONSON There's a level of disingenuousness about it. I have an obligation to our filmmakers and company to assess the health of the marketplace. If we can't see all the numbers from theaters that are open, I'm not capable of doing that.

LOMIS I don't think it's proper. I understood doing so on the first big movie released during the pandemic [*Tenet*]. I didn't get it after that.

How do you compete with streamers for consumers' attention?

ARONSON Moviegoing attendance from 2010 to 2019 is down over 7 percent. In that same period, ticket prices have gone up over 16 percent. That's not the kind of diagram you want to see. That's just one aspect of this business that needs to be looked at. The tentpoles have always been a part of the theatrical business. But it's all the other films that make up the bulk of attendance. We'd be naive if we didn't recognize that our industry, the theatrical distribution and exhibition industry, has some pretty strong challenges ahead of it. Just like windows are changing, the entire business needs to be turned upside down and has to be reexamined, with the ultimate goal being, how do we get more people going to movies in movie theaters?

ORR I won't name them, but I've seen a couple of films on my gigantic television, but it's just not the same experience, right? It's just literally not the same experience as a theater. It's not even apples and oranges, it's apples and tanks. But exhibition definitely has some challenges, no doubt about it. They're competing with so many other forms of entertainment these days.

ARONSON I think the takeaway is that the price-value ratio, has to be in order.

LOMIS That I would agree with.

Are you worried that smaller mid-range films will disappear from theaters and become the purview of streamers?

FEDEROFF When you have a film, such as *Parasite*, that is a small gem, there is a gradual ripple effect. Audiences start talking about the movie and buzz starts to generate, unlike the all-you-can-eat buffet of streaming.

LOMIS The streamers go to the film festivals and they overpay so that they make it impossible for film companies to go in and pick up a small gem without paying too much. But I do feel like original content and good stories will always win out.

ARONSON I want to see a marketplace where Neon thrives in the same way Paramount and Universal and United Artists thrive. If things are done in a proper way, they can. Small, medium and big films can all coexist. And Erik Lomis is right: When you have good stories and you execute them well, people will go.

What is your biggest anxiety these days?

ORR It would have to be whether there's a relapse in the number of COVID-19 cases, or the vaccines not working. Things are looking so good at the moment.

LOMIS That's spot-on.

FEDEROFF We all have to be really diligent in doing our part to make this business thrive. Because that's how we're going to get out of that hole, if it does come to pass.

ARONSON There's a lot of economic hurt that needs to be healed. I'm a medium- and long-term looker, and I want to see the health of this business regained and then really take off. How can we convert those people who don't go to the movies? If they're not going, why? What can we do to break down those barriers to convince them to go? That's where I think the opportunity is. We can't be content with being a static industry.

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DEADLINE

PRINT

TCL Chinese Theatre Reopening In Time For 'Godzilla Vs. Kong' – Updated L.A. Exhibition Rundown

By Anthony D'Alessandro
March 26, 2021
7:17am

Mega

UPDATE, Friday AM: ***This list will be updated on a regular basis:*** As we first told you (scroll down) Hollywood's 94-year-old TCL Chinese Theatre is reopening today, however for tours only. This will be followed by Imax showtimes of *Tenet* on Monday with a full official ribbon-cutting/reopening ceremony on Monday March 29 with all four directors of current and previous *Godzilla* and *King Kong* movies in honor of Legendary/Warner Bros' *Godzilla vs Kong*'s opening on Wednesday.

Film Directors Adam Wingard (*Godzilla vs. Kong*), Michael Dougherty (*Godzilla: King of the Monsters*), Jordan Vogt-Roberts (*Kong: Skull Island),* and Gareth Edwards (*Godzilla*) as well as Josh Grode, CEO of Legendary Entertainment will be present. Starting Wednesday when *Godzilla vs. Kong* opens, Imax tickets for select seats at the Chinese Theatre will be $5 for two weeks. In conjunction with promo partner, The HollyGold Foundation, 1K movie tickets will be donated to low-income families and individuals in the city. The ever Hollywood traditional celebrity handprint ceremonies are being booked for all year round going forward. There's also a 85th Marilyn Monroe Birthday festival being planned for June as well as the 130th Anniversary of basketball with a basketball film festival scheduled for late summer.

The Chinese Theatre was originally named Grauman's Chinese Theatre before being renamed Mann's Chinese Theatre in 1973 which lasted until 2001. In 2013, Chinese electronics manufacturer TCL bought the venue.

Landmark Theatres

4TH EXCLUSIVE UPDATE, March 22, 4:03 PM: A big deal for all indie distributors and those with Oscar-contending films: Los Angeles' awards-season multiplex, the Landmark on Pico, is opening on Friday, Deadline can report. While the art house chain opened its Nuart this past weekend with Sony Pictures Classics' six-time Oscar nominee *The Father* and A24's six-time Oscar nominee *Minari,* it took awhile, per sources, to get the Landmark on Pico cleared by the city as the venue has a bar which also serves food.

As we previously reported the L.A. theatrical marketplace skyrocketed to the top spot over the weekend, grossing $1.55 million which repped 8.8% of the weekend's $17.6M domestic box office, per Comscore.

As we first told you back in December 2018, Cohen Media Group acquired the Landmark chain from Wagner/Cuban companies, a circuit which then spanned 252 screens in 27 markets. That's been whittled down with some closures during the pandemic, including the chain's posh Upper West Side NYC 57th Street eight-plex, which shuttered three years after opening. Landmark could not come to terms with the landlord on that property, the Durst Corporation. Landmark still has the Quad Cinemas in Manhattan.

Cinemark

3RD UPDATE March 13: ***Cinemark Turning On Long Beach Projectors Today; AMC Monday; Cinepolis & More*** Lux food and cushy chair chain Cinépolis will reopen the following locations next Friday, March 19: Laguna 7, Rancho Santa Margarita, in Orange County; Westlake Village 8 in Ventura County; Pico Rivera 14 in LA; Del Mar 11, La Costa Town Square and Vista Village 15 in San Diego county.

Studio Movie Grill is still working through its reopenings in the surrounding LA area, but I hear they won't be reopening what was their new Glendale location.

Harkins is reopening Cerritos 16 in LA County, Moreno Valley 16 in Riverside County, Mountain Grove 16 and Chino Hills 18 in San Bernardino.

2ND EXCLUSIVE UPDATE, March 12, 3:40 PM: Cinemark confirmed last night what we heard from sources: The No. 3 chain is re-opening its Long Beach location as early as tomorrow. Cinemark will have its San Bernardino County locations open by Sunday, with the rest of the LA County balance in the very near future. That includes the Cinemark Playa Vista and XD on Jefferson Blvd in Los Angeles as well as its 18 XD Howard Hughes Center location, which was originally National Amusements' The Bridge.

"Cinemark is thrilled to once again offer Los Angeles movie lovers the chance to see a movie on our big screens with sight and sound technology that truly cannot be replicated at home," said Cinemark CEO Mark Zoradi in a statement. "Los Angeles is one of the most meaningful moviegoing markets in the world, and we look forward to providing moviegoers the entertainment experience they have been craving with the health and safety protocols they can trust. With an extensive list of blockbusters set to release in the coming months and nearly 90 percent of our U.S. circuit open, there is no better time to get back to the theatre."

EXCLUSIVE UPDATE:, March 12, 3:22 PM: AMC has confirmed what we heard from sources earlier and the No. 1 chain in the nation is reopening its Burbank 16 and Century City 15 multiplexes this Monday in the Los Angeles market. The news comes as Los Angeles moves into the red tier.

AMC will have its remaining 23 locations open by Friday, March 19, and nearly all of its 56 California multiplexes opened by that date as well. Unfortunately, we'll have to wait until March 26 for the next big wide release which is Universal's Bob Odenkirk Action film *Nobody*.

AMC Burbank 16
AP

"The reopening of movie theatres in Los Angeles County and throughout California is a momentous occasion for AMC Theatres, for our guests, for our associates, for our studio partners, and for the entire theatrical exhibition industry. To put the magnitude of Los Angeles reopening in perspective, as a movie market, the L.A. DMA is about double the size of the New York City market, which just finished last weekend as the No. 1 DMA in our circuit for box office," beamed AMC CEO Adam Aron.

He continued, "As we have done at more than 525 locations around the country, AMC will reopen with the highest devotion to the health and safety of our guests and associates through our AMC Safe & Clean policies and protocols, which were developed in consultation with Clorox and with current and former faculty at the prestigious Harvard University School of Public Health. AMC Safe & Clean includes social distancing & automatic seat blocking in each auditorium, mandatory mask wearing, and upgraded air filtration with MERV-13 air filters, as well as many other important health, sanitization and cleanliness efforts."

Separately, source are also telling us that the TCL Chinese Theatre Imax is planning to reopen on March 26. Note that Warner Bros/Legendary's *Godzilla vs. Kong,* which will be an Imax destination, opens on Wednesday, March 31. The official word from the TCL rep is that the chain is still working out its L.A. reopening with no definite date yet.

In regard to the downtown Alamo Drafthouse, a spokesperson for the chain told us this AM, "We're so excited that we have the opportunity to bring what we've learned about creating the safest and most relaxing cinematic experience possible to our Downtown LA location. We won't be open by next week – there's a lot to do – but we will reopen as soon as possible, and we'll make plenty of noise when we do."

PREVIOUSLY, March 11, 4:16 PM: Finally, the movie capital of the world can show movies in theaters again after a year's shutdown of all exhibition due to the pandemic.

Los Angeles County this afternoon lined up with California Gov. Gavin Newsom's order on Wednesday to move movie theaters into the red tier, allowing them to reopen at 25% capacity between Monday and Wednesday next week.

But of course, not every chain will be open for business by Friday, March 19.

Here's what we know so far:

You can count on AMC. The chain's CEO Adam Aron said today on Fox Business Network, "It'll take a few days to assemble staff but all protocols are set and we will open L.A. theaters one week from tomorrow, no matter what."

AMC has major multiplexes at the Century City Mall, three locations in Burbank, the Sunset Boulevard location that was the old Sundance theater and the 3rd Street Promenade location in Santa Monica.

Cinemark has shown to be ready whenever cities have lifted their Covid restrictions. We're still waiting to get official details on which of its venues will be turning their lights on, but don't be surprised if the Promenade 18 and XD venue at the Howard Hughes Center comes back online by March 19.

In a statement, a Cinemark spokesperson said: "Cinemark is excited by the prospect of once again welcoming Los Angeles moviegoers to the immersive, cinematic experience of seeing a movie on the big screen at our theatres. We are optimistically following local mandates and look forward to sharing a reopening update once government restrictions are announced. All Cinemark theatres reopen with The Cinemark Standard, enhanced cleaning and safety protocols at every step of the moviegoing experience. Since beginning our phased reopening in June, we have consistently received 96% guest satisfaction ratings with Cinemark protecting their health and safety."

TCL has the Chinese 6 and the Imax Chinese Theatre here in town. I hear that the chain's owners were on a conference call at the time of this report to deliberate whether or not to reopen next weekend. Stay tuned.

Who are the holdouts?

Regal's Edwards Cinema in Canyon Country, CA

Deadline

Regal, which has the L.A. Live & 4DX location in downtown Los Angeles, probably won't be back until May. In the short term, the chain remains closed. It's two multiplexes in Santa Clarita, north of L.A., remained closed.

Deadline has learned from art house chain Laemmle — which has a brand-spanking-ew 6-plex in Newhall, CA, that's ready to have its ribbon cut — won't reopen for another four to five weeks from this weekend. The chain has to retrain its staff, as well as make hires. Laemmle has assessed that it's better to reopen the chain all at once, rather than sporadically.

AP

Also, Arclight cinemas, which has the Cinerama Dome in Hollywood, will take some time to come back online. In addition to its Sunset Boulevard location, it has multiplexes in El Segundo, Pasadena, Santa Monica and Culver City. The chain is waiting for more tentpole feature product to be released by the studios. While logic would dictate that would be when Disney's *Black Widow* rolls around on May 7, Arclight would prefer to wait until there are enough movies in theaters so that it can turn a profit. Perhaps that will be when capacity restrictions jump to a greater percentage.

Cinepolis Luxury Cinemas in Pacific Palisades also will wait a bit before turning the projectors back on. Landmark would like to reopen its cinemas here in Westwood and on Pico Boulevard by next weekend, but it's currently a work in progress.

We'll update you on more theater reopenings in L.A. as we learn about them.

L.A. County came close to reopening theaters over the summer before Newsom shut down the county prior to the Fourth of July holiday. While other nearby counties including Ventura and Orange reopened soon after Labor Day for Warner Bros.' *Tenet,* Los Angeles never did. However, drive-ins were allowed to operate off-and-on since the pandemic took hold in mid-March last year.

Meanwhile, here's how the wide release calendar is looking for March, April and May (updated as of March 26):


NobodyUniversal

March 26
Nobody (Uni)

March 31
Godzilla v. Kong (WB/Legendary/HBO Max)

April 2
The Unholy (Sony)

April 9
Voyagers (Lionsgate)

April 16
Mortal Kombat (New Line/HBO Max)


Mortal KombatNew Line

April 30
Separation (Open Road)

May 7
Wrath of Man (UAR)

May 14

Spiral (Lionsgate)

Those Who Wish Me Dead (WB/HBO Max)

Cruella
Disney

May 21

May 28
Cruella (Disney)
A Quiet Place II (Paramount)

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DEADLINE

BREAKING NEWS

Oscars Ratings Crash To All-Time Low; Viewership Falls Below 10 Million For First Time

Movie Theater Analysts See Strong Box Office Rebound In 2022, Uptick In 2023 As Consumer Poll Shows Covid-19 Concerns Dissipating

By Dade Hayes
April 12, 2021 7:54am

The lobby of the AMC 16 in Burbank, CA, which reopened in March.
AP Photo/Mark J. Terrill, File

After another solid weekend at the box office, several Wall Street analysts have issued upbeat outlooks on the exhibition sector, calling for a robust moviegoing rebound from Covid-19 in 2022.

One of the analysts, Eric Handler at MKM Partners, released findings from a survey his firm did of 1,000 moviegoers across the U.S. People who said they went to at least one movie a year before Covid-19, were polled between March 31 to April 4. Asked if they plan to return to a movie theater in the near future, 57% of respondents said yes and only 14% said no, with 29% not sure.

The timing of when exactly they will go back depends on variables like the vaccine rollout. About 46% indicated a return in the next three months, but over six months the number rose to 72%. That pattern, Handler wrote, "sets the industry up well as it looks ahead to 2022."

While most top circuits have almost every one of their theaters open again, many states continue to impose strict capacity limits and safety protocols. "The theatrical moviegoing experience is in the early stages of a recovery," Handler wrote, "one which will take a good amount of this year to fully play out."

Michael Pachter of Wedbush Securities agreed with the sentiment around the latter months of 2021. In a note to clients, he predicted box office in the fourth quarter would total just shy of $2 billion, adding that the number could be even higher. "We view our current [fourth-quarter] estimate as conservative, assuming there will be massive pent-up demand for seeing movies with friends or dates out of the home once the public has been largely inoculated," Pachter wrote. For comparison, the fourth quarter of 2019 came in at $2.9 billion.

While Pachter sees total 2022 grosses coming up 10% short of 2019 levels, Eric Wold at B. Riley is more optimistic, pegging the drop at 8%. Wold also expects box office to rise 6% in 2023 compared with 2019 as the industry fully regains its footing after the pandemic.

In his report, Wold called the overall theatrical film slate from this year through 2023 "nothing short of amazing" given how many top titles have been delayed. He also highlights California's plan to allow theaters to reopen at 100% capacity on June 15, just ahead of the release of Universal's *F9* on June 25 and Disney's *Black Widow* on July 9. About 10% of AMC's screens and 18% of Cinemark's are located in the state.

A flurry of release-calendar changes — such as Paramount's multiple shuffles last Friday — are a sign of recovery and not panic, Wold added. "We increasingly view these shifts as a net positive for the industry," he wrote. "These moves to slots later in 2021 or in early 2022 merely represent a mindset amongst studios to have these films available to moviegoers when capacity restrictions are loosened and they can be presented to more consumers—something that ultimately benefits the exhibitors just as much."

Exhibition stocks started the week in the red along with the broader market. Still, Wold notes that the sector's shares have risen an average of 160% since Pfizer announced results of its clinical vaccine trial in November. In terms of their financials, he said, the cash crunch of 2020 has eased and the performance of *Godzilla vs. Kong* and other titles shows that revenue is in the process of returning.

“With the focus of the industry recovery shifted to [the second half of 2021] and 2022, we believe as long as companies have enough liquidity to make it to the fall/winter slate, then balance sheets become a relative non-event vs. moved stocks in the heart of the pandemic last year,” Wold wrote. “At this point, we are comfortable that each of the companies in our coverage universe has the appropriate liquidity—especially with the positive moves made by AMC to drive $900 million-plus in additional financing secured since mid-December and the upcoming opportunity to further de-lever the balance sheet.”

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DEADLINE

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How The Box Office Will Power Back In 2021 Despite Covid Woes & Streaming Obsessions

By Anthony D'Alessandro
December 28, 2020 2:34pm

Disney; Adobe

As pollyannaish as it sounds, especially as the domestic 2020 box office crumbles to a historic all-time low of $2.27 billion due to the coronavirus pandemic, the global theatrical business is poised for a comeback in 2021.

However, it might take a few months.

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A shuttered AMC Theatre in New York City's Flatiron District
Mega Agency

How in God's name can such a ridiculous projection be forecasted? Entertainment conglomerates, like AT&T, are drunk from launching their own streaming services, with visions of $500-plus share prices dancing in their heads.

Also, aren't more movie theaters expected to close down? As bankruptcy rumors continue to swirl around AMC and Cineworld, the expectation is that the over-screened U.S.-Canada marketplace (now at 41,172) will scale back significantly by at least a minimum of 5,000 screens, per sources.

The notion that the global box office is due for a rally — especially at a grim time when we're seeing 60% of all U.S.-Canadian movie theaters closed, along with several key markets like Los Angeles, New York City, London, etc. — stems from most major motion picture studios' continued belief in the theatrical window. Despite its expected shrinkage, theatrical windows remain a potent financial formula that yields plenty of fruits in its downstream revenues. Nothing beats the big screen, and the studios have long-term plans to commit to it.

Disney

This was quite apparent when Disney CEO Bob Chapek declared earlier this month that the studio's future streaming series and features stood greatly on the shoulders of established theatrical IP. "We had a $13 billion box office last year, and that's not something to sneeze at, said Chapek during Disney Investor Day, “We built those franchises through the theatrical window.”

A crunched window was bound to happen with or without Covid-19, and the pandemic just accelerated the process. The trick for all these studios will be figuring out the appropriate number of days to maximize revenue at theaters before transitioning product to other home entertainment ancillaries.

“It’s about balance and following the consumer as they make that transition,” said Chapek. “We need to be flexible to read all the cues, whether it’s Covid or changing consumer behavior so we can nimbly make decisions.” Observed MKM Partners’ managing director of Media & Entertainment Equity Research Eric Handler, who believes the majors largely won’t abandon theatrical window monies: “Disney does a great job maximizing revenue throughout all the windows.”

Said Universal vice chairman and chief distribution officer Peter Levinsohn: “We are very bullish on the prospects of the domestic box office once the cinemas are back up and running at full capacity; some level of exhibition consolidation is likely, but we believe ticket sales will be redistributed amongst the remaining theaters and have little impact on box office going forward.”

“Wonder Woman 1984”
Warner Bros.

While Universal was hammered by the National Association of Theatre Owners and No. 1 exhibitor AMC for its sudden theatrical-Premium VOD day-and-date release of DreamWorks Animation’s *Trolls World Tour* at the start of the pandemic — an experiment that minted a reported $100 million-plus to NBCUniversal — cooler heads prevailed. The studio negotiated a cognizant shortened theatrical window plan, which could very well become the industry standard moving forward: 17 days in theaters for all titles opening under $50M in theaters before transitioning to PVOD, with a 31-day exhibition window for those movies opening north of $50M.

That’s not a hard-and-fast rule as to when Uni will pull movies from theaters, rather a parameter as to when the studio can milk two windows at once. While the studio has been upbeat about this plan, which has been in place since the late fall on Focus and Uni titles, we have yet to hear about its revenue highlights and whether it will continue in a post-pandemic marketplace; a key deal point being that the studio has cut in big exhibitors like AMC, Cinemark and Cineplex Odeon on PVOD revenue. Five weekends after its release, Universal's *The Croods: A New Age* has grossed $30.3M domestic, $100M worldewide with the DWA sequel recently hitting PVOD.

Despite Warner Bros' trumpeting this past weekend that *Wonder Woman 1984* opened to $16.7M domestic, a record for the pandemic, with $85M WW to date in its audacious day-and-date theatrical HBO Max release model, don't believe for a second that a new window was just born. More on this later.

2021 THEATRICAL WIDE RELEASE CALENDAR, JAN-APRIL

A look at the first few months of the 2021 box office, which doesn't kick off in earnest until MLK weekend. The slate is an indicator of what will still be in flux until the Covid vaccine quells cases.

DATE	FILM (STUDIO)
Jan. 15 (MLK Weekend)	Wrath Of Man (United Artists)
	The Marksman (Open Road)
Jan. 29	The Little Things (WB/HBO Max)
Feb. 5	Cinderella (Sony)
Feb. 12 (Valentine's Day - President's Day Weekend)	Judas And The Black Messiah (WB/HBO Max)
	Land (Focus)
Feb. 26	Nobody (Uni)
	Tom & Jerry (WB/HBO Max)
	United States Vs. Billie Holiday (Par)*
Mar. 5	Boogie (Focus)
	Chaos Walking (LG)
	Raya And The Last Dragon (Dis)
Mar. 12	The King's Man (20th/Disney)
	The Many Saints Of Newark (WB/HBO Max)
Mar. 19	Morbius (Sony)
April 2	No Time To Die (MGM)
	Peter Rabbit 2: The Runaway (Sony)
April 9	Bob's Burgers (20th)
April 16	Bios (Universal/Amblin)
	Fatherhood (Sony)
	Mortal Kombat (New Line/WB/HBO Max)
April 23	A Quiet Place Part II (Paramount)
	Last Night In Soho (Focus)
	Ron's Gone Wrong (20th)
May 7	Black Widow (Disney)

Release dates as of 12/28
**pic being sold to Hulu, theatrical release TBD*

It's going to be a long four to six months until hopefully Covid-19 cases are quelled again due to the vaccine, and movie theaters and markets can fully reopen with high-capacity auditorium caps. As we learned from *Tenet* at the end of August, it's not about one movie bringing back business back but rather a cluster. A box office rebound is also contingent on the majors committing to $100M global P&A campaigns for their event pics. The hope is that MGM's long-awaited 007 movie *No Time to Die* and Sony's *Peter Rabbit 2: The Runaway* will be the first big booms we see over Easter weekend April 2-4 — that is if those two movies aren't rescheduled (and we'll know that by February). Otherwise, many are looking to Disney's May 7 release of Marvel's *Black Widow* as the movie to bring business back. Until then, expect more studio movies, with the exception of Warner-HBO Max titles, to shift out of the next four-month corridor (see schedule to the right).

"Artists will still want to make films that have a cultural impact; movies that are in a movie theater and have a global wide release are what make such impact. Audiences will still want to go," said Sony Pictures Entertainment Motion Picture Group chairman Tom Rothman. "The next three or four months will be grim — we're still in the tunnel, but there is a light at the end of the tunnel."

How 2021 Will Deal With The Whole Notion Of "The Customer Gets To Decide"

AT&T's WarnerMedia has defended its theatrical-HBO Max 2021 release strategy as one where "the customer gets to decide." It's a bold jingle on par with a MAGA slogan from Donald Trump's campaign. Some in town perceived WarnerMedia's move as a means for the studio transforming into another Netflix, and leaving theatrical behind. Handler, for one, doesn't think that Warners can do without its global box office revenues, which last year grossed $4.4 billion.

One industry source in a note to his colleagues this morning called the release of *WW1984* "a miscalculation" given the $1 billion global box office that the studio was leaving on the table by hastily taking it out too soon. WarnerMedia never reported any hard-number viewership on *WW1984,* or the exact amount of subscribers the film brought in over the weekend. The Patty Jenkins sequel grossed $85M globally in its first two weekends, this compared to the original's two-weekend running total in 2017 of $438.3M (it finaled at $822.3M WW).

"As far as Warner's day-and-date theatrical streaming model goes, I don't think it's sustainable. Maybe they go the whole year with it. The talent agencies aren't happy, and now the client back-end is damaged. WarnerMedia is clearly willing to sacrifice box office revenue to drive incremental subscriptions to HBO Max. As a result, this is going to mean significant losses for the Warner Bros business as they're ramping up the SVOD service. It will hurt cash flow and AT&T has a mountain of debt to service, while trying to keep shareholders happy," Handler observes.

Since the announcement of the theatrical-HBO Max 2021 slate strategy on December 3, AT&T's share price is down 2% to $28.55 (as of midday Monday). Earlier this month, the debt-laden telecom fielded bids for its DirecTV at $15 billion, a price 78% lower than what the company paid for it in 2015. Industry sources have pointed out that it will be near impossible for WarnerMedia to recapture any lost theatrical revenue on its 2021 slate via the addition of HBO Max subs. First, the streamer is in a pickle in that not all of its 38 million HBO and HBO

Max subs combined have fully activated the streaming service. Next, HBO Max itself doesn't make any extra money unless it comes from new subscribers.

Even though *WW1984*'s domestic opening repped a record debut for the pandemic, don't interpret that as "the consumer decided where they wanted to see the movie, and chose theatrical over streaming." We are in a broken exhibition infrastructure, not a normal marketplace, and when the Joe Shmoe moviegoer catches up with the fact they can see a Warner Bros movie for free at home, a cannibalization of its box office could very well take effect. The industry outlook on the day-and-date theatrical-HBO Max plan is that exhibition will box out this model once the marketplace becomes vibrant again and rival studios commit to more windowed fare.

"Like in every industry, the notion of 'give the consumer what they want' has to find some equilibrium with what a business needs to do to remain successful," Adam Fogelson chairman of STXfilms Motion Picture Group, told Deadline. "Studios need to make good content that is also profitable. Consumers need to pay a fair price — as defined by both sides — to see that content where and when they want. And exhibitors need to run a successful business too. Now, everyone has theories about what price on what platform in what window will do to the overall ecosystem. But to date they're just theories. So the studios have picked various ways to deal with the short-term challenges, but I'm sure we'll see an evolution or a hybrid of the different distribution models once we have the benefit of some actual learning,"

STXfilms has responded to the pitfalls of the pandemic by monetizing its movies via various means, including the sale of *My Spy* to Amazon (which has a sequel in the works), a PVOD and ultimate $20M-$30M HBO release of the Gerard Butler action pic *Greenland* coupled with a near $48M overseas gross, and the PVOD drop of the Invisible Narratives pandemic thriller *Songbird*.

DreamWorks/Universal

"When we moved to the 17-day window (depending on the size of the film), our goal was to find the right balance between maintaining a minimum period of theatrical exclusivity, especially for the bigger films, and creating a strong consumer proposition that provides optionality for moviegoers," said Levinsohn. "We never saw PVOD as a replacement for theatrical, rather an augmentation to the theatrical release. As the transactional home entertainment business has gotten smaller, the economics of releasing films theatrically has become more challenging. Too many films are being siphoned out of the ecosystem, so our goal has been to implement a strategy that augments the P&L by making films available to consumers in the home when awareness is at its peak. We still believe that a theatrical release first is the right way to go; if the market changes, we're a very aggressive company and will react accordingly."

"Customer satisfaction is an absolute — the consumer deciding your business parameters is something entirely different," said Rothman. "Do what's best for the asset."

"Morbius"
Sony

Like many studios, Sony has responded to the pandemic by eventizing its movies on the shelf, either through sales to a streamer like Apple (*Greyhound*) or Hulu (*Happiest Season*), or maintaining a widowed theatrical release, i.e., its recent holiday global release of *Monster Hunter*. The studio remains a big believer in a windowed theatrical release and has demonstrated that by delaying the release dates of its bigger IP titles like *Morbius, Venom 2* and *Ghostbusters: Afterlife* to deeper dates in the release calendar.

"Before the pandemic, *Bad Boys for Life* was doing fantastic business at the box office. In 2019, the industry had a $42 billion global box office year. That's an indicator of consumer behavior, and that success wasn't because there wasn't anything to watch at home," Rothman said. "The movie business has been competing with the home since the advent of television in the 1950s. Questions were always asked: 'Why would anyone go to the movies if there's a VHS at home?', 'Why would anyone go to the movies because there are 300 cable channels at home?', 'Why would anyone go to the movies if there's streaming content in the home?' The answer: Because it's fun, and because it's different. It's the same reason why anyone chooses to go to a Broadway show, a live sporting event or a concert."

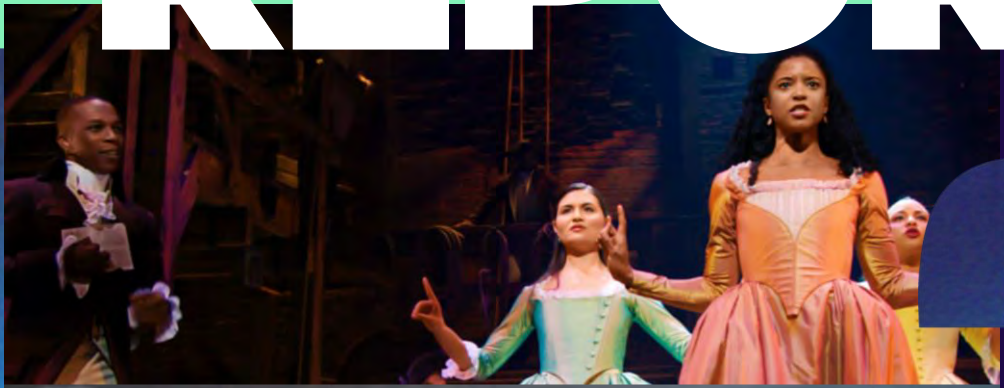
Despite the industry's current love affair with streaming, and its short-term knee-jerks experimenting with distribution models during the pandemic, a sage wisdom prevails about the long-terms prospects of the theatrical business, and that audiences will return.

"People like leaving their homes and having fun, emotional, communal experiences together," says Fogelson, "I don't think that will change."

"We at Universal are optimistic about the future. Our leadership talks about the roaring '20s," Levinsohn said. "We've all been stuck inside and people are desperate to get out of the house."

THEME REPORT

2020



A comprehensive analysis and survey of the theatrical and home/mobile entertainment market environment for 2020

MOTION PICTURE ASSOCIATION

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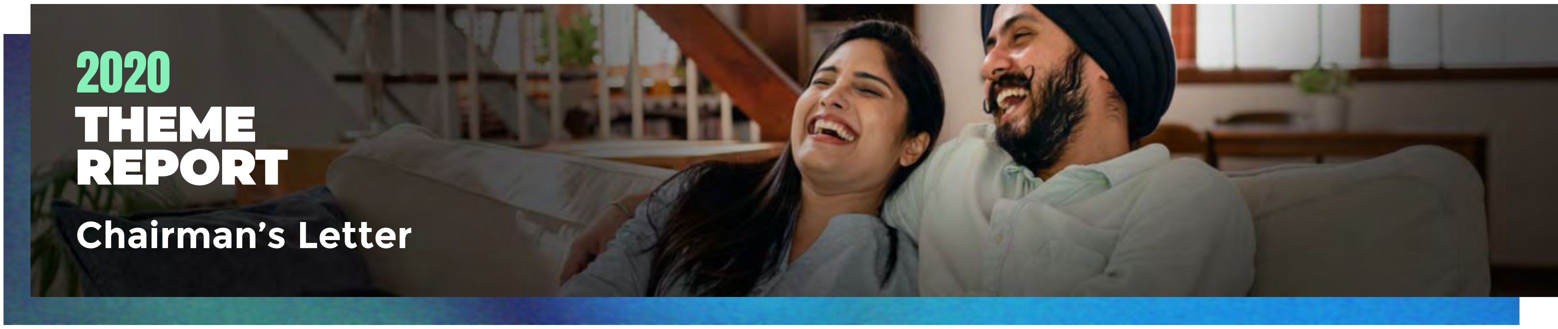


2020 THEME REPORT

Chairman's Letter

To all movie and TV fans:

The past year was challenging for the global economy, and for virtually every aspect of our daily lives: the staggering loss of life, the toll on our frontline workers, the devastating and widespread loss of jobs and businesses, and the almost complete shutdown of many industries. Our workforce was not immune: Jobs were lost, productions were either curtailed or shut down, and movie theaters shuttered around the globe.

Despite enormous setbacks, our industry once again proved to be as adaptable and innovative as it was resilient. We led the way in creating effective safety protocols for our workers, in cooperation with unions and governments, at home and around the world, so that we could return to work safely, responsibly, and sustainably. We brought back much of our workforce at a speed that outpaced other industries.

Perhaps most significantly, during an otherwise punishing year for theatrical exhibition and our industry at large, home and curated entertainment boomed. Thanks to the depth and quality of our studios' collective libraries, and the vibrant content they produced in 2020, people around the world stayed connected and entertained, wherever they were, and on whatever devices they chose. You can follow that story by the numbers in the Motion Picture Association's 2020 THEME Report.

But the good news wasn't just confined to homes, laptops, and other personal devices. As recent stories have shown, audiences never lost their appetite to enjoy the theatrical experience, and drive-in theaters enjoyed their highest returns in decades.

During this difficult time, audiences everywhere reaffirmed their appetite for the great comeback story, in the tradition of beloved screen classics from *Rocky* to *Rudy*, and *The Shawshank Redemption* to *Slumdog Millionaire*. In recent months, to cite just a few examples from our member studios, audiences delivered big numbers for films and TV dramas like Netflix's *The Queen's Gambit* about a gifted orphan who beats daunting odds to become a world champion chess player; and Walt Disney/Pixar's Soul, in which a middle-aged music teacher who, against the odds, dreams of becoming a professional jazz musician, discovers an even deeper spiritual purpose to his life than playing gigs in smoky bars.

Of course, we're all hoping for the *real life* comeback – our return to normalcy, to the lives, jobs, and relationships we have missed for a year now, and to a powerful economic recovery. No one knows when exactly that might happen, but most of us anticipate that things are unlikely to return to what was "normal" anytime soon.

Traditional box office results reflect this grim reality, with theaters experiencing their worst lows in recent memory. A graph in the THEME Report shows how different regions' public health strategies affected the duration, and therefore the impact, of pandemic-related theater closures. While theaters in the U.S./Canada, Latin America and Middle East & Africa were largely closed throughout the year, China and other APAC markets took advantage of early relaxed restrictions to lead the global box office with their local content.

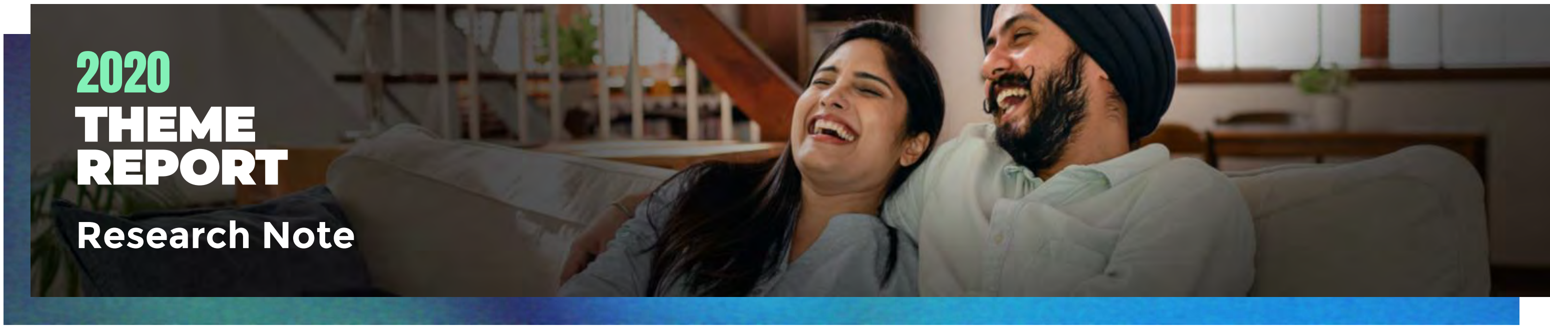
As some of the most adversely affected from the pandemic, U.S. theater owners have been creative with their business models. Many found new ways to stay in business, from offering popcorn pickup and delivery to renting out their theaters for private groups. And the National Association of Theater Owners (NATO) sponsored an alliance of more than 425 companies, more than 33,200 screens nationwide, to commit to implement expert-backed, industry-specific health and safety protocols.

This is not the first time our industry has been faced with adversity, and every time including now, our industry has responded with innovation. We have always risen to the challenge – ever since a group of renegade visionaries recognized that the diverse locales and consistently good weather enjoyed in a place called Hollywood would make it an excellent home to realize their dreams. Ultimately, the COVID-19 crisis has accelerated and intensified changes that were already occurring across the industry. Home entertainment was already an emerging force, with studios from Sony Pictures to Paramount supplying significant amounts of content for their own or other streaming platforms. Over the past year, Peacock, Disney+, HBO Max, and Netflix have all enabled broader distribution for creators and an even greater choice for consumers, and Paramount+ has joined their ranks just this month.

While we do not know what form our future success will take, what *is* clear is that our audiences want to watch stories in almost any form. Innovation will help us meet those audiences where they are, and help restore the vibrant creativity that fuels our industry. As those signs of recovery continue to emerge around the world, I am confident we won't just be enjoying triumphant comebacks on our screens. We'll be living them.

Best,

Charles H. Rivkin
Chairman and CEO



A NOTE FROM THE RESEARCH TEAM

Each year, the Motion Picture Association (MPA) research team produces the THEME Report by collecting and analyzing data from third-party sources and conducting an audience survey of viewers of cinema and, for the past three years, home/mobile entertainment. The home/mobile entertainment market covers both digital home/mobile entertainment (electronic sell-through [EST], video-on-demand (VOD), and subscription streaming), and physical home/mobile entertainment (Blu-ray and DVD rentals and sales) on all devices – whether home-based or mobile. The report also provides estimates of subscriptions to pay television and online video services. The Appendix contains a glossary of key terms.

Even in the midst of the ongoing pandemic, we have aimed to collect comparable data to provide accurate measurements. However, due to the unprecedented impacts of COVID-19 on our industry, we have had to make some adjustments to our reporting where appropriate. For example, some comparisons that have been included in past reports were not feasible (e.g., ticket prices and comparisons to theme park and sports, technology/moviegoer analysis, and detailed frequent moviegoer analysis, due to small base sizes) and others required some caveats (e.g. country box office comparisons). We have also reorganized the report sections to reflect market shifts.

As part of our ongoing effort to make the THEME Report useful and comprehensive, the following updates are also present in this year's edition:

COVID-19 Insights: Two additional questions were asked in the survey to better understand how the COVID-19 pandemic has affected home/mobile viewing in the United States. Respondents who viewed via EST/VOD were asked if they had purchased a film via premium video-on-demand (PVOD). The second question gauged how much viewing had changed for each respondent for each of the distribution channels of home/mobile entertainment. We also added a graph to the report showing the percentage of screens closed by week.

Demographic Survey Update: We expanded our analysis of the home/mobile viewing demographics in the United States this year to include trending analysis for all viewers and daily viewers who watched movies or TV shows via any home/mobile viewing method including pay TV, online subscription, EST/VOD, or physical disc. We also added trending analysis for viewing by all mobile viewers and daily mobile viewers, which were added to the survey in 2019.

Methodological Refinements: We added new data for top 10 streaming titles (original series, acquired series, and films) from Nielsen and the top 20 watched at home titles from Digital Entertainment Group, replacing data for top 25 U.S. digital titles, which was no longer available. We focused the time spent with media data from eMarketer specifically on video.

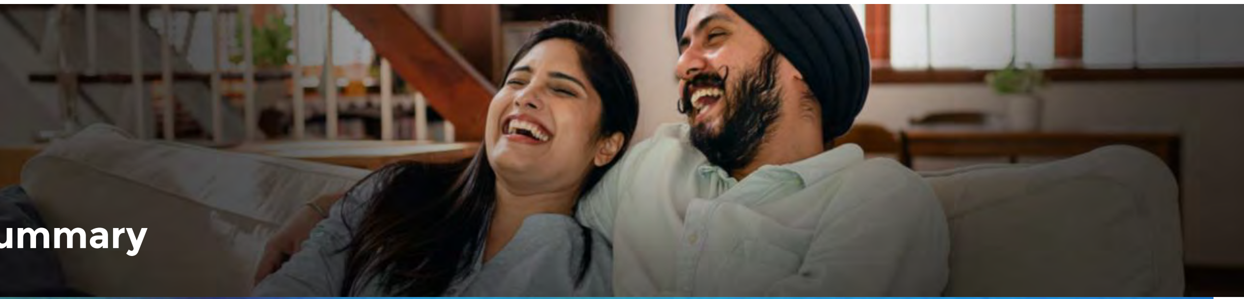
Currency Effects: In order to aggregate data from all the international markets covered by this report, measurements are conducted in U.S. dollars. That means from year to year, the relative strength or weakness of the U.S. dollar may directly impact the results presented in this report. It also means that the percentage change measurements will differ from others calculated based on local currency.

Updates from Sources: Figures in this report have been updated to reflect the most accurate data now available, including revisions to historical data and forecasts made by Omdia, most notably affecting 2019 subscription revenue available at the time of last year's report. Omdia was formerly known as IHS Markit in prior reports.

We hope this note – and the report itself – help to provide a better understanding of the unusual year that was 2020 and the evolving global landscape for film, television, and streaming content.

Julia Jenks

Vice President of Worldwide Research



2020 THEME REPORT

Executive Summary

TOTAL THEATRICAL & HOME/MOBILE ENTERTAINMENT

- In 2020, during the COVID-19 pandemic, the combined global theatrical and home/mobile entertainment market was $80.8 billion, an 18 percent decrease compared to 2019's record high (p. 8). Note that this figure does not include the $233.1 billion pay television subscription market (p. 12). A 72 percent decrease in the global box office market, due to theater closures during the pandemic (p. 34), was partially offset by a 31 percent increase in the global digital home/mobile entertainment market (p. 11).
- In the United States, theatrical and home/mobile entertainment was $32.2 billion in 2020, an 11 percent decrease compared to 2019 and a five percent increase compared to 2016 (p. 9). Similar to the global figures, an 80 percent decrease in the box office market (p. 41) was partially offset by a 33 percent increase in the U.S. digital home/mobile entertainment market (p. 14).

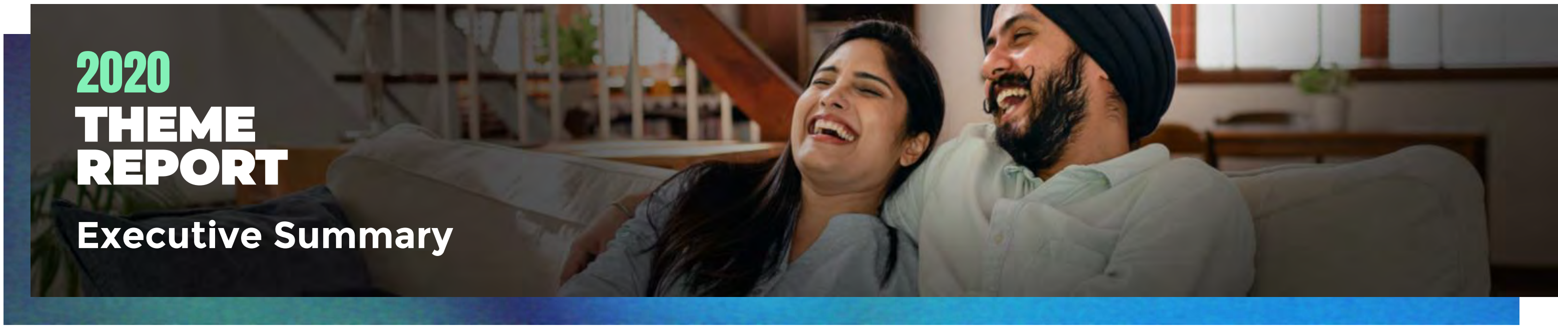
HOME/MOBILE ENTERTAINMENT

Global Trends

- The global home/mobile entertainment market (content released digitally and on disc) reached $68.8 billion in 2020, a 23 percent increase compared to 2019, driven by digital. The digital market increased 33 percent in the U.S. and 30 percent outside the U.S., compared to 2019 (p. 11).
- The number of subscriptions to online video services around the world increased to 1.1 billion in 2020, a 26 percent increase compared to 2019. Online subscriptions exceeded one billion globally for the first time in 2020. Cable television remains the highest revenue pay television market globally at $111.6 billion in 2020 (p. 12).

U.S. Trends

- In the United States, the home/mobile entertainment market (content released digitally and on disc) increased to $30.0 billion in 2020, up 21 percent compared to 2019, driven by digital (p. 14). The number of online video subscriptions in the United States increased 32 percent to 308.6 million in 2020 (p. 17).
- In 2020, the amount of time U.S. adults spent watching TV (live or recorded) increased by seven minutes to 3 hours and 34 minutes, the first increase since 2012. Time spent watching subscription over-the-top (OTT) video increased 34 percent to 71.8 minutes, exceeding one hour for the first time (p. 21).
- More than 80 percent of U.S. adults watch movies and shows/series via traditional television services, and also now online subscription services, the highest proportion of the home/mobile viewing methods (p. 23). The Hispanic/Latino ethnicity category is overrepresented in the population of daily viewers of several viewing methods (p. 27).
- More than half (55%) of U.S. adults reported that their viewing of movies or shows/series via an online subscription service increased during the pandemic period in 2020, while 46 percent reported that their viewing via pay TV increased (p. 24).
- More than 85 percent of children and more than 55 percent of adults watched movies and/or shows/series on mobile devices (p. 29). Daily viewers of shows/series and movies via mobile devices skewed more heavily towards the 18-24 and 25-39 year age groups, and towards the Hispanic/Latino and African-American/Black ethnicity categories (p. 30).



THEATRICAL

Global Trends

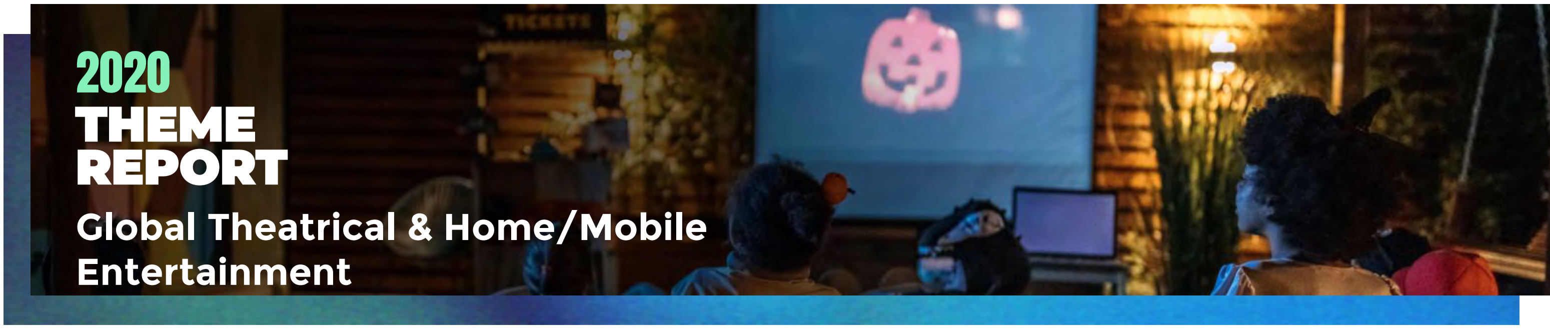
- The global box office market for all films released in each country around the world was $12.0 billion in 2020, down 72 percent over 2019's total, due to the COVID-19 pandemic. The international box office market ($9.8 billion), which excludes the U.S./Canada, decreased 68 percent and accounted for 81 percent of the global market (p. 34).
- Year-end comparisons between country box office totals are challenging due to the effects of the pandemic and the differing local restrictions. For example, each country's cinemas closed and re-opened (in some cases more than once) on different schedules, and some countries' local releases were postponed while others were not. Under these parameters, the top three box office markets outside the U.S./Canada in 2020 were China ($3.0 billion, including online ticketing fees), Japan ($1.3 billion), and France ($0.5 billion) (p. 36).

U.S./Canada Trends

- The U.S./Canada box office market was $2.2 billion in 2020, down 80 percent, with a large number of cinemas closed and most major film releases postponed during the COVID-19 pandemic. U.S./Canada admissions, or tickets sold (240 million), were down 81 percent compared to 2019 (p. 41).
- Just under half (46%) of the U.S./Canada population – or 162 million people – went to the cinema at least once in 2020, down from 76 percent in 2019 (p. 49). Per capita attendance, or the average number of times a person went to the cinema, was highest among the 12-17 (1.1) age group, and among the Hispanic/Latino (1.0) ethnicity category (p. 51).
- Frequent moviegoers – individuals who go to the cinema once a month or more – continue to have a disproportionate impact on cinema admissions. Frequent moviegoers consisted of only three percent of the U.S./Canada population (12 million people) in 2020, but accounted for 43 percent of tickets sold (p. 49).



TOTAL THEATRICAL & HOME/MOBILE ENTERTAINMENT

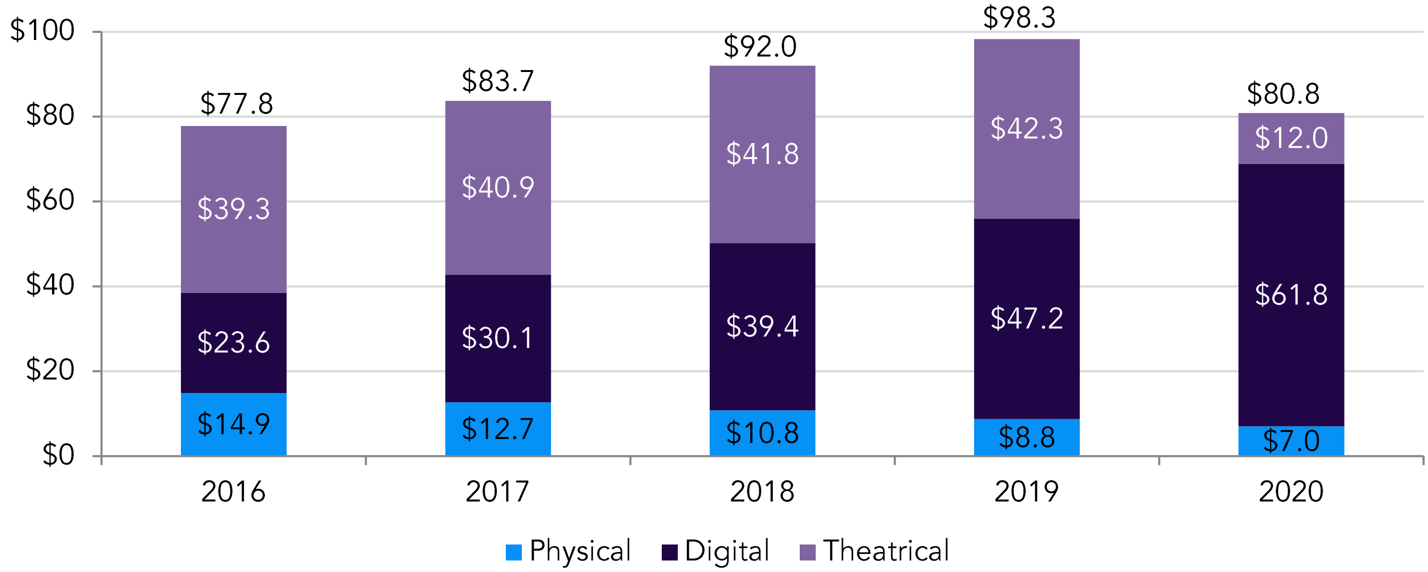


2020 THEME REPORT

Global Theatrical & Home/Mobile Entertainment

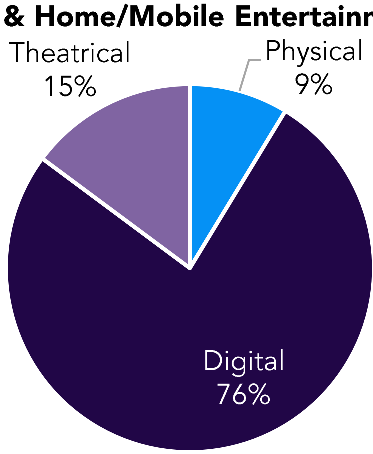
In 2020, during the COVID-19 pandemic, the combined theatrical and home/mobile entertainment[1] market[2] globally was $80.8 billion, an 18 percent decrease compared to 2019's record-high of $98.3 billion. This figure does not include the pay television subscription market. A 72 percent decrease in the global theatrical market due to the pandemic was partially offset by a 31 percent increase in the digital home/mobile entertainment market, compared to 2019.

Global Theatrical & Home/Mobile Entertainment Market (US$ Billions)



In 2020, the digital market accounted for 76 percent of the combined theatrical and home/mobile entertainment market, up from 48 percent in 2019, with the theatrical market (15%) and the physical market (9%) making up the rest.

2020 Global Theatrical & Home/Mobile Entertainment Market (% Share)[3]



[1] Home/mobile entertainment refers to entertainment content viewed on all devices, whether home-based (e.g. TVs) or mobile-based (e.g. smart phones). This includes both digital methods (electronic sell-through (EST), video on demand (VOD) and paid subscription streaming (SVOD) – excluding virtual pay TV – and physical methods (Blu-ray and DVD sales and rentals). Digital includes movies and TV, and excludes sports. Previous years' estimates may be updated based on changes made by sources.

[2] Throughout this report, the term "market" refers to consumer spending. (Note that the subscription streaming subcategory is revenue.)

[3] The combined market for entertainment content at movie theaters and content released digitally and on disc. This excludes pay television subscription revenue (due to the role of sports and other live content) and licensing, and the advertising-based market.

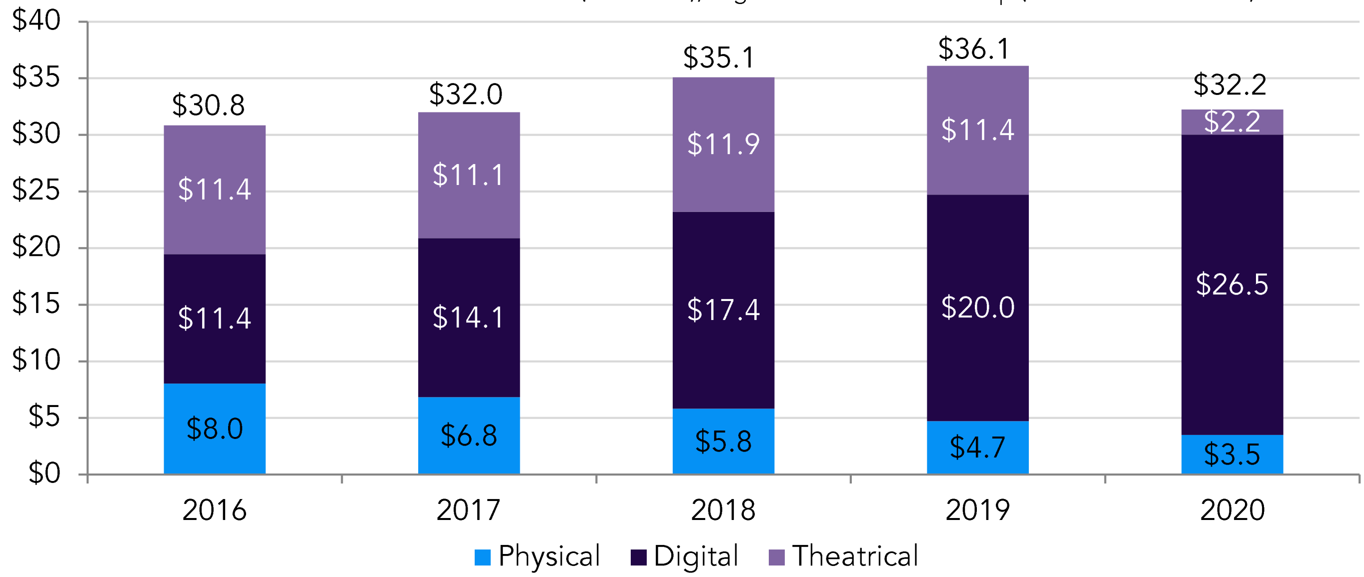
2020 THEME REPORT

U.S. Theatrical & Home/Mobile Entertainment

In 2020, the combined theatrical and home/mobile entertainment market in the United States[4] was $32.2 billion, an 11 percent decrease compared to 2019 and a five percent increase compared to 2016. An 80 percent decrease in the theatrical market due to the COVID-19 pandemic was partially offset by a 33 percent increase in the digital market, compared to 2019.

U.S. Theatrical & Home/Mobile Entertainment Market (US$ Billions)

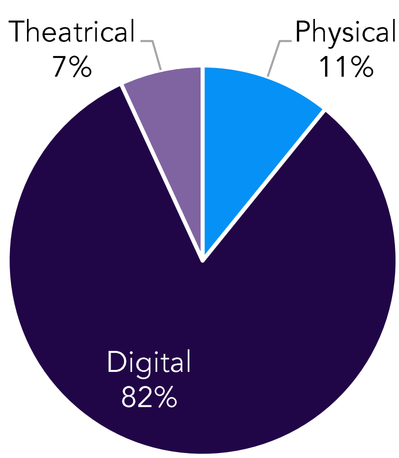
Source: Comscore – Box Office Essentials (Theatrical), Digital Entertainment Group (Home Entertainment)



In 2020, the digital market accounted for 82 percent of the combined theatrical and home/mobile entertainment market, followed by the physical market (11%), and the theatrical market (7%).

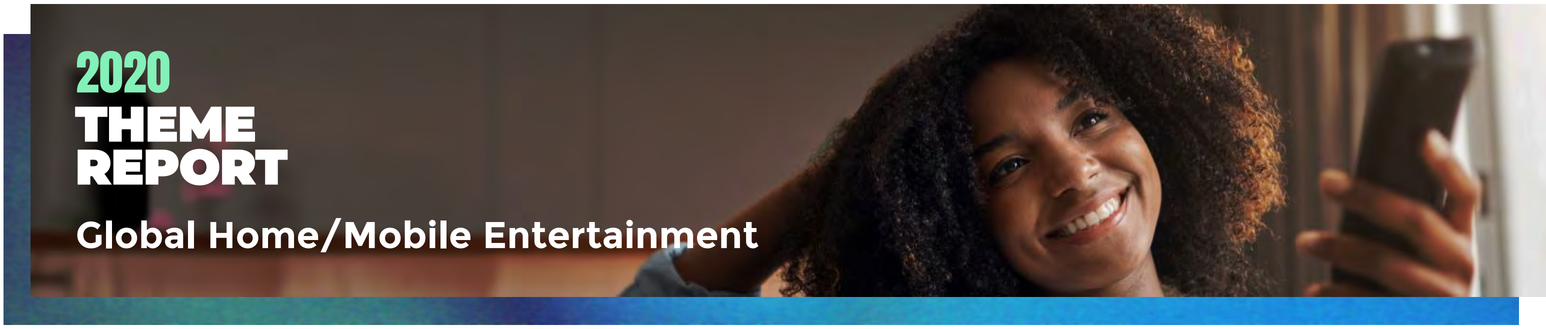
2020 U.S. Theatrical & Home/Mobile Entertainment Market (US$ Share)

Source: Comscore – Box Office Essentials (Theatrical), Digital Entertainment Group (Home Entertainment)



[4] U.S. home/mobile entertainment market data comes from Digital Entertainment Group (DEG), which only covers the U.S. DEG's definition of physical includes sell-through packaged goods and physical rental. Digital includes EST, VOD, and subscription streaming (SVOD). VOD spending does not include premium Video-on-Demand (PVOD). Including PVOD would increase the digital total. Theatrical market data comes from Comscore and includes both U.S. and Canada. Previous years' estimates may be updated based on changes made by source.

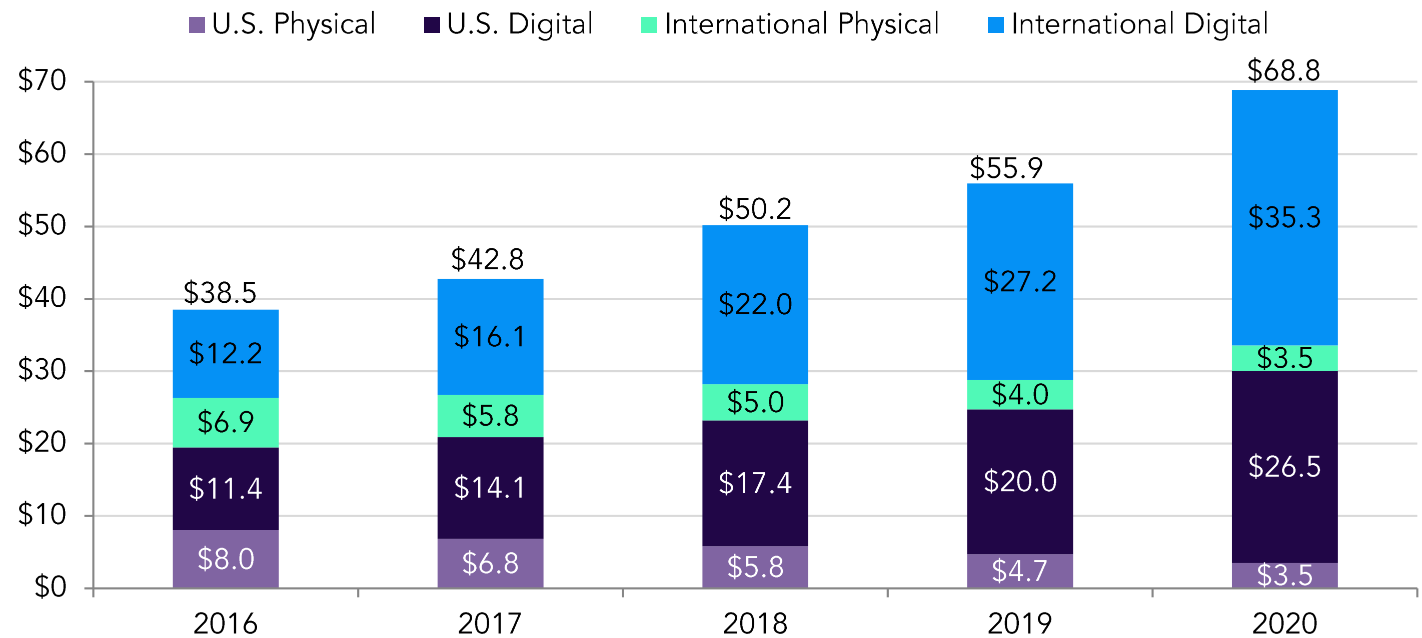
HOME/MOBILE ENTERTAINMENT: GLOBAL



In 2020, the home/mobile entertainment[5] market (content released digitally and on disc) reached $68.8 billion globally, a 23 percent increase compared to 2019. The digital market was the driver of growth. The U.S. digital market increased 33 percent and the international digital market increased 30 percent, when compared to 2019.

Global Home/Mobile Entertainment Market (US$ Billions)

Source: Omdia (International) and Digital Entertainment Group (U.S.)



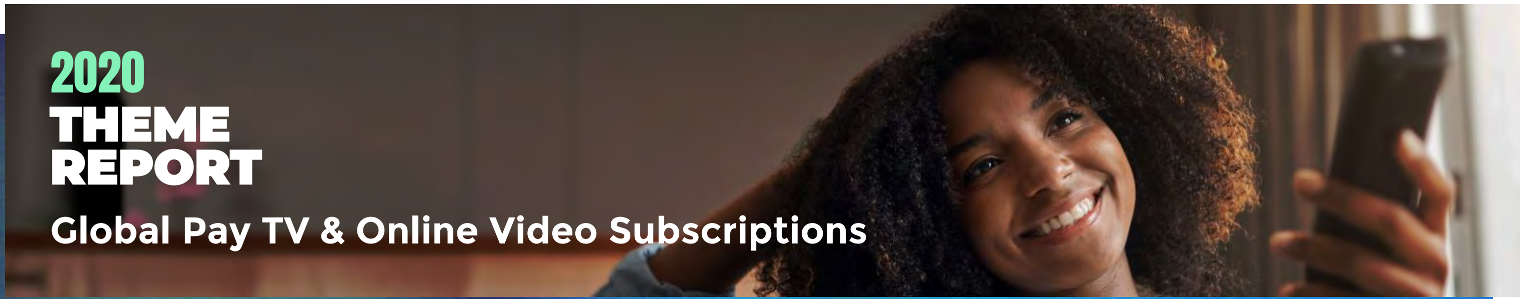
		2016	2017	2018	2019	2020	20 vs. 19
International	Physical[6]	$6.9	$5.8	$5.0	$4.0	$3.5	-12%
	Digital[7]	$12.2	$16.1	$22.0	$27.2	$35.3	30%
U.S.[8]	Physical	$8.0	$6.8	$5.8	$4.7	$3.5	-26%
	Digital	$11.4	$14.1	$17.4	$20.0	$26.5	33%
Total		**$38.5**	**$42.8**	**$50.2**	**$55.9**	**$68.8**	**23%**

[5] Home/mobile entertainment refers to entertainment content viewed on all devices, whether home-based (e.g. TVs) or mobile-based (e.g. smart phones). This includes both digital methods (EST, VOD, and paid subscription streaming (SVOD) – excluding virtual pay TV – and physical methods (Blu-ray and DVD sales and rentals). Digital includes movies and TV, and excludes sports. Previous years' estimates may be updated based on changes made by sources.

[6] International physical is sourced from Omdia and includes all countries except the United States. Includes Movie and TV genre rental and retail consumer spending. Previous years' estimates may be updated based on changes made by source.

[7] International digital is sourced from Omdia and includes all countries except the United States. Includes online video (EST, iVOD), Pay TV EST/SVOD/VOD for TV and Movie genre consumer spending. Also includes Online Subscription Revenue (Multiscreen, N/A (Others) and Online Channel) for movie and TV genre, excluding Virtual Pay TV. Previous years' estimates may be updated based on changes made by source.

[8] The source of U.S. home/mobile entertainment data is Digital Entertainment Group (DEG), which covers the United States (not Canada). DEG's definition of physical includes sell-through packaged goods and physical rental. Digital includes EST, VOD, and subscription streaming (SVOD). VOD spending does not include premium Video-on-Demand (PVOD). Including PVOD would increase the digital total. Previous years' estimates may be updated based on changes made by source.

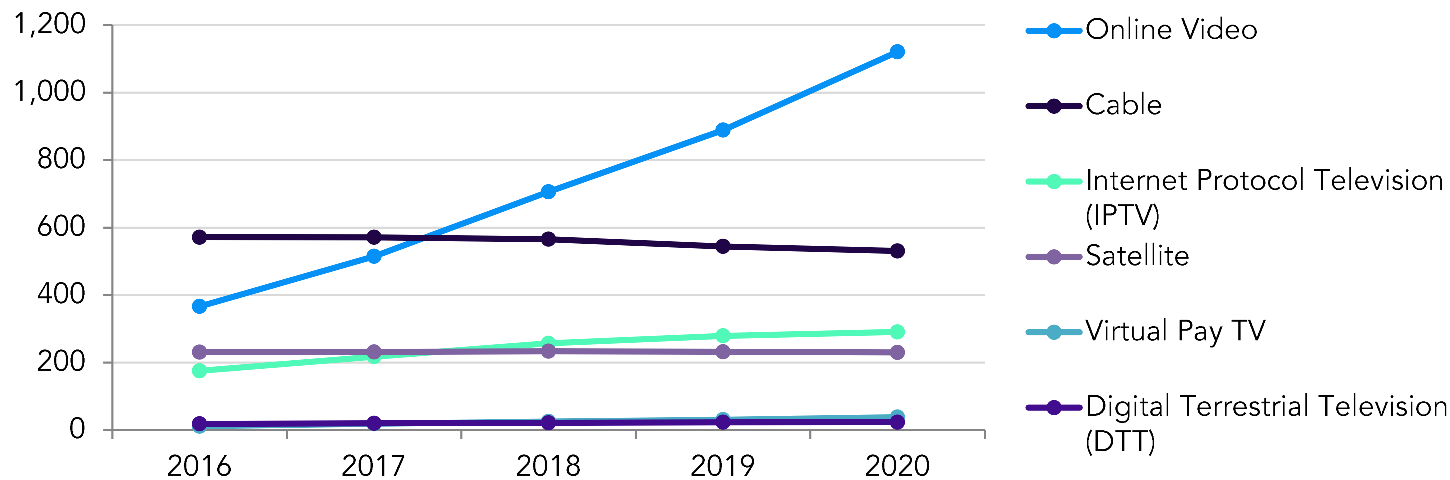


2020 THEME REPORT

Global Pay TV & Online Video Subscriptions

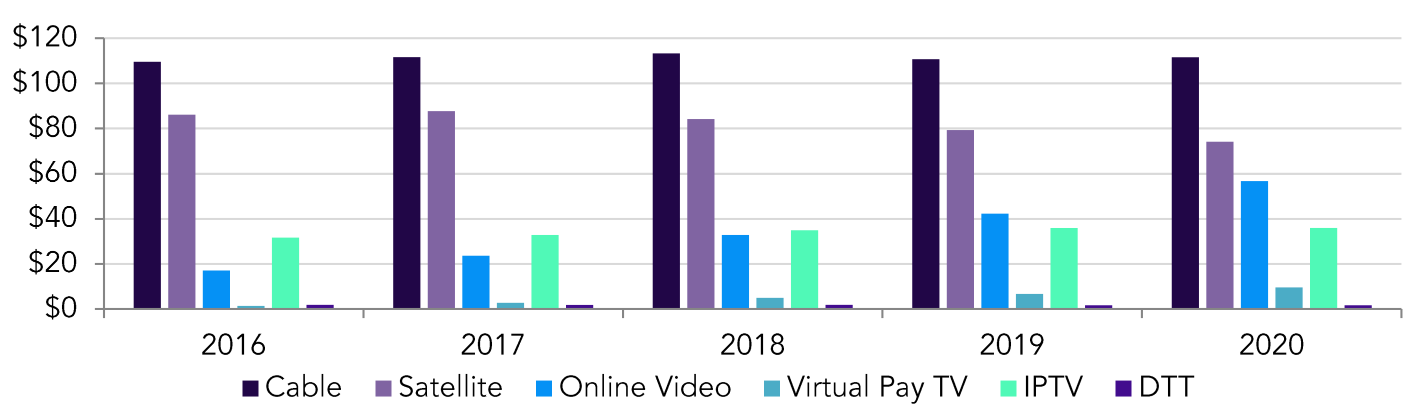
The global total of online video subscriptions (1.1 billion), such as Netflix and Disney+, increased by 26 percent, or 232.1 million, when comparing 2020 to 2019. The number of cable subscriptions decreased by two percent in 2020 to 530.7 million. Households with more than one type of subscription service are counted in each of the categories to which they subscribe. For example, the majority of households have both pay TV and online subscriptions[9], and are counted in both categories.

Global Pay TV & Online Video Subscriptions (Millions)[10]
Source: Omdia



The pay TV subscription market (excluding online video) was $233.1 billion globally in 2020. Cable remains the highest subscription video market, with an increase of $871.4 million to $111.6 billion in 2020, despite the decrease in subscriptions. Online video, the third highest subscription market, had the largest increase in dollar terms in 2020 with a 34 percent, or $14.3 billion, increase.

Global Pay TV & Online Video Subscription Markets (US$ Billions)[10, 11]
Source: Omdia

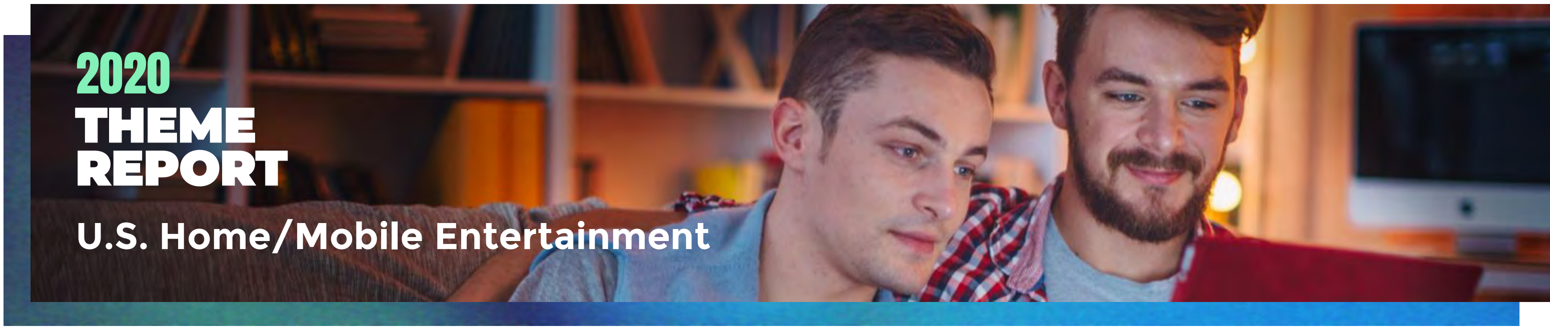


[9] Ampere Analysis graph (10/24/18), "SVoD-only households vs. pay TV-only households." Retrieved from https://www.ampereanalysis.com/blog/aaee9a6c-e7eb-496c-bedc-e9e36f78ce1f

[10] Online video includes Channel (e.g. SVOD), Multiscreen (e.g. TV Everywhere), and N/A (Others), and excludes Virtual Pay TV. Virtual Pay TV includes services such as AT&T Now and Hulu Live TV. Online and Virtual Pay TV both include movies, sports, and TV. Previous years' estimates may be updated based on changes made by source.

[11] Market includes monthly pay TV subscription fees and pay TV on-demand services, excluding set-top box rental or installation fees. Tiers included are basic, extended basic, premium, and a la carte. Previous years' estimates may be updated based on changes made by source.

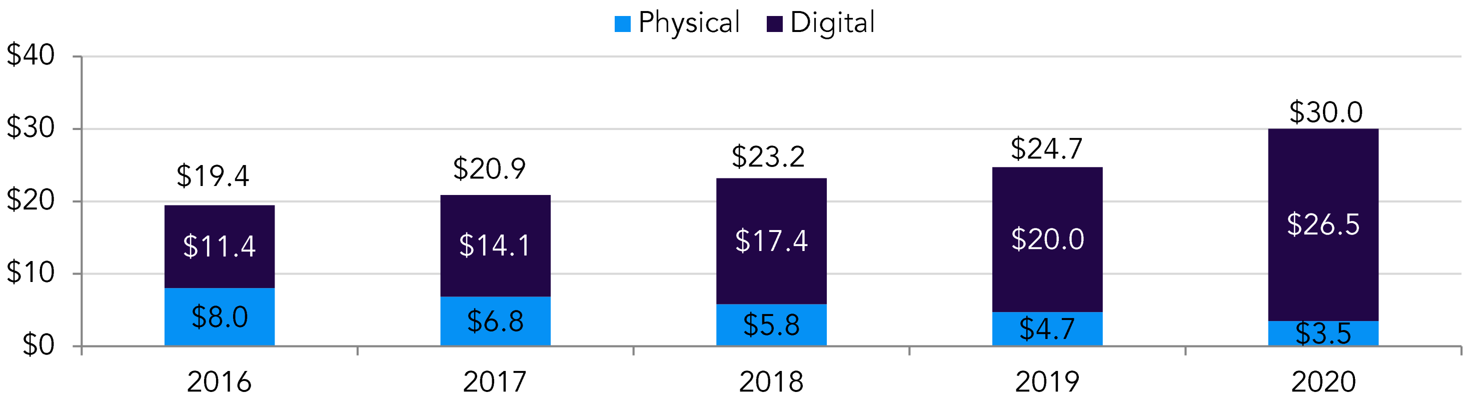
HOME/MOBILE ENTERTAINMENT: UNITED STATES



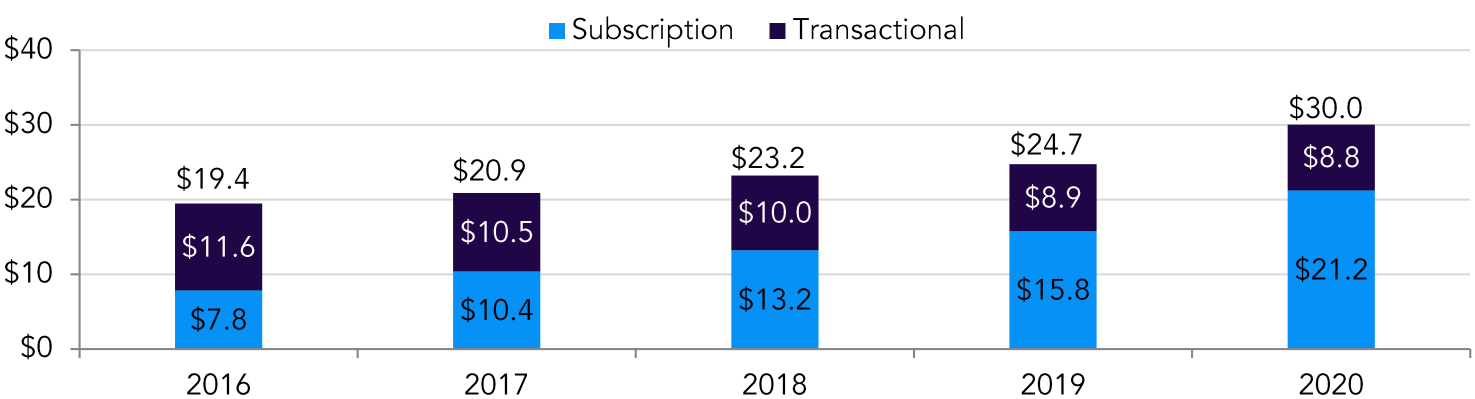
In 2020, the overall home/mobile entertainment market (content released digitally and on disc) in the United States was $30.0 billion, up 21 percent compared to 2019. The digital market increased by 33 percent compared to 2019, while the physical market decreased by 26 percent. The subscription market continues to increase (up 35% from 2019), while the transactional market continues to decrease (down 2% from 2019).

U.S. Home/Mobile Entertainment Market (US$ Billions)[12]

Source: Digital Entertainment Group



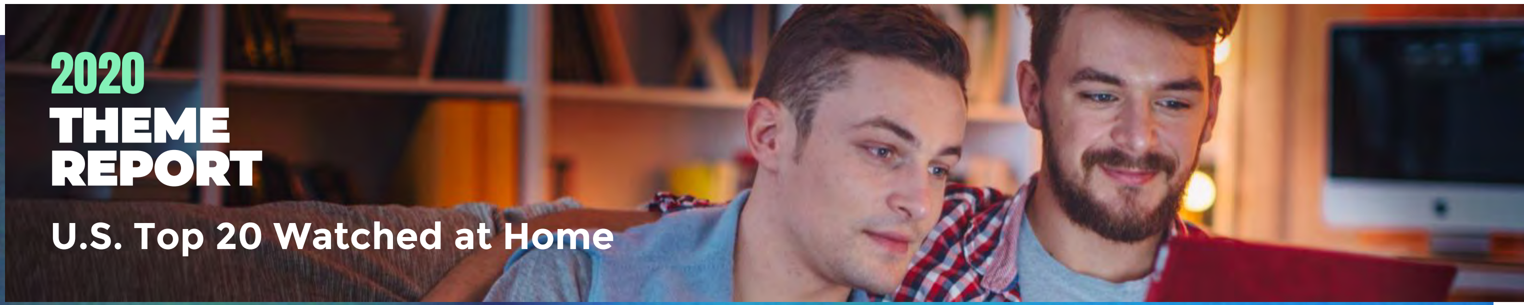
	2016	2017	2018	2019	2020	20 vs. 19
Physical	$8.0	$6.8	$5.8	$4.7	$3.5	-26%
Digital	$11.4	$14.1	$17.4	$20.0	$26.5	33%
Total	**$19.4**	**$20.9**	**$23.2**	**$24.7**	**$30.0**	**21%**



	2016	2017	2018	2019	2020	20 vs. 19
Transactional[13]	$11.6	$10.5	$10.0	$8.9	$8.8	-2%
Subscription[13]	$7.8	$10.4	$13.2	$15.8	$21.2	35%
Total	**$19.4**	**$20.9**	**$23.2**	**$24.7**	**$30.0**	**21%**

[12] The source of U.S. home/mobile entertainment data is Digital Entertainment Group (DEG), which covers the United States (not Canada). DEG's definition of physical includes sell-through packaged goods and physical rental. Digital includes EST, VOD, and subscription streaming (SVOD). VOD spending does not include premium Video-on-Demand (PVOD). Previous years' estimates may be updated based on changes made by source.

[13] Transactional includes physical sell-through packaged goods and rental, EST, and VOD. VOD spending does not include premium Video-on-Demand (PVOD). Subscription includes digital subscription streaming.



2020 THEME REPORT

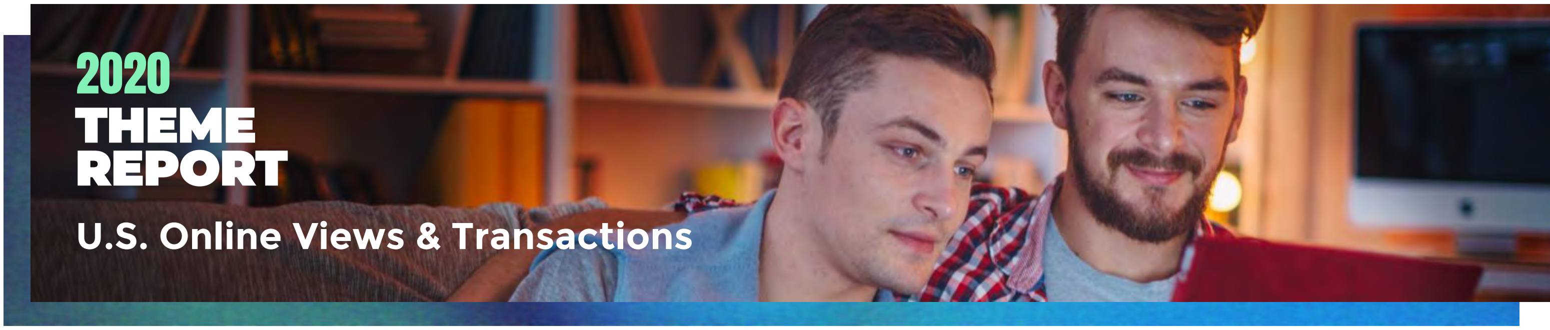
U.S. Top 20 Watched at Home

U.S. Top 20 Watched at Home Titles (Transactional) 2020[14]

Source: DEG

Rank	Title	Studio
1	Frozen II	Disney
2	Jumanji: The Next Level	Sony
3	Star Wars: Episode IX – The Rise of Skywalker	Disney
4	Joker (2019)	Warner Bros.
5	Sonic the Hedgehog	Paramount
6	Bad Boys for Life	Sony
7	1917	Universal
8	Scoob!	Warner Bros.
9	Ford v Ferrari	Disney
10	Knives Out	Lionsgate
11	Trolls World Tour	Universal
12	Yellowstone: S1	Paramount
13	Onward	Disney
14	Birds of Prey (And the Fantabulous Emancipation of One Harley Quinn)	Warner Bros.
15	Yellowstone: S2	Paramount
16	Yellowstone: S3	Paramount
17	Harry Potter (Complete 8-Film Collection)	Warner Bros.
18	Maleficent: Mistress of Evil	Disney
19	Bloodshot (2020)	Sony
20	Midway (2020)	Lionsgate

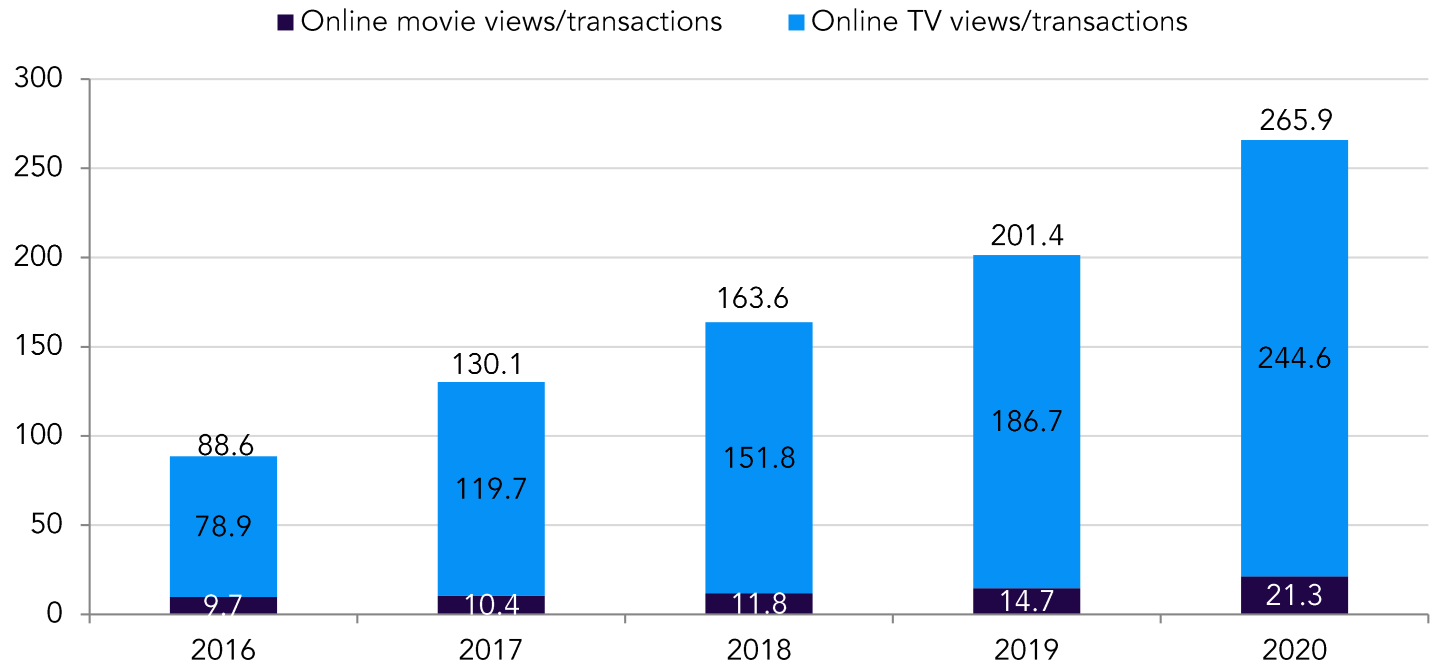
[14] Digital Entertainment Group Watched at Home Top 20 for full year includes U.S. digital sales (EST), digital rentals (VOD), DVD & Blu-ray sales assembled with the newest studio and retailer/platform data every seven days. This data does not include premium VOD (PVOD).



U.S. Online Views & Transactions

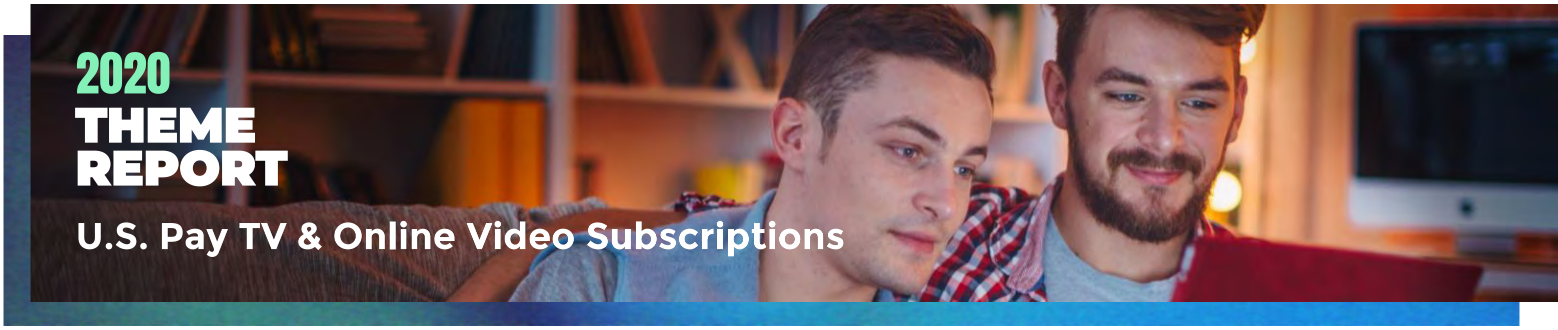
Online video content viewing continued its upward trend in 2020, reaching 265.9 billion views/transactions in the United States, a 32 percent increase compared to 2019. Online movie views/transactions (+45%) and TV views/transactions (+31%) both increased from 2019. There are more than 135 online services providing movies and television shows to U.S. consumers.

U.S. Online Views & Transactions (Billions)
Source: Omdia



	2016	2017	2018	2019	2020	20 vs. 19
Online movie views/transactions[15]	9.7	10.4	11.8	14.7	21.3	45%
Online TV views/transactions[16]	78.9	119.7	151.8	186.7	244.6	31%
Total	**88.6**	**130.1**	**163.6**	**201.4**	**265.9**	**32%**

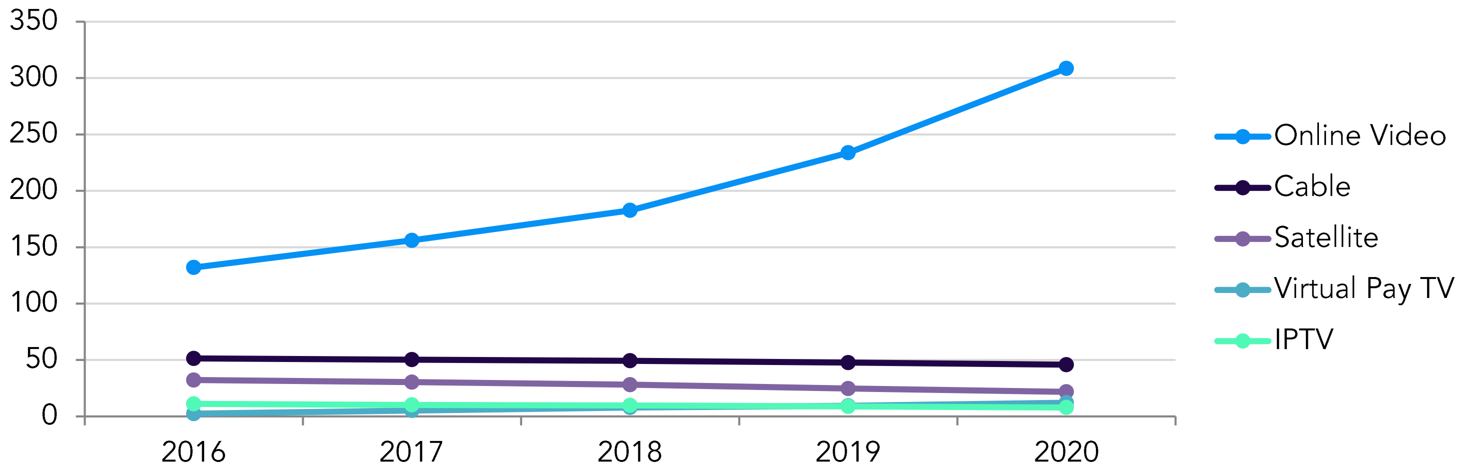
[15] Online movie views/transactions includes views from subscription services (including virtual pay TV), and digital transactions. Previous years' estimates may be updated based on changes made by source.
[16] Online TV views/transactions includes subscription services (including virtual pay TV), and digital transactions. Previous years' estimates may be updated based on changes made by source. Previous years had included free to view via pay TV services but current figures do not.



U.S. Pay TV & Online Video Subscriptions

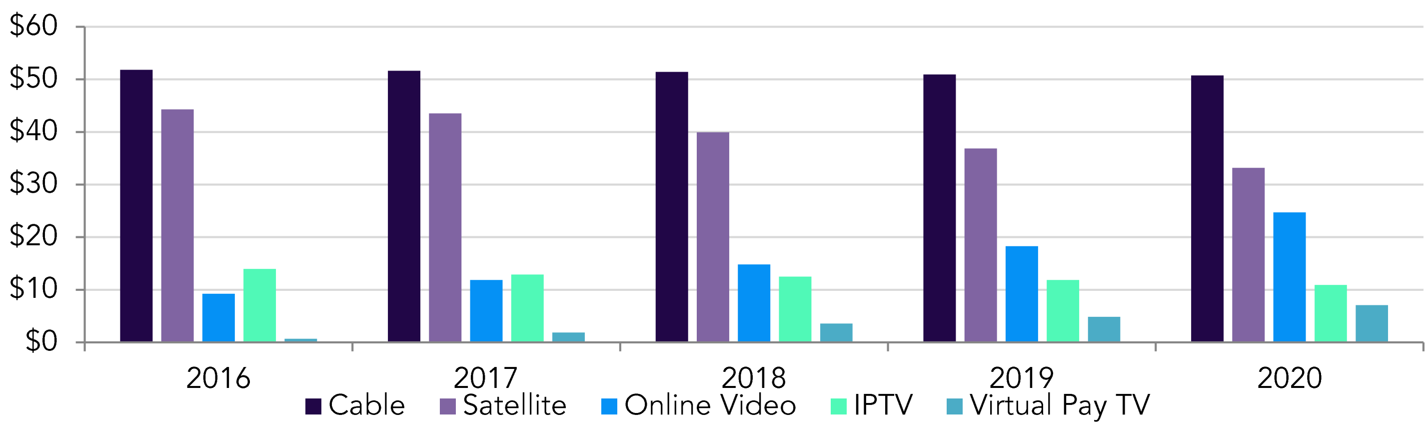
In 2020, the number of online video subscriptions in the United States increased to 308.6 million (+32%) and the number of virtual pay TV subscriptions increased to 12.1 million (+29%). Households with more than one type of subscription service are counted in each of the categories to which they subscribe. For example, the majority of households have both pay TV and online subscriptions[17] and are counted in both categories.

U.S. Pay TV & Online Video Subscriptions (Millions)[18]
Source: Omdia



The pay TV subscription market (excluding online video) was $102.0 billion in the United States in 2020. The market from cable subscriptions was relatively consistent with 2019 at $50.8 billion despite subscriptions decreasing four percent. Online video, the third largest subscription category after cable and satellite, increased 35 percent to $24.7 billion in 2020.

U.S. Pay TV & Online Video Subscription Markets (US$ Billions)[18, 19]
Source: Omdia



[17] Ampere Analysis graph (10/24/18), "SVoD-only households vs. pay TV-only households." Retrieved from https://www.ampereanalysis.com/blog/aaee9a6c-e7eb-496c-bedc-e9e36f78ce1f

[18] Online video includes Channel (e.g. SVOD), Multiscreen (e.g. TV Everywhere), and N/A (Others), and excludes Virtual Pay TV. Virtual Pay TV includes services such as AT&T Now and Hulu Live TV. Online and Virtual Pay TV both include movies, sports, and TV. Previous years' estimates may be updated based on changes made by source.

[19] Market includes monthly pay TV subscription fees and pay TV on-demand services, excluding set-top box rental or installation fees. Tiers included are basic, extended basic, premium, and a la carte. Previous years' estimates may be updated based on changes made by source.

U.S. Top 10 Streaming Original Series[20]

Source: Nielsen

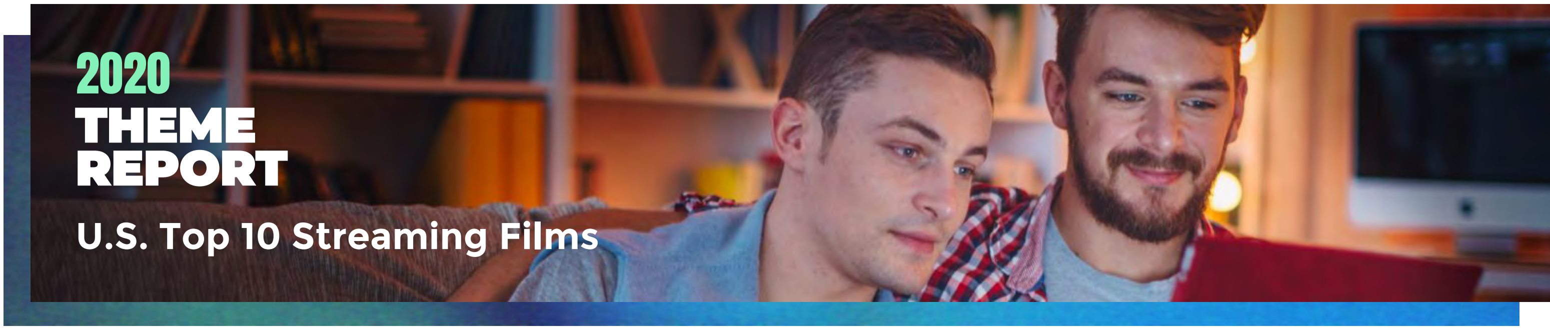
Rank	Title	SVOD Provider(s)	# of Episodes	Minutes Streamed (Nearest Millions)
1	Ozark	Netflix	30	30,462
2	Lucifer	Netflix	75	18,975
3	The Crown	Netflix	40	16,275
4	Tiger King	Netflix	8	15,611
5	The Mandalorian	Disney+	16	14,519
6	The Umbrella Academy	Netflix	20	13,470
7	Great British Baking Show	Netflix	65	13,279
8	Boss Baby: Back in Business	Netflix	49	12,625
9	Longmire	Netflix	63	11,382
10	You	Netflix	20	10,965

U.S. Top 10 Streaming Acquired Series[20]

Source: Nielsen

Rank	Title	SVOD Provider(s)	# of Episodes	Minutes Streamed (Nearest Millions)
1	The Office	Netflix	192	57,127
2	Grey's Anatomy	Netflix	366	39,405
3	Criminal Minds	Netflix	277	35,414
4	NCIS	Netflix	353	28,134
5	Schitt's Creek	Netflix	70	23,785
6	Supernatural	Netflix	318	20,336
7	Shameless	Netflix	122	18,218
8	New Girl	Netflix	146	14,545
9	The Blacklist	Netflix	152	14,480
10	Vampire Diaries	Netflix	171	14,091

[20] Nielsen SVOD Content Ratings (Netflix, Amazon Prime, Disney+ and Hulu), Nielsen TV Panel, U.S. Viewing through Television. U.S. persons aged 2+, total minutes viewed during 2020 (12/30/2019-12/27/20).

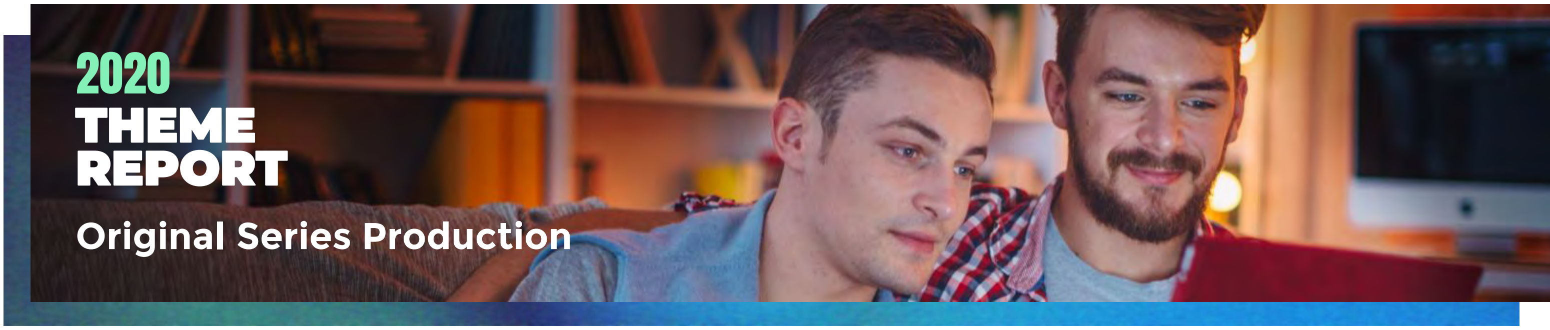


U.S. Top 10 Streaming Films[21]

Source: Nielsen

Rank	Title	SVOD Provider(s)	Minutes Streamed (Nearest Millions)
1	Frozen II	Disney+	14,924
2	Moana	Disney+	10,507
3	The Secret Life of Pets 2	Netflix	9,123
4	Onward	Disney+	8,367
5	Dr. Suess' The Grinch	Netflix	6,180
6	Hamilton	Disney+	6,132
7	Spenser Confidential	Netflix	5,374
8	Aladdin (2019)	Disney+	5,172
9	Toy Story 4	Disney+	4,416
10	Zootopia	Disney+	4,400

[21] Nielsen SVOD Content Ratings (Netflix, Amazon Prime, Disney+ and Hulu), Nielsen TV Panel, U.S. Viewing through Television. U.S. persons aged 2+, total minutes viewed during 2020 (12/30/2019-12/27/20).



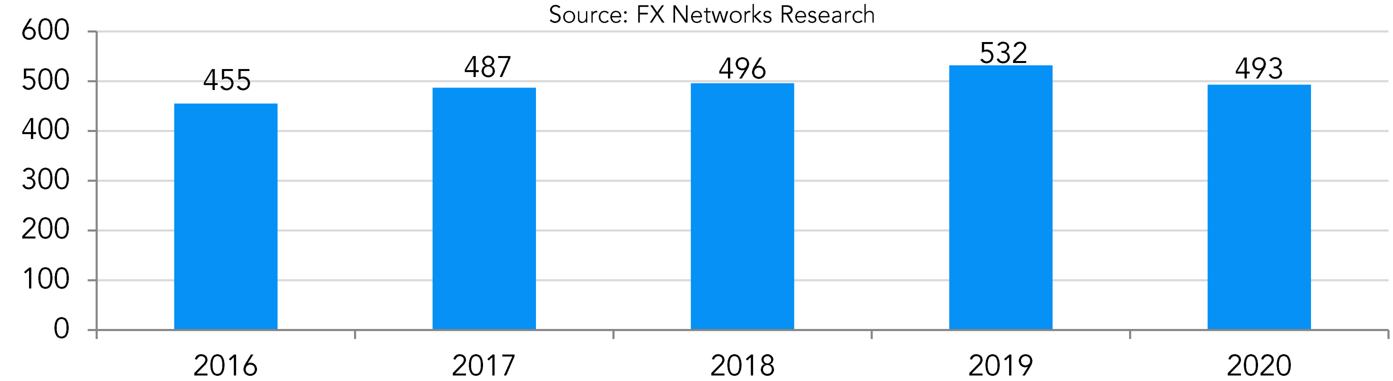
2020 THEME REPORT

Original Series Production

In 2020, there were 493 original scripted series released on broadcast, pay TV, and online services aimed at U.S. audiences, according to FX Networks Research, a decrease of seven percent compared to 2019.

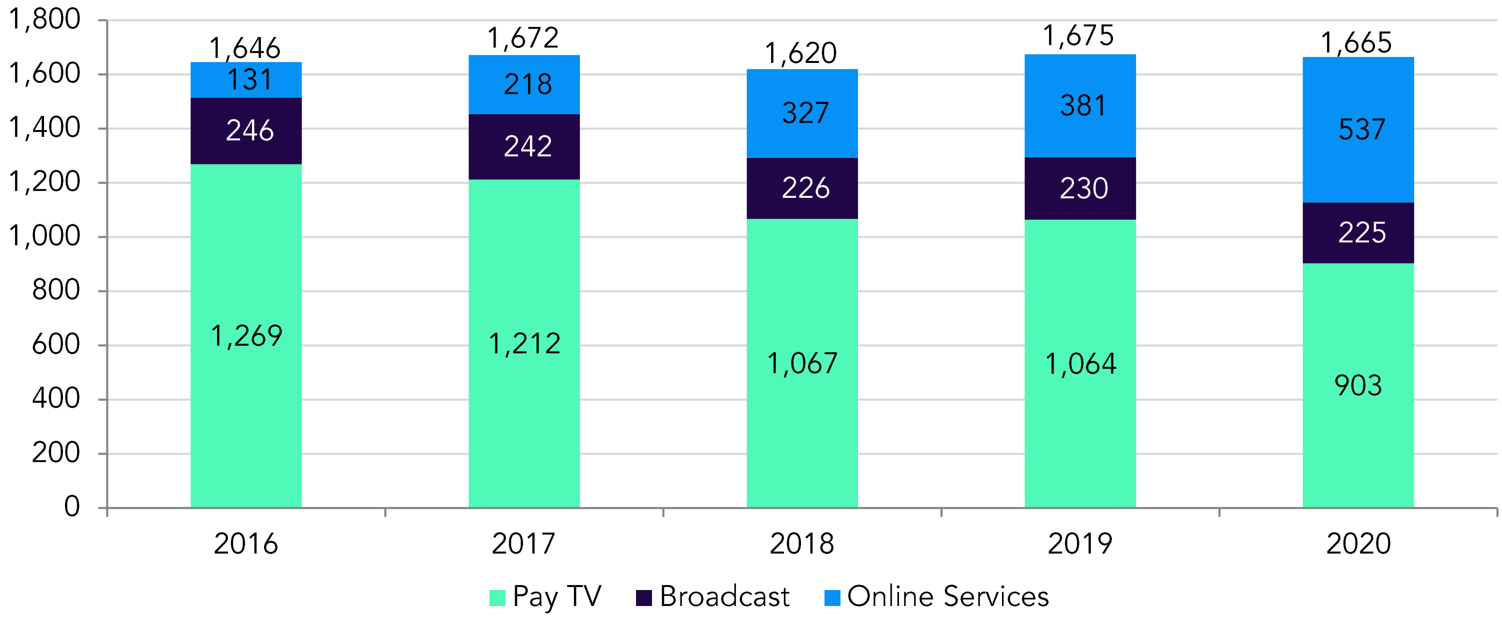
Estimated Number of Scripted Original Series[22]

Source: FX Networks Research



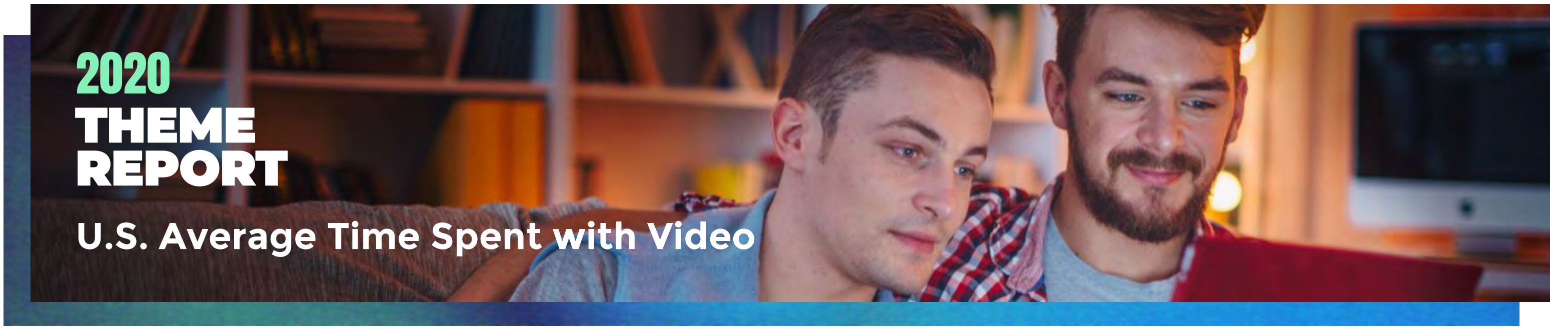
Expanding the analysis to include additional categories of original series (unscripted shows, children's programs, and daytime dramas), there were 1,665 total original series in 2020, down one percent from 2019. The number of original series produced for online services, which reached 537 in 2020, increased 41 percent from 2019, and nearly offset decreases in pay TV and broadcast original series.

Estimated Number of Total Original Series[23]



[22] Estimated by FX Networks Research as of January 2020 based on third party data covering broadcast, cable and online outlets. Excludes library, daytime dramas, one-episode specials, non-English language/English-dubbed, children's programs, and short form content (<15 mins). See, e.g. Andreeva, Nellie, "Peak TV: Scripted Originals Dipped In 2020 For The First Time Since FX Launched Tally Amid Pandemic," Deadline, 1/29/2021.

[23] These estimates reflect full-length original scripted and unscripted series in the English language released in the reported year, by a U.S. production company (including co-productions). Compiled based on a number of sources, including MPA member studios, film offices, and third party sources, including Ampere Analysis and Variety Insight. In addition to FX coverage, these estimates include the following content types: daytime dramas, children's programs, and unscripted series including news and talk shows. Multiple seasons in one year for a series are counted only once. Previous years' estimates may be updated as more information becomes available.

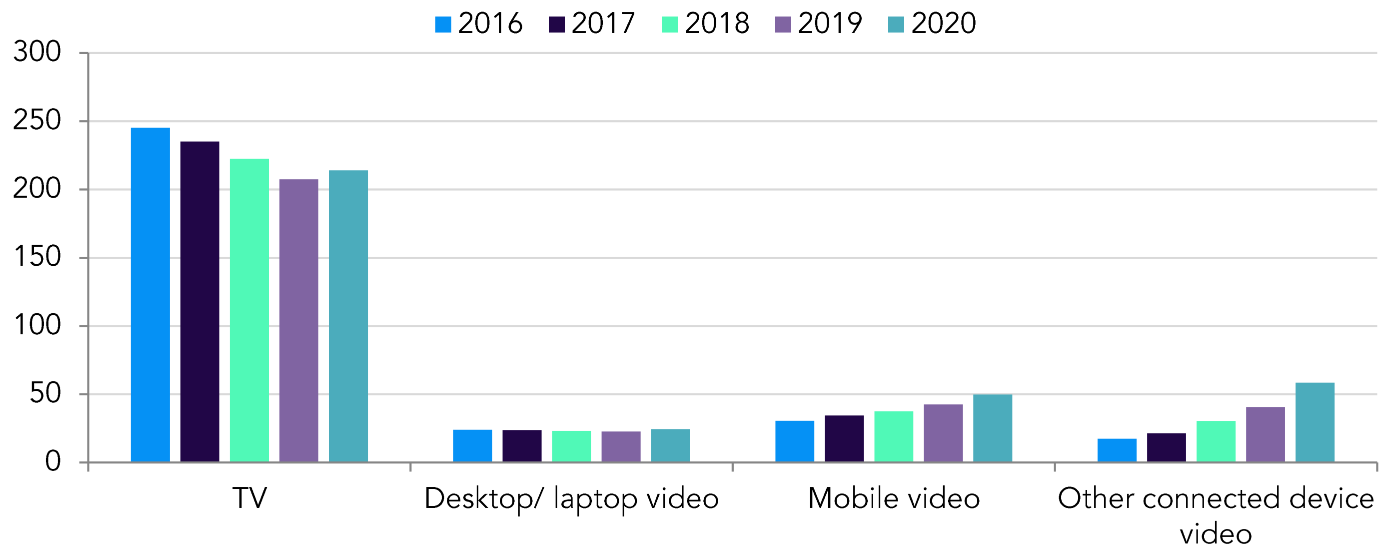


2020 THEME REPORT

U.S. Average Time Spent with Video

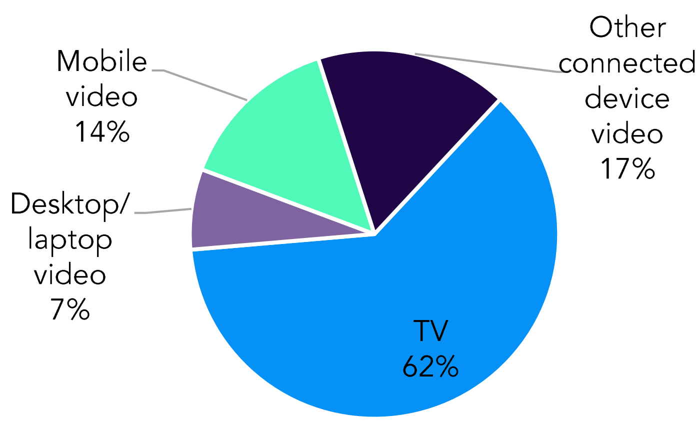
In 2020, the time U.S. adults spent per day watching TV (live or recorded) increased by seven minutes to 3 hours and 34 minutes, the first increase since 2012. The time U.S. adults spent per day watching video on other connected devices, such as an app on a smart TV or a streaming device, increased 44 percent to 58 minutes in 2020.

Average Time Spent per Day with Video by U.S. Adults (Minutes)[24]
Source: eMarketer



In 2020, 62 percent of time spent watching video was via TV (live or recorded), the highest share of any device, but the share was down four percentage points compared to 2019. The share via other connected devices was 17 percent, up from 13 percent in 2019. The time spent per day watching subscription over-the-top (OTT) video increased 34 percent to 71.8 minutes and exceeded one hour for the first time.

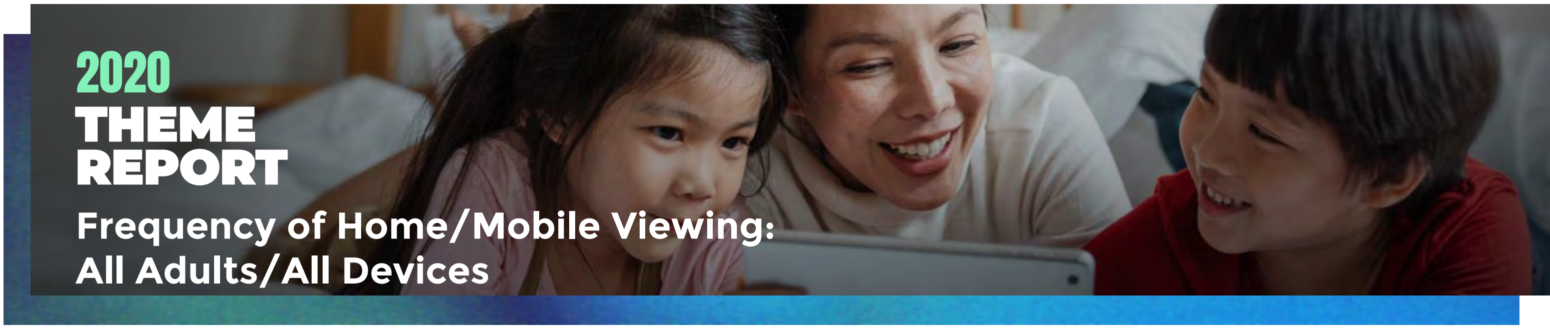
2020 Average Time Spent per Day with Video by U.S. Adults (Minutes)[24]
Source: eMarketer



	Subscription Video (Minutes/Day)
2016	30.8
2017	36.7
2018	44.8
2019	53.7
2020	71.8

[24] If two or more devices are being used at the same time, time is counted for all devices. Other connected devices includes game consoles, smart TVs, and devices such as Chromecast and Roku. Subscription OTT video includes time spent watching video via any app or website that provides paid subscription access to streaming video content over the internet, and bypasses traditional distribution (e.g. Netflix, HBO Now, Hulu, etc.). Previous years' estimates may be updated based on changes made by source.

HOME/MOBILE VIEWING DEMOGRAPHICS



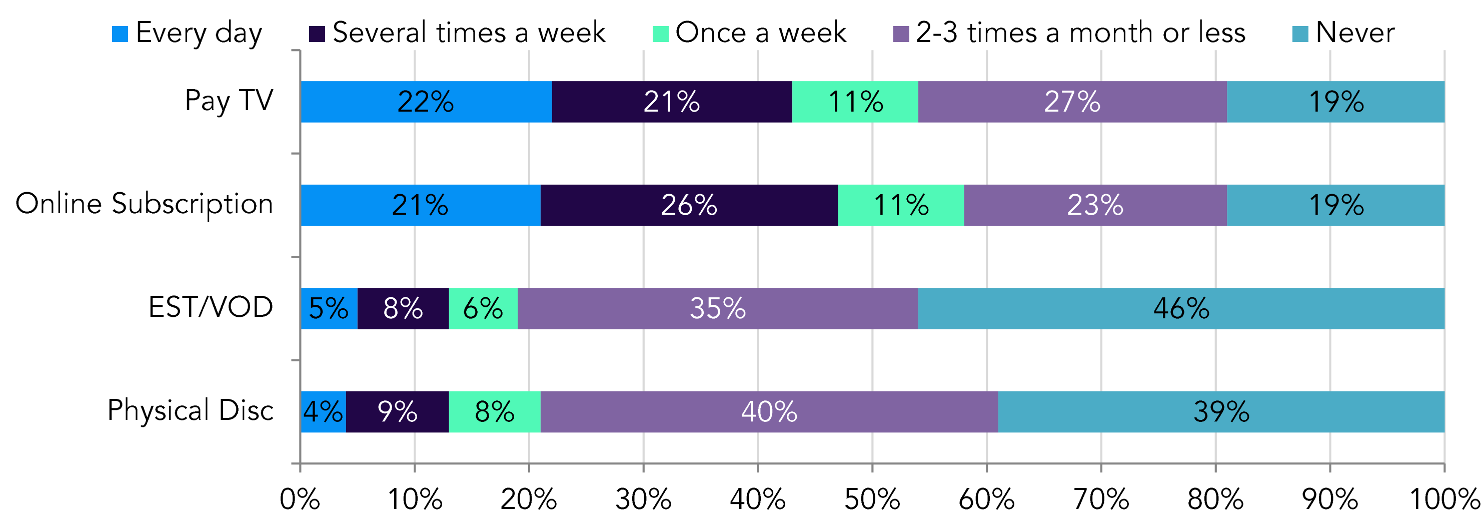
2020 THEME REPORT

Frequency of Home/Mobile Viewing: All Adults/All Devices

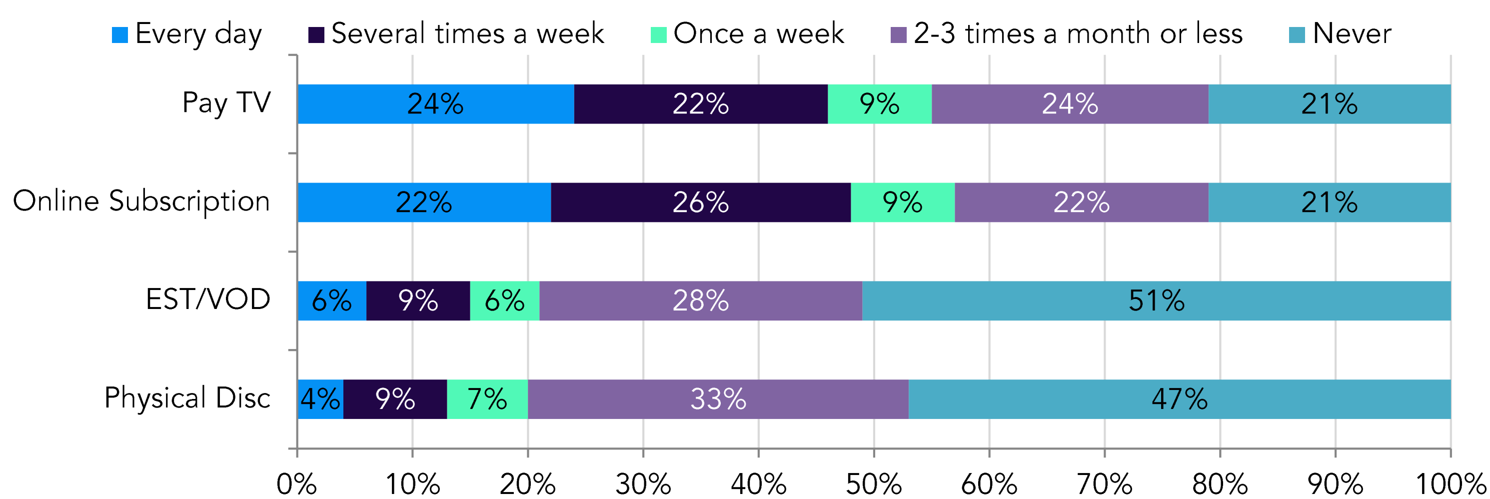
In 2020, approximately 80 percent of U.S. adults watched movies and shows/series via traditional television services and online subscription services, the highest proportion of the home/mobile viewing methods. The percent using online subscription services increased from just over 75 percent in 2019. These viewing methods also had the highest share of daily viewers (just under 25% of the population).

Viewing via online Electronic Sell-Through (EST)/video-on-demand (VOD) services increased in 2020, with 54 percent of U.S. adults watching movies on EST/VOD in 2020, up from 49 percent in 2019. In 2020, 59 percent of adults who viewed movies via EST/VOD also paid to rent movies newly or not released in movie theaters (PVOD).[25] The share of U.S. adults viewing shows/series via EST/VOD reached 49 percent in 2020, up from 40 percent in 2019.

2020 Share of Population Viewing Movies by Home/Mobile Distribution Channel[26]



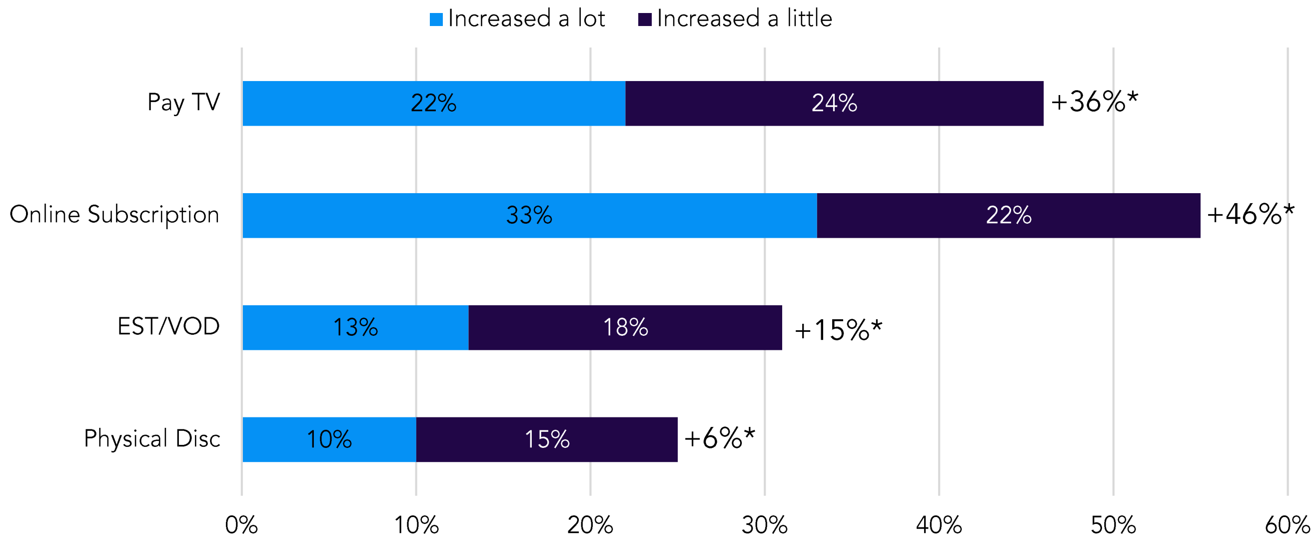
2020 Share of Population Viewing shows/series by Home/Mobile Distribution Channel[26]



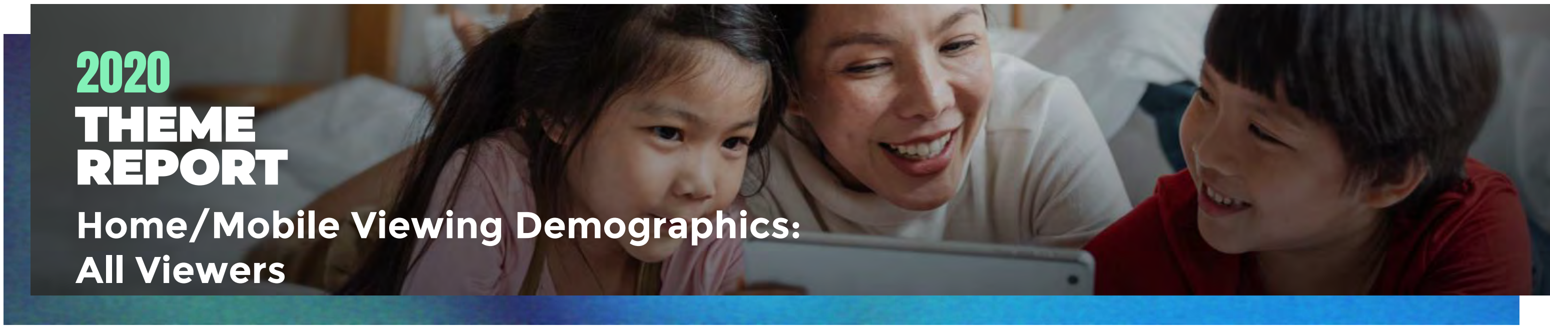
[25] In the 2020 survey, a question was added to measure how many users of EST/VOD viewed a movie via Premium VOD (PVOD).
[26] Pay TV includes regular television services (broadcast, cable and satellite), premium channels and pay-per-view through those services.

All home/mobile viewing methods experienced reported increases in viewing during the COVID-19 pandemic period in 2020. The largest number, more than half of adults (55%), reported that their viewing of movies or shows/series via online subscription services increased over the period of the COVID-19 pandemic in 2020, with a net increase of 46 percent when accounting for those who reported a decrease in viewing. Pay TV also had a net increase in viewing of 36 percent (46% reported an increase), followed by EST/VOD (15% net increase) and physical disc (6% net increase).

Increase in Home/Mobile Adult Viewing Over the COVID-19 Pandemic Period in 2020



*Percentage represents the difference between those who said viewing increased a lot or a little and those who said viewing decreased a lot or a little.

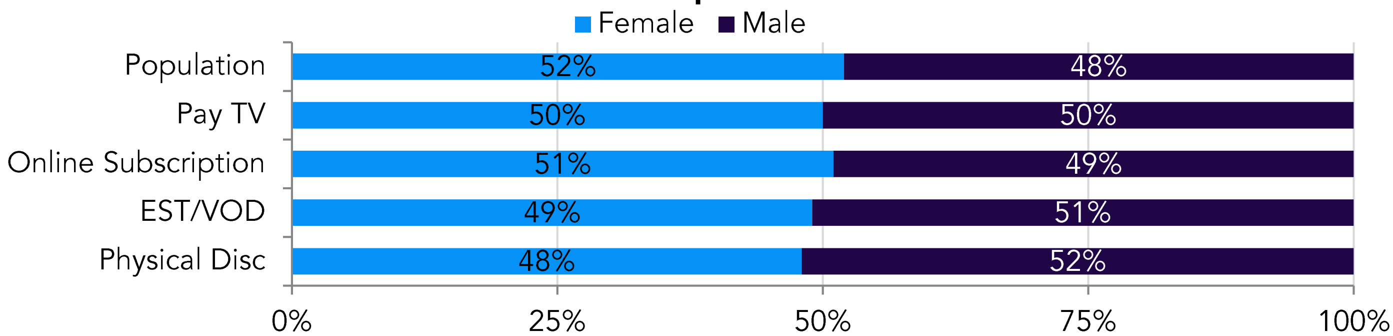


2020 THEME REPORT

Home/Mobile Viewing Demographics: All Viewers

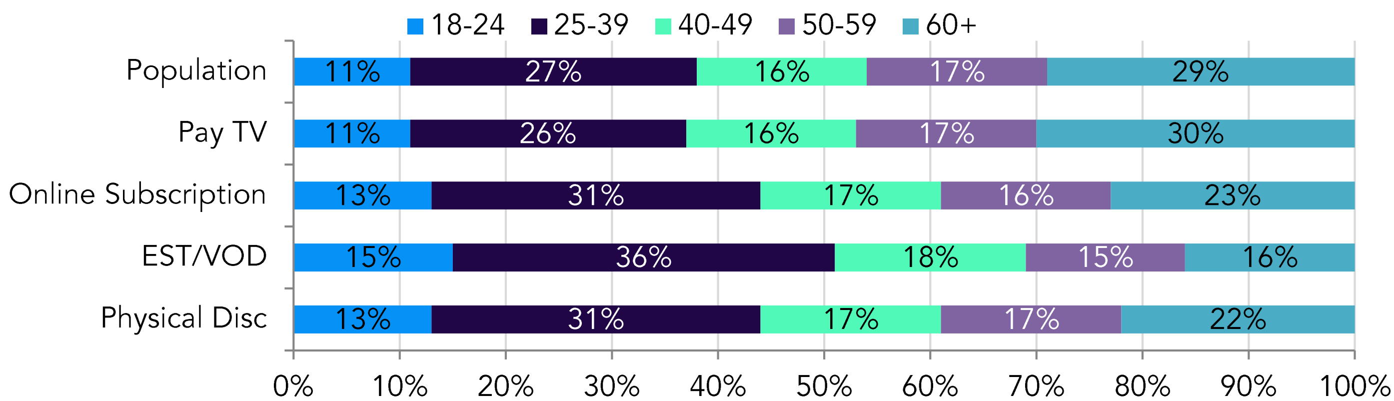
In 2020, the gender composition of home/mobile viewers of all frequencies was generally similar to the population, although EST/VOD and physical disc adult viewers skewed slightly more toward men.

2020 Gender Share of Adult Population and Home/Mobile Viewers



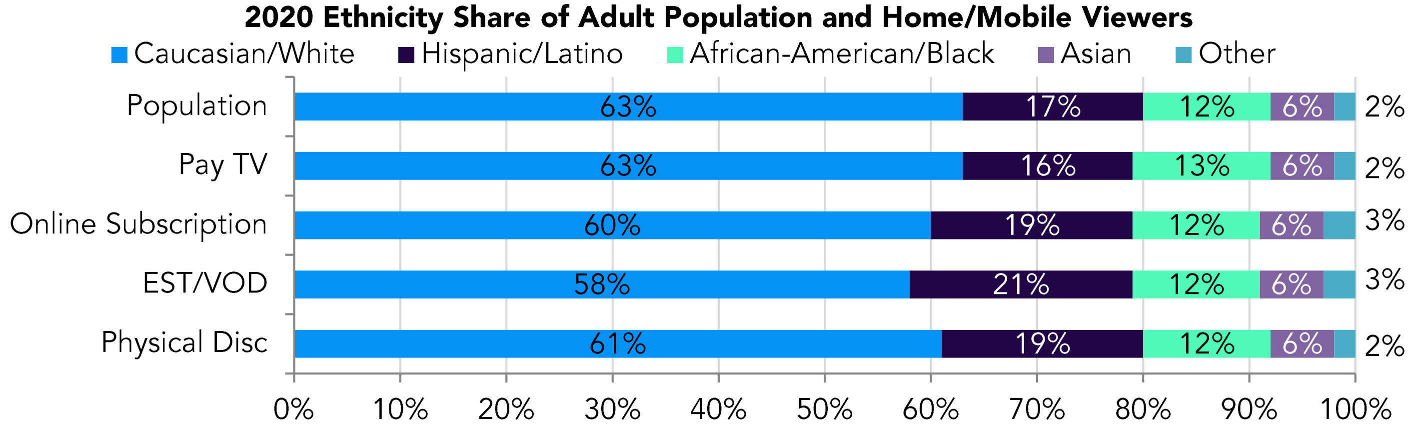
In 2020, the age group representation of viewers of traditional TV services was very similar to the population. The 25-39 age group was overrepresented in terms of viewers in the distribution channels of EST/VOD (36%), online subscriptions (31%), and physical discs (31%), relative to their share of the population (27%), similar to 2019.

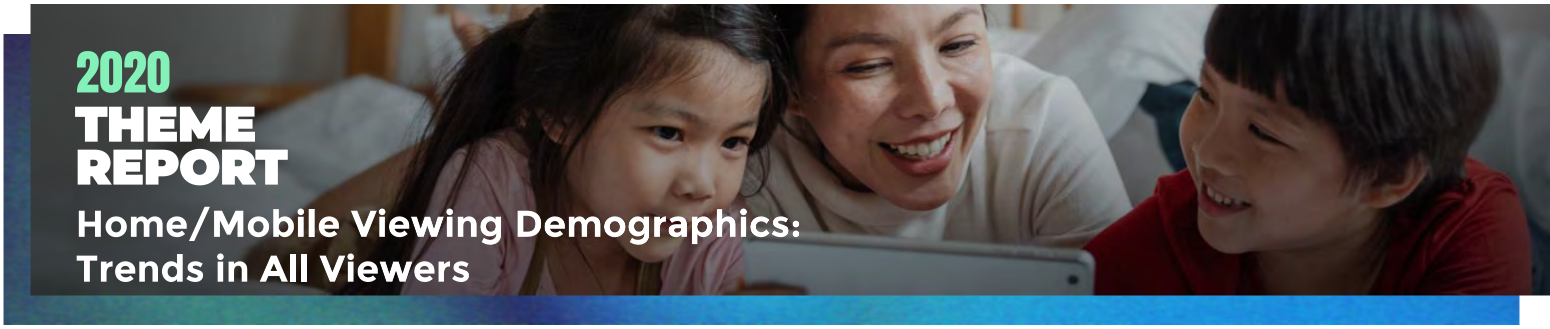
2020 Age Group Share of Adult Population and Home/Mobile Viewers



In 2020, the Hispanic/Latino category was overrepresented in terms of reported EST/VOD (21%) viewing relative to their share of the adult population (17%). All shares were similar to those in 2019.

2020 Ethnicity Share of Adult Population and Home/Mobile Viewers



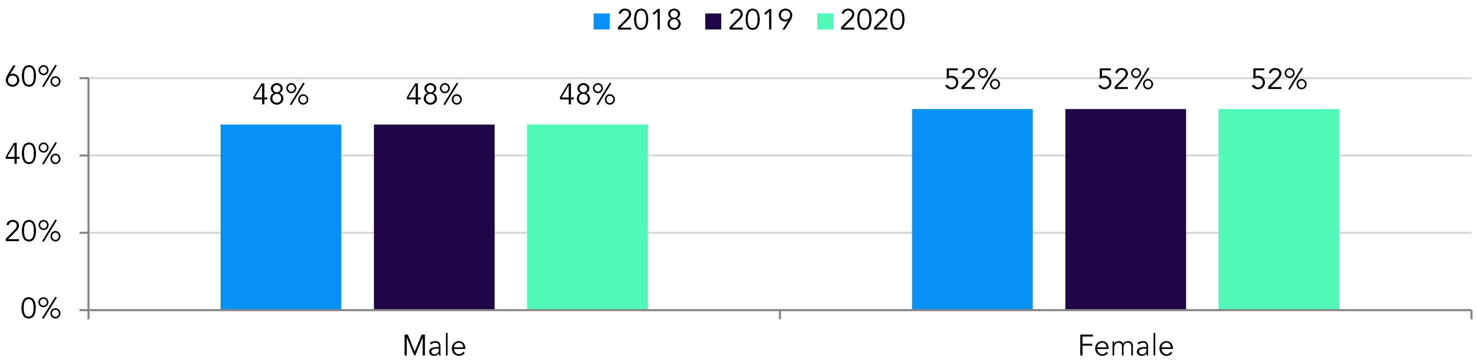


2020 THEME REPORT

Home/Mobile Viewing Demographics: Trends in All Viewers

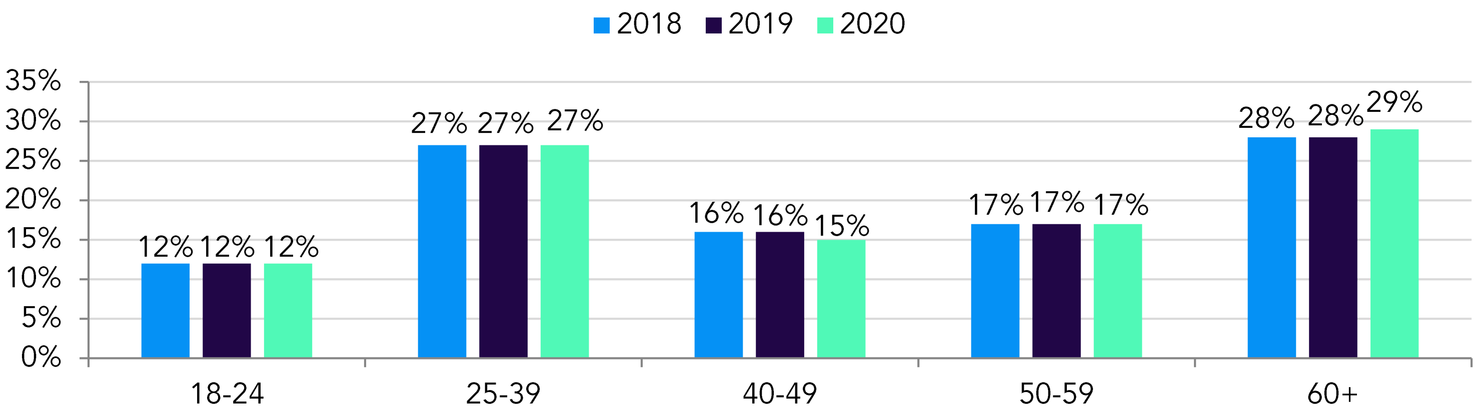
In 2020, the gender composition of all home/mobile viewers was the same as the population composition, consistent with 2019.

Trend in Gender Share of All Home/Mobile Viewers[27]



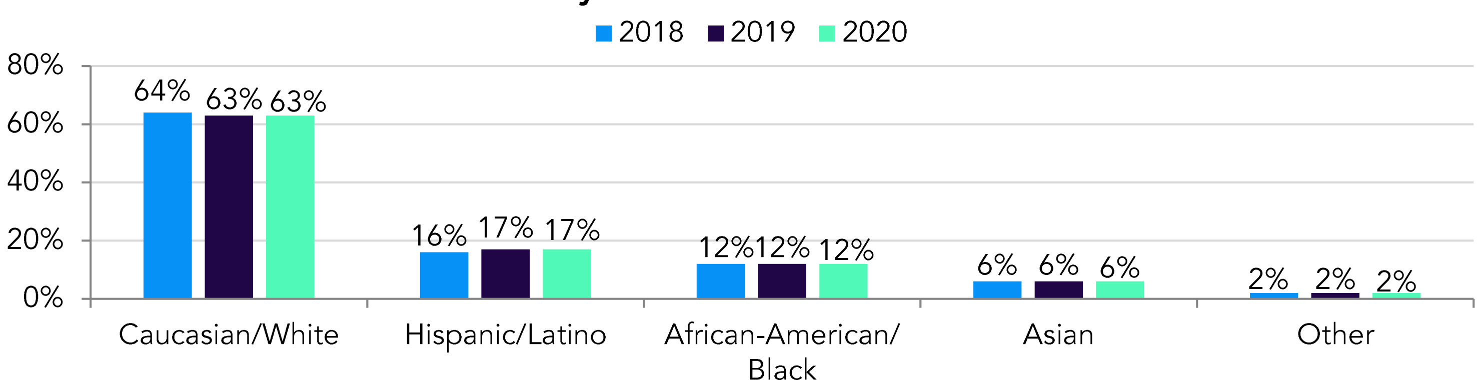
The age group representation of all home/mobile viewers has remained relatively consistent since 2018.

Trend in Age Group Share of All Home/Mobile Viewers[27]

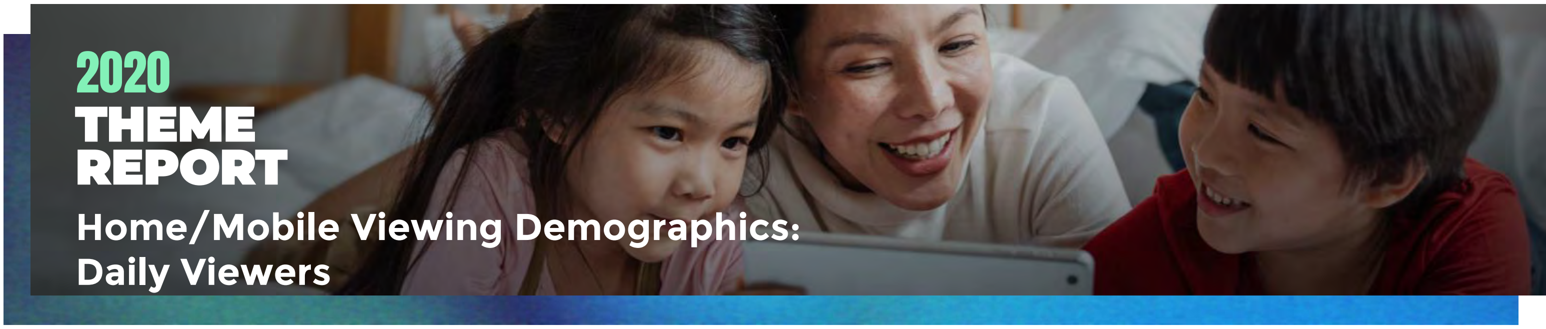


In 2020, the share of all home/mobile viewers by ethnicity was consistent with previous years.

Trend in Ethnicity Share of All Home/Mobile Viewers[27]



[27] Home/mobile viewers on this page refers to the net movie or show/series viewers via any of the following channels: Pay TV, online subscription, EST/VOD or physical discs.

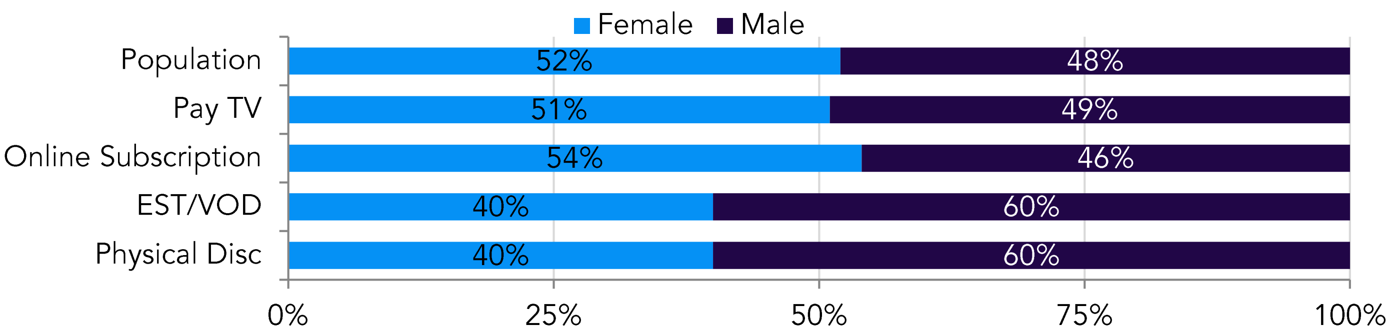


2020 THEME REPORT

Home/Mobile Viewing Demographics: Daily Viewers

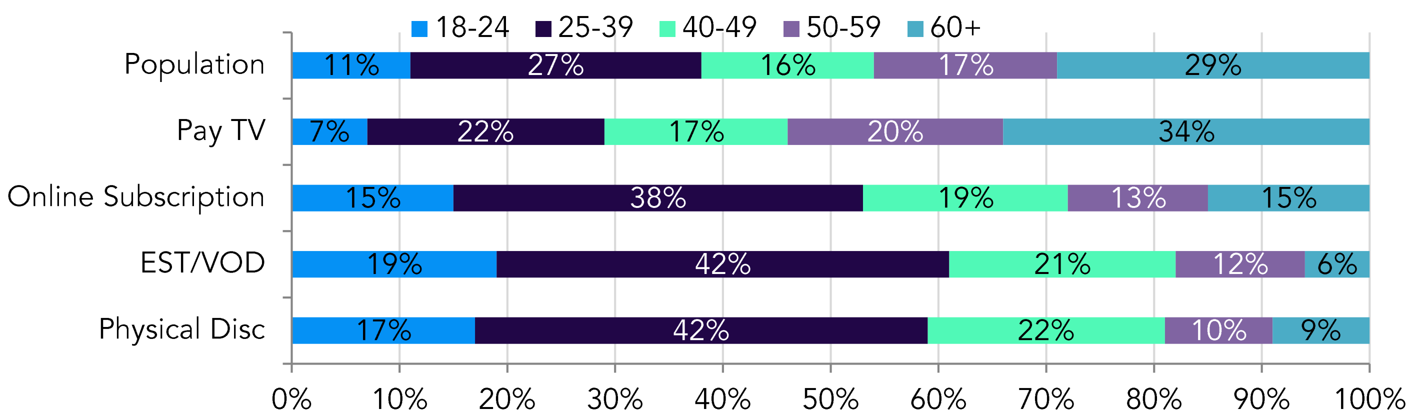
Focusing on daily viewers, in 2020, the gender composition of online subscription viewers who watch daily skewed slightly female relative to the population, while the small group of EST/VOD and physical disc daily viewers skewed more toward men (both 60%), relative to the population and similar to 2019.

2020 Gender Share of Adult Population and Daily Home/Mobile Viewers



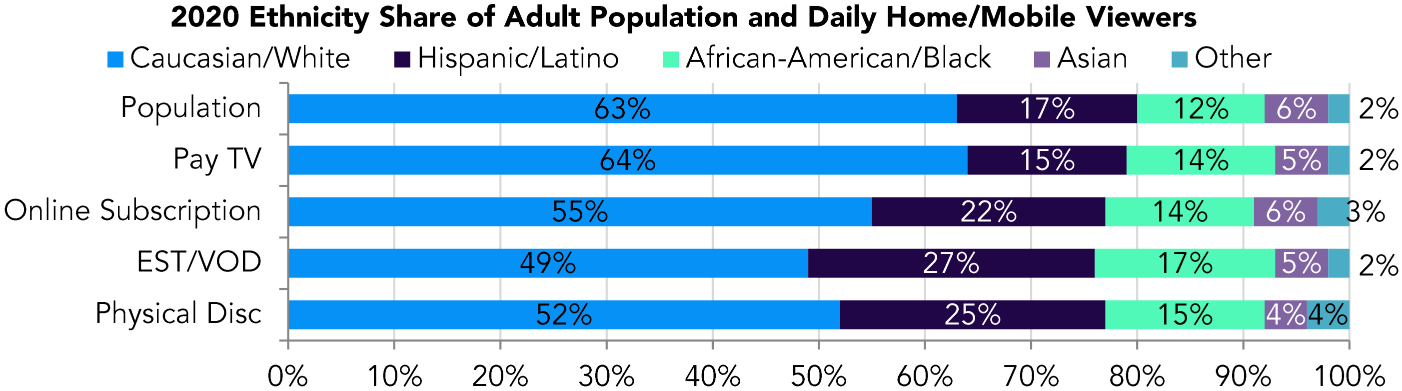
In 2020, the 50-59 and 60+ age groups were overrepresented in terms of daily viewers of traditional TV services, while the 25-39 age group was heavily overrepresented in terms of daily viewers to online subscription, EST/VOD, and physical disc distribution channels, similar to 2019.

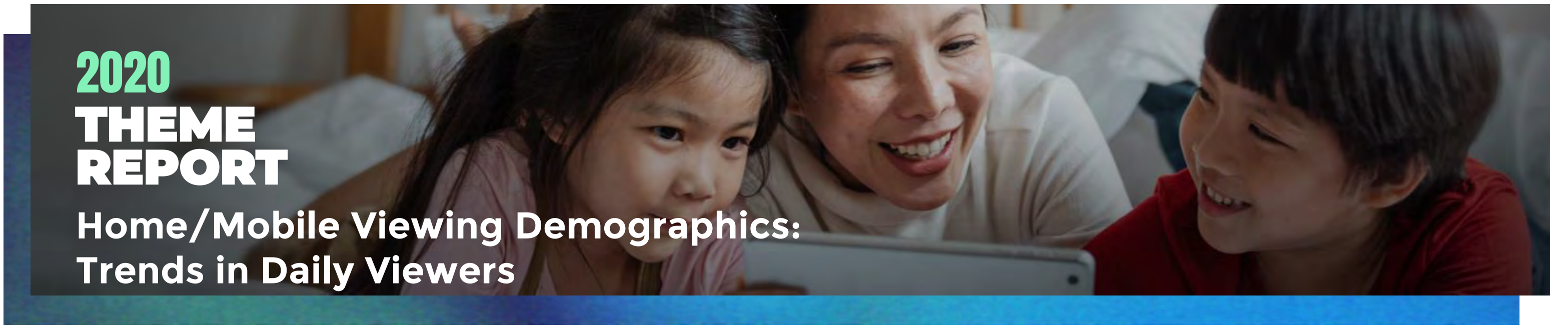
2020 Age Group Share of Adult Population and Daily Home/Mobile Viewers



In 2020, the Hispanic/Latino category was overrepresented in the population of daily viewers in the distribution channels of EST/VOD (27%), physical discs (25%), and online subscriptions (22%) relative to their share of the population (17%), similar to 2019. The African-American/Black category was overrepresented in the EST/VOD distribution channel (17%) relative to their share of the population (12%), similar to 2019.

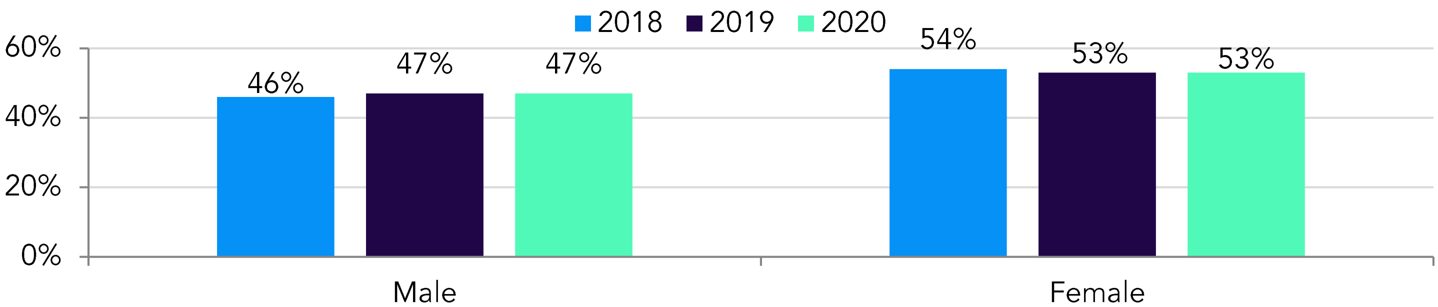
2020 Ethnicity Share of Adult Population and Daily Home/Mobile Viewers





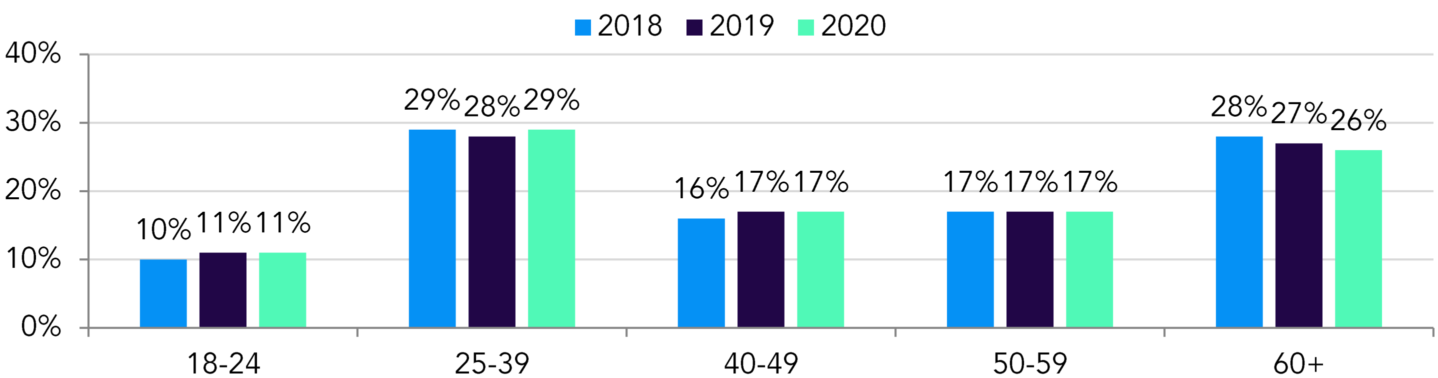
In 2020, the gender composition of daily viewers of any home/mobile entertainment viewing method remained the same as in 2019, and is similar to the composition of the overall population.

Trend in Gender Share of Daily Home/Mobile Viewers[28]



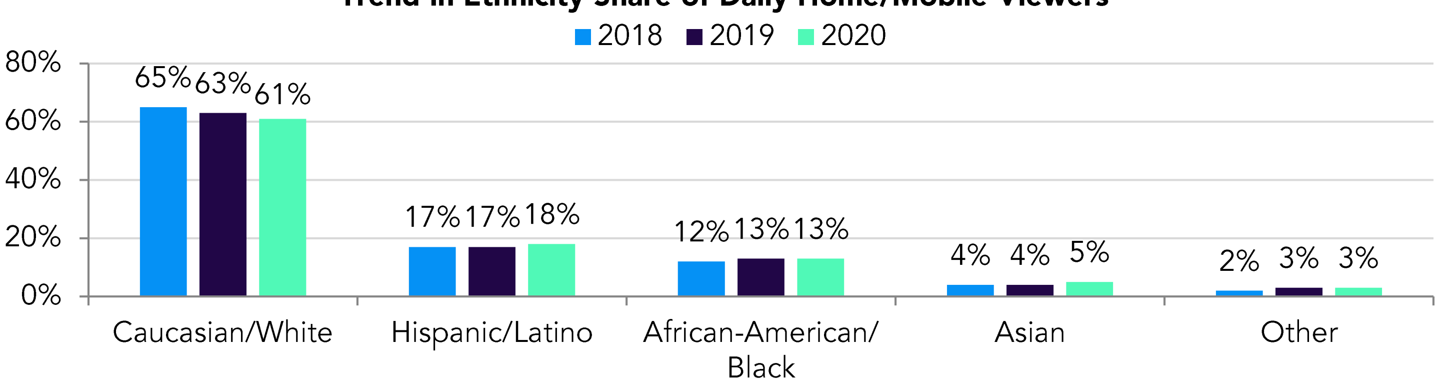
In 2020, the 25-39 age group had the largest share of daily home/mobile viewers, similar to prior years, followed by the 60+ age group.

Trend in Age Group Share of Daily Home/Mobile Viewers[28]

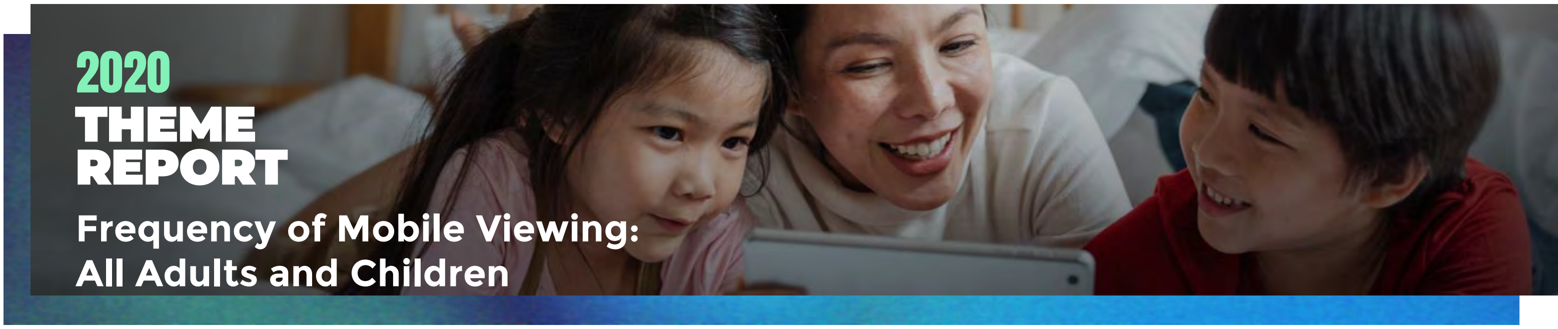


The Caucasian/White share of daily home/mobile viewers has decreased four percentage points since 2018, while the shares of other ethnicity categories have increased.

Trend in Ethnicity Share of Daily Home/Mobile Viewers[28]



[28] Home/mobile viewers on this page refers to the net movie or show/series viewers via any of the following channels: Pay TV, online subscription, EST/VOD or physical discs.



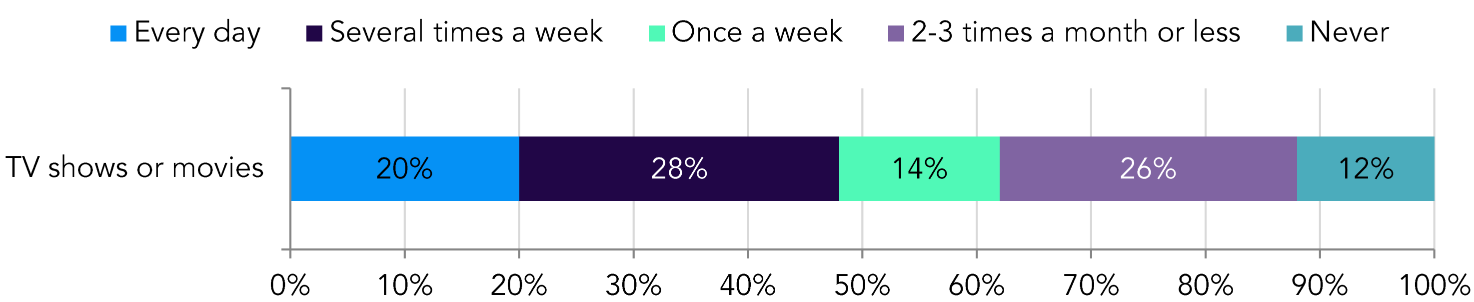
2020 THEME REPORT

Frequency of Mobile Viewing: All Adults and Children

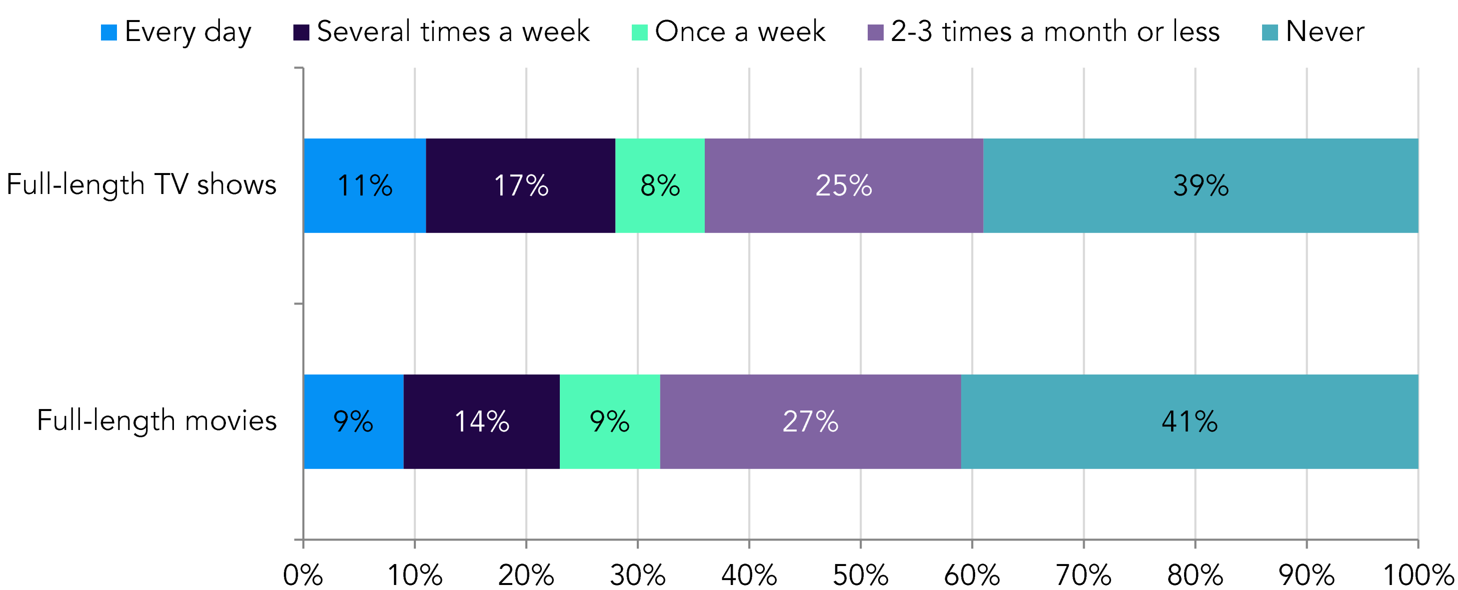
More than 85 percent of U.S. children (ages 2-17) watch full-length shows/series or movies on a mobile device, similar to 2019. Twenty percent use a mobile device to view shows/series or movies daily. The highest proportion of children (28%) watch movies or shows/series on mobile devices several times a week.

Sixty-one percent of U.S. adults watch full-length shows/series and 59 percent watch movies on a mobile device, similar to 2019. The percentage of adults who use a mobile device to watch shows/series daily is 11 percent, a decrease of three percentage points from 2019 (14%). The highest proportion of adults never watch on a mobile device – while those who watch are most likely to do so 2-3 times a month or less, similar to 2019.

2020 Children Mobile Viewing Frequency

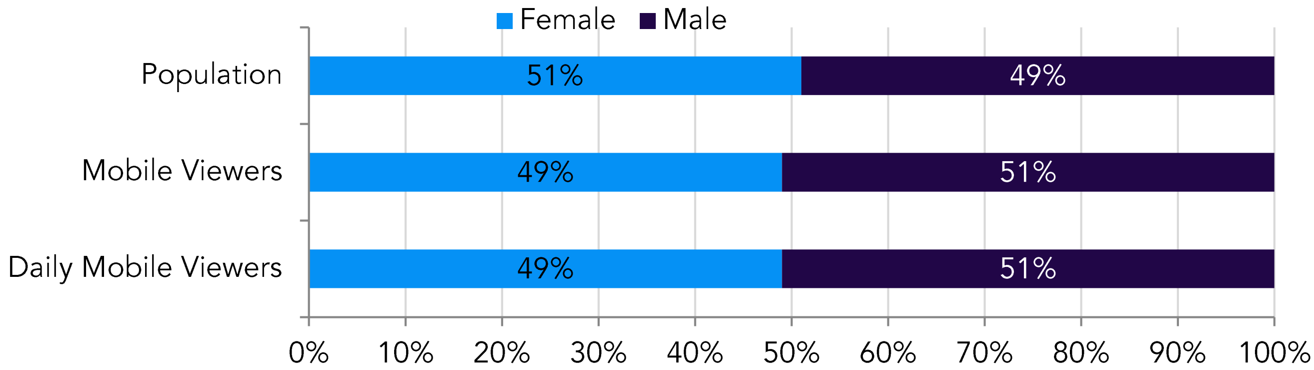


2020 Adult Mobile Viewing Frequency



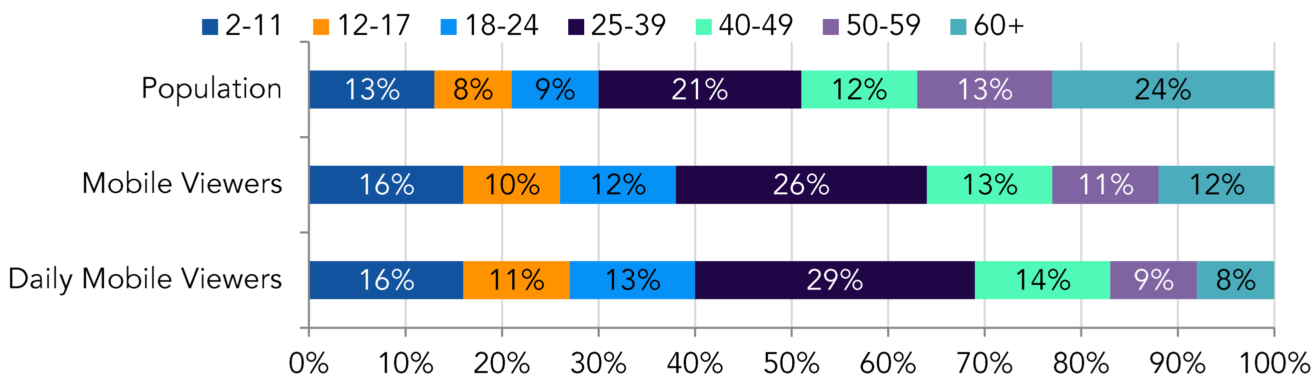
In 2020, the gender composition of viewers via a mobile device skewed slightly toward men compared to the total population, and was similar to 2019.

2020 Gender Share of Population, Mobile Viewers, and Daily Mobile Viewers



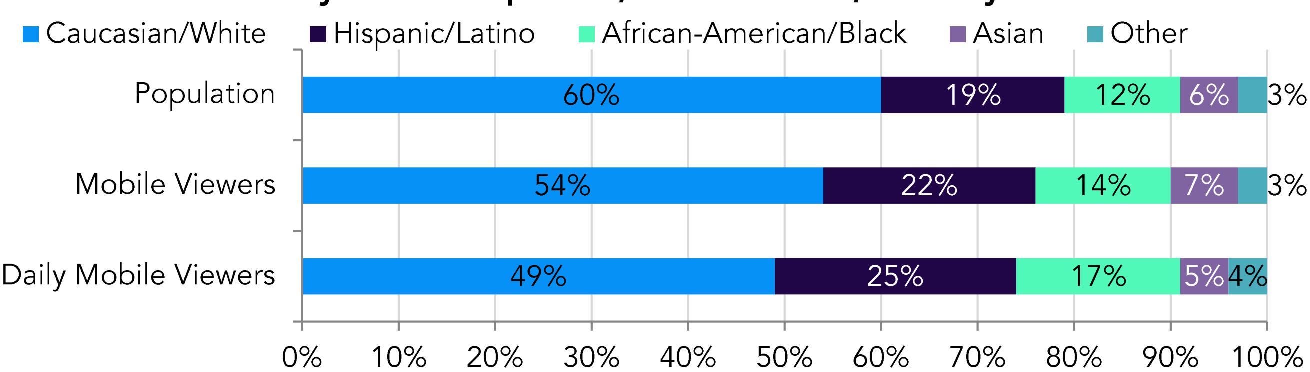
In 2020, the below 50 age groups (2-11, 12-17, 18-24, 25-39 and 40-49) were all overrepresented in terms of mobile viewers and daily mobile viewers relative to their share of the total population.

2020 Age Group Share of Population, Mobile Viewers, and Daily Viewers



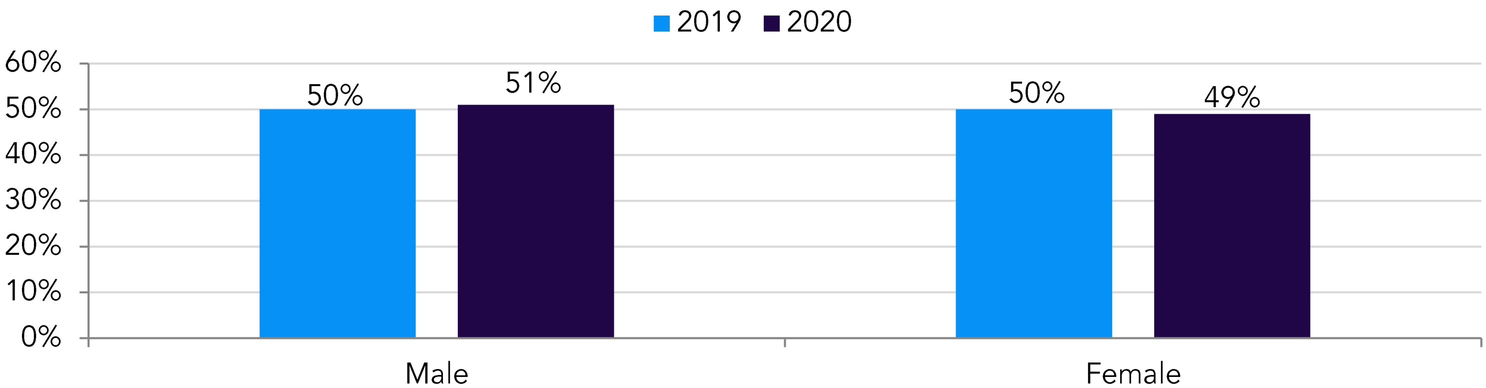
In 2020, the Hispanic/Latino (25%) and African-American/Black (17%) categories were overrepresented in terms of daily show/series or movie viewers via a mobile device relative to their share of the total population (19% and 12%, respectively), similar to 2019.

2020 Ethnicity Share of Population, Mobile Viewers, and Daily Viewers



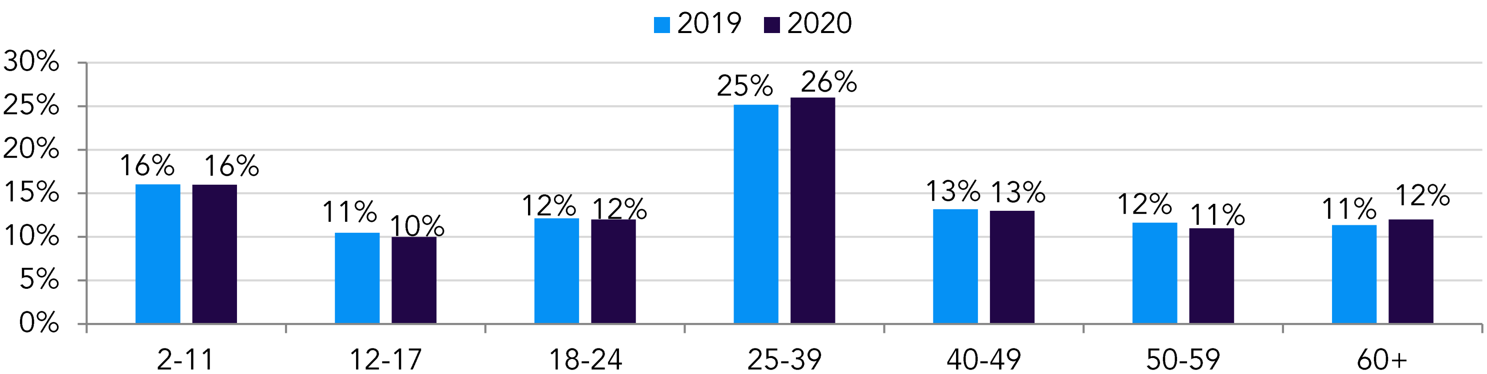
In 2020, the gender composition of show/series or movie viewers via a mobile device was close to an even split, similar to 2019.

Trend in Gender Share of Mobile Viewers



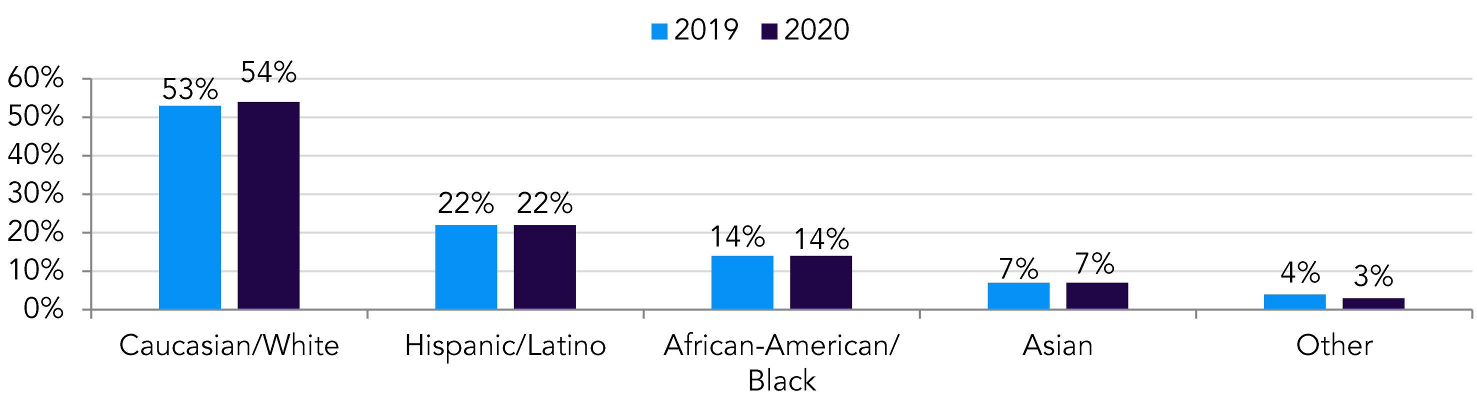
In 2020, the share of mobile viewers by age group remained relatively consistent compared to 2019.

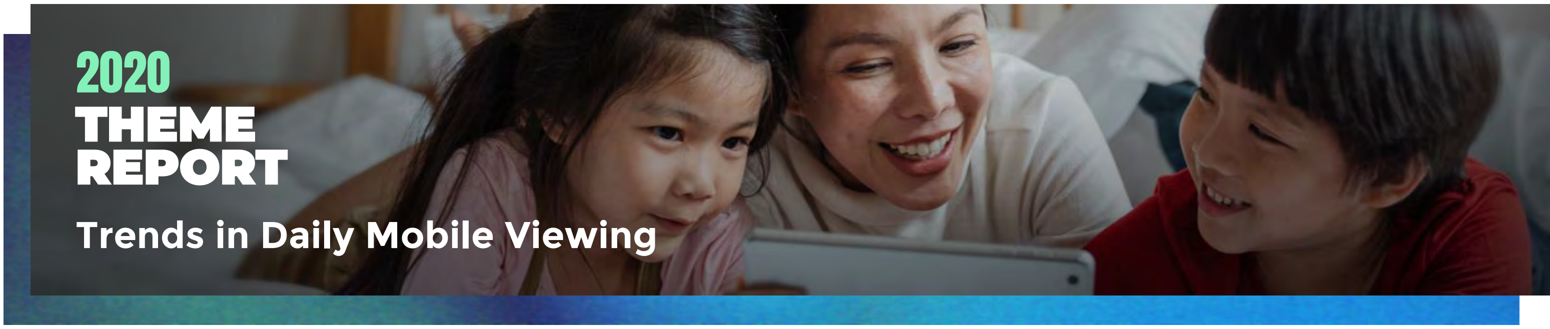
Trend in Age Group Share of Mobile Viewers



The share of mobile viewers by ethnicity also remained relatively consistent compared to 2019.

Trend in Ethnicity Share of Mobile Viewers



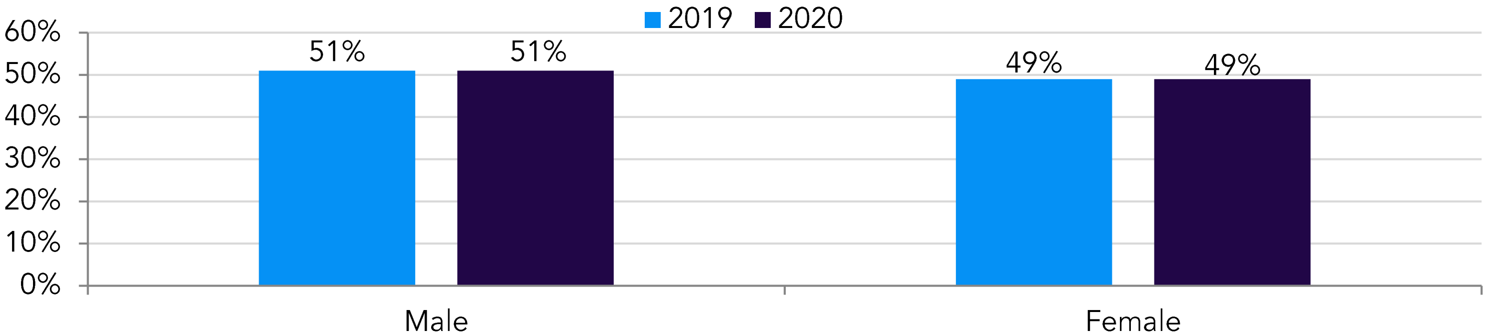


2020 THEME REPORT

Trends in Daily Mobile Viewing

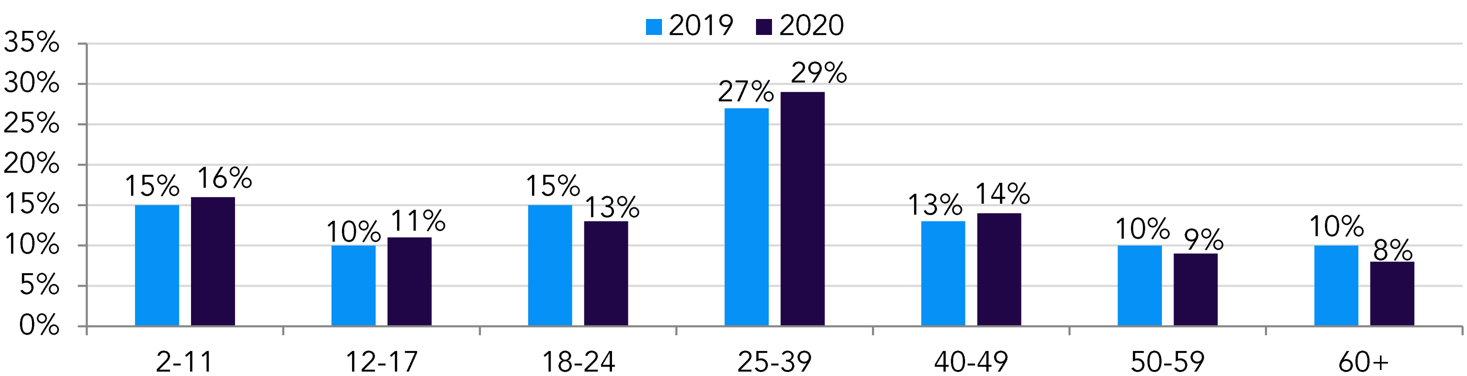
In 2020, the gender composition of daily show/series or movie viewers remained the same as in 2019.

Trend in Gender Share of Daily Mobile Viewers



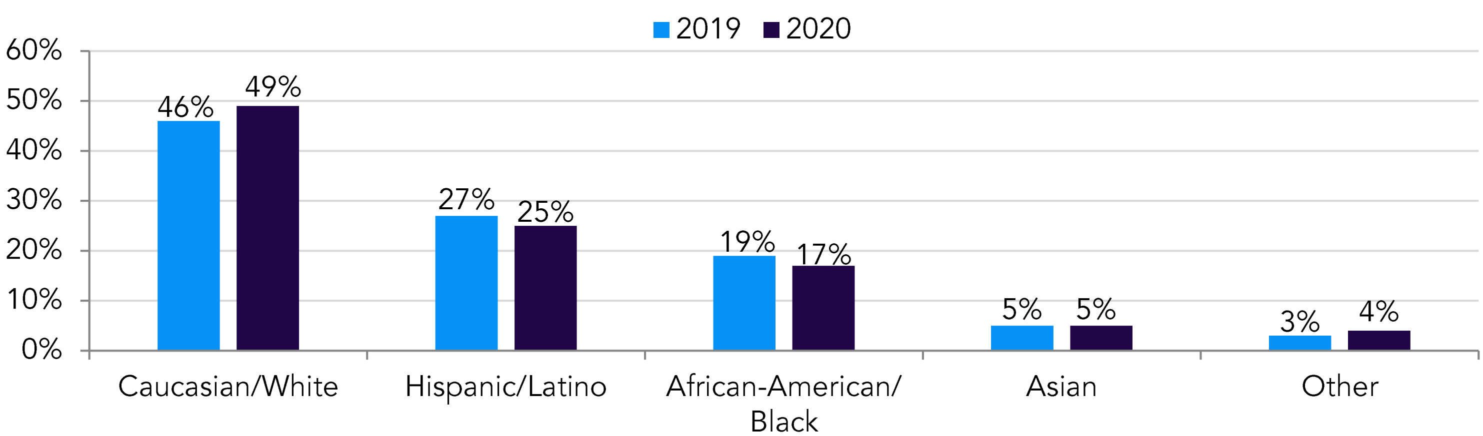
In 2020, the share of daily mobile viewers increased two percentage points among the 25-39 group compared to 2019, while it decreased two percentage points among the 18-24 age group.

Trend in Age Group Share of Daily Mobile Viewers



The Caucasian/White category share of daily mobile viewers increased three percentage points in 2020.

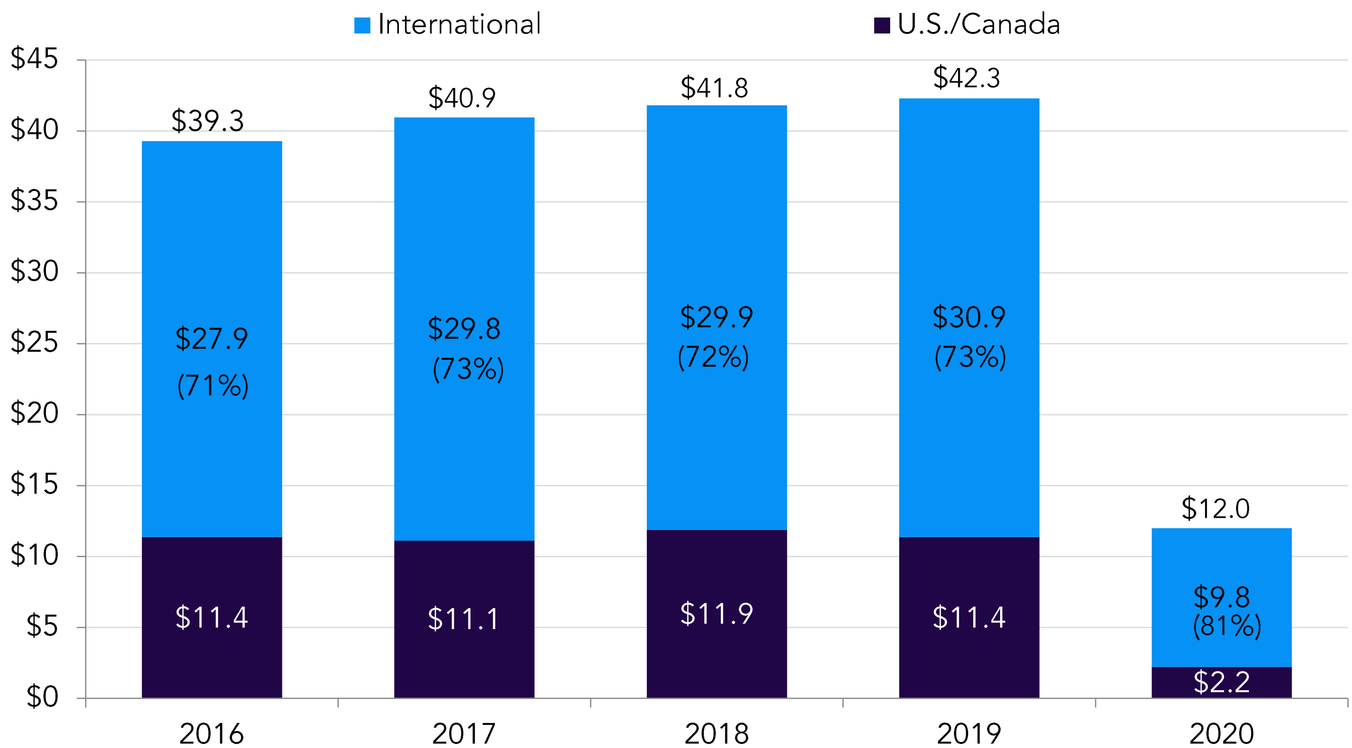
Trend in Ethnicity Share of Daily Mobile Viewers



THEATRICAL: GLOBAL

The global box office market for **all films** released in each country around the world[29] was $12.0 billion in 2020, down 72 percent compared to 2019 due to the global COVID-19 pandemic. The international box office market ($9.8 billion) decreased 68 percent, while the U.S./Canada box office market ($2.2 billion) decreased 80 percent compared to 2019. The international box office market accounted for 81 percent of the total box office market in 2020, up eight percentage points from 2019.

Global Box Office Market – All Films (US$ Billions)



	2016	2017	2018	2019	2020	% Change[30] 20 vs. 19	% Change[30] 20 vs. 16
U.S./Canada[31]	$11.4	$11.1	$11.9	$11.4	$2.2	-80%	-80%
International[32]	$27.9	$29.8	$29.9	$30.9	$9.8	-68%	-65%
Total	**$39.3**	**$40.9**	**$41.8**	**$42.3**	**$12.0**	**-72%**	**-69%**

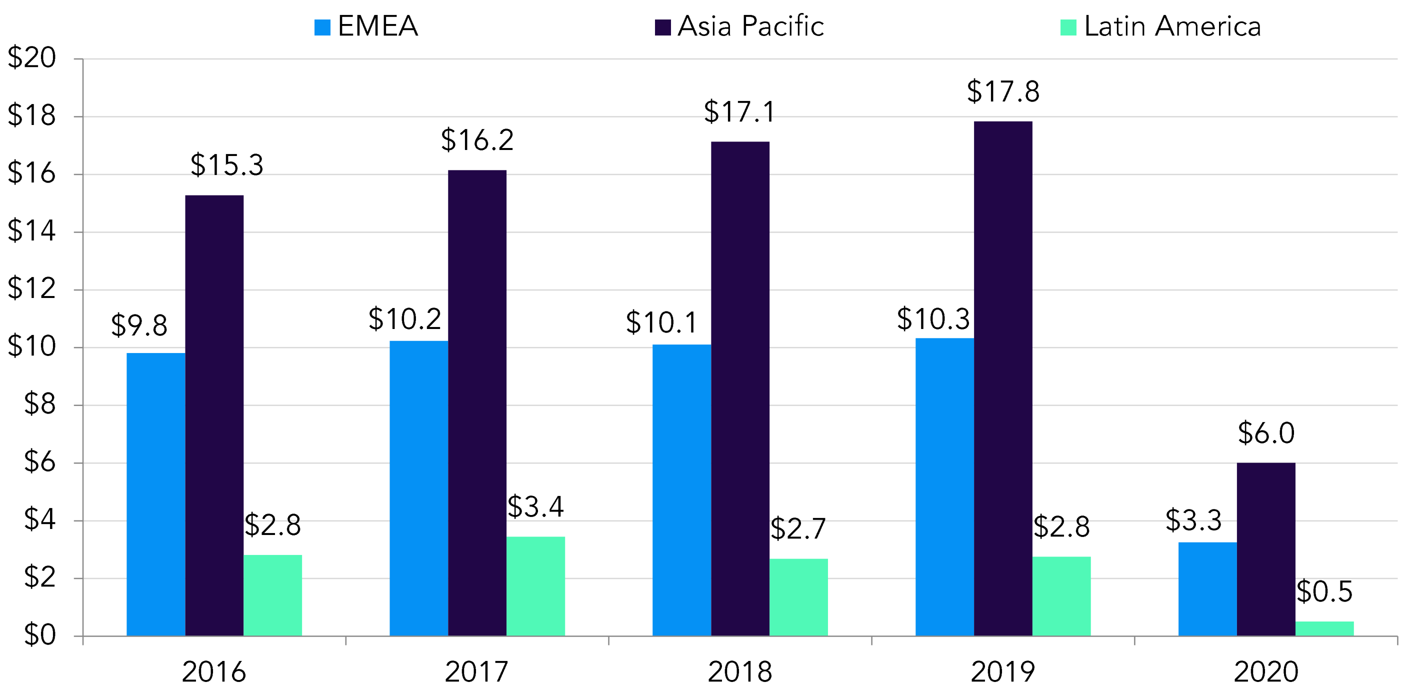
[29] Values in the report reflect all films released, regardless of distributor or country of origin, except where specified as a subset.
[30] Percentage change and international share (above) are calculated using values before rounding.
[31] Source: Comscore – Box Office Essentials, calendar year from January 1-December 31.
[32] International box office excludes U.S./Canada throughout this report. MPA calculates international box office country-by-country based on a variety of data sources. Previous years' estimates may be updated based on changes made by sources.

The Asia Pacific box office market ($6.0 billion) decreased 66 percent in U.S. dollars compared to 2019. Four countries in Asia Pacific had decreases larger than $1 billion: China (-68%), South Korea (-75%), India (-77%) and Japan (-44%).

The Europe, Middle East & Africa (EMEA) box office market decreased 68 percent in U.S. dollars over 2019. This was driven by decreases in the U.K. & Ireland (-75%), France (-69%), and Germany (-68%).

Latin America's box office market decreased 82 percent in U.S. dollars in 2020, driven by an 81 percent decrease in Mexico and a 79 percent decrease in Brazil.

International Box Office Market by Region – All Films (US$ Billions)[33]

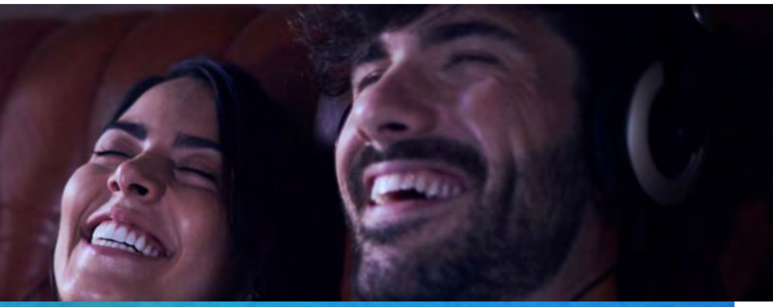


	2016	2017	2018	2019	2020	% Change[34] 20 vs. 19	% Change[34] 20 vs. 16
Europe, Middle East & Africa	$9.8	$10.2	$10.1	$10.3	$3.3	-68%	-67%
Asia Pacific	$15.3	$16.2	$17.1	$17.8	$6.0	-66%	-61%
Latin America	$2.8	$3.4	$2.7	$2.8	$0.5	-82%	-82%
Total	**$27.9**	**$29.8**	**$29.9**	**$30.9**	**$9.8**	**-68%**	**-65%**

[33] Box office data is in U.S. dollars for analytical and comparative purposes. Previous years' estimates may be updated based on changes made by sources. Note that local currency box office trends may differ due to exchange rate fluctuations.
[34] Percentage change is calculated using table values before rounding.

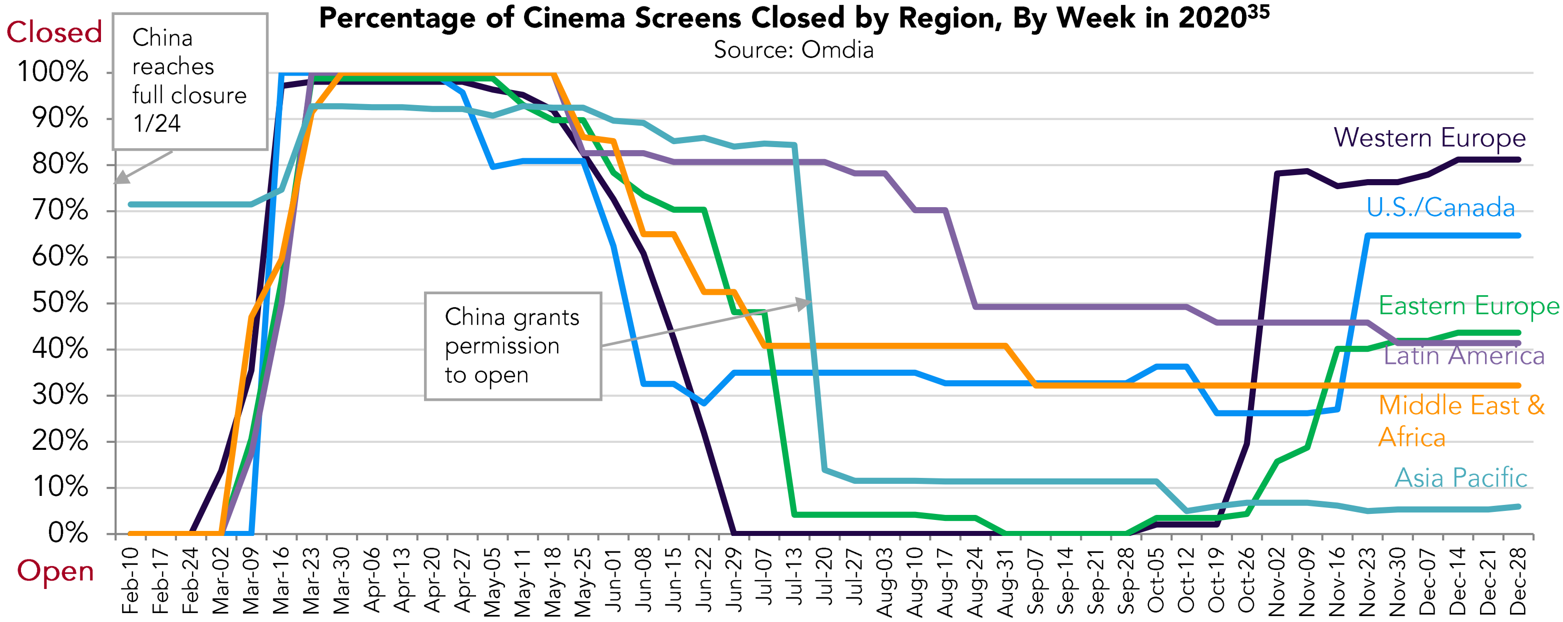
2020 THEME REPORT

Top International Box Office Markets



Year-end comparisons between country box office totals during the COVID-19 pandemic are challenging as each country's box office was affected by the pandemic, and each market's reactions varied in timing and degree. Each country's cinemas closed and re-opened (in some cases more than once) on different schedules, and some countries' local releases were postponed while others were not. The graph below provides a high-level view by region of the estimated percentage of screens that were closed by week. The view shows that by the middle of 2020, screens in Asia Pacific were largely open, which continued through the end of 2020, while in other regions, including U.S./Canada, a larger percentage of screens were closed.

Percentage of Cinema Screens Closed by Region, By Week in 2020[35]
Source: Omdia



2020 Top 20 International Box Office Markets – All Films (US$ Billions)
Source: Omdia, local sources

Taking into account the caveats regarding comparisons, the top three box office markets outside the U.S./Canada in 2020 were China ($3.0 billion, including online ticketing fees), Japan ($1.3 billion), and France ($0.5 billion). Despite a 68 percent decrease compared to 2019, China's box office total surpassed the U.S./Canada in 2020 for the first time, with theater re-openings beginning in July and major domestic films released.

1.	China[36]	$3.0	11.	Spain	$0.2
2.	Japan	$1.3	12.	Netherlands	$0.2
3.	France	$0.5	13.	Mexico	$0.2
4.	South Korea	$0.4	14.	Taiwan	$0.1
5.	U.K.	$0.4	15.	Brazil	$0.1
6.	India	$0.4	16.	Indonesia	$0.1
7.	Germany	$0.4	17.	Denmark	$0.1
8.	Russia	$0.3	18.	UAE	$0.1
9.	Australia	$0.3	19.	Poland	$0.1
10.	Italy	$0.2	20.	Sweden	$0.1

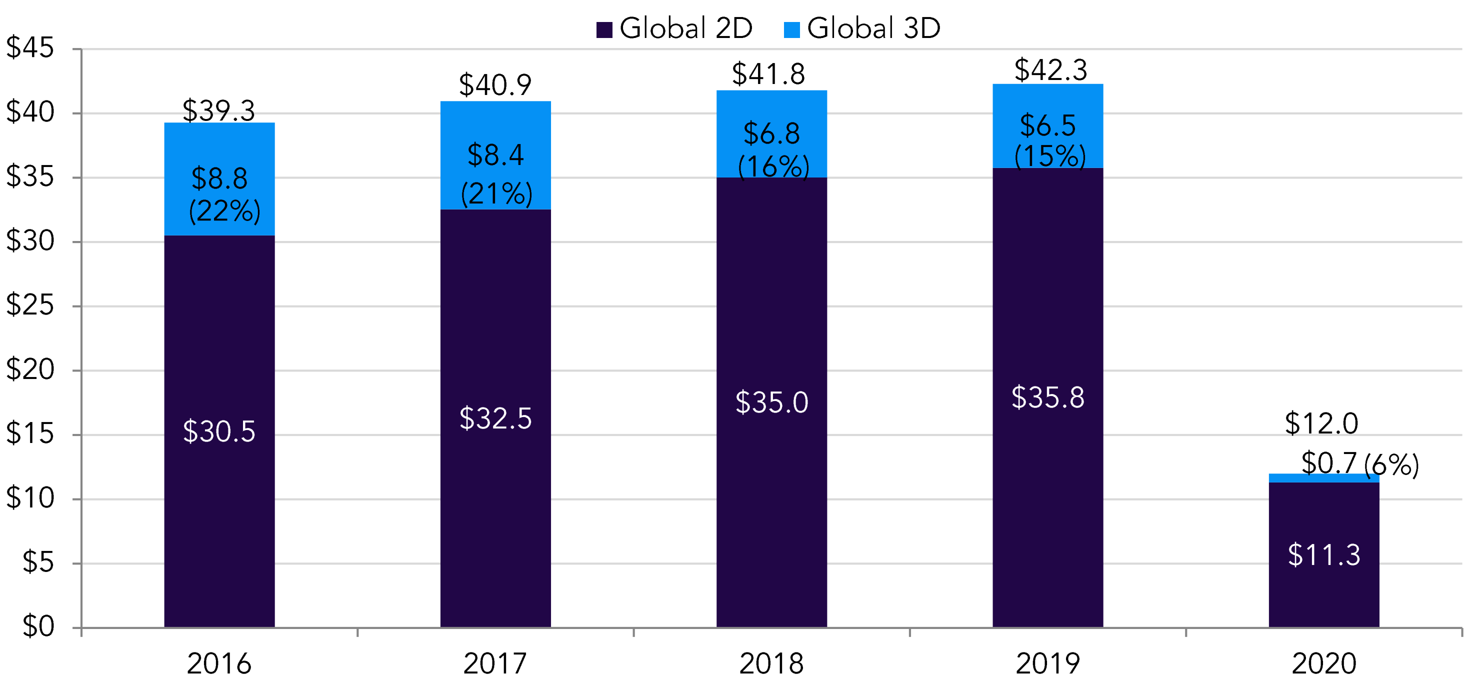
[35] Omdia, "COVID-19 Impact on Cinema Activity – February 2021."
[36] China box office total includes online ticketing fees. The China box office total excluding ticketing fees is no longer made available.

2020 THEME REPORT

Global 3D Box Office

Of the total global box office market in 2020, 3D technology represented six percent, down nine percentage points compared to 2019. The global 3D box office market totaled $700 million in 2020, a decrease of 90 percent compared to 2019.

Global 3D Box Office Market – All Films (US$ Billions)[37]



	2016	2017	2018	2019	2020	% Change[38] 20 vs. 19	% Change[38] 20 vs. 16
Global 2D	$30.5	$32.5	$35.0	$35.8	$11.3	-68%	-63%
Global 3D	$8.8	$8.4	$6.8	$6.5	$0.7	-90%	-92%
Total	**$39.3**	**$40.9**	**$41.8**	**$42.3**	**$12.0**	**-72%**	**-69%**

[37] Box office data is in U.S. dollars for analytical and comparative purposes. Previous years' estimates may be updated based on changes made by sources. Local currency box office trends may differ due to exchange rate fluctuations.
[38] Percentage change and share of total box office is calculated using table values before rounding.

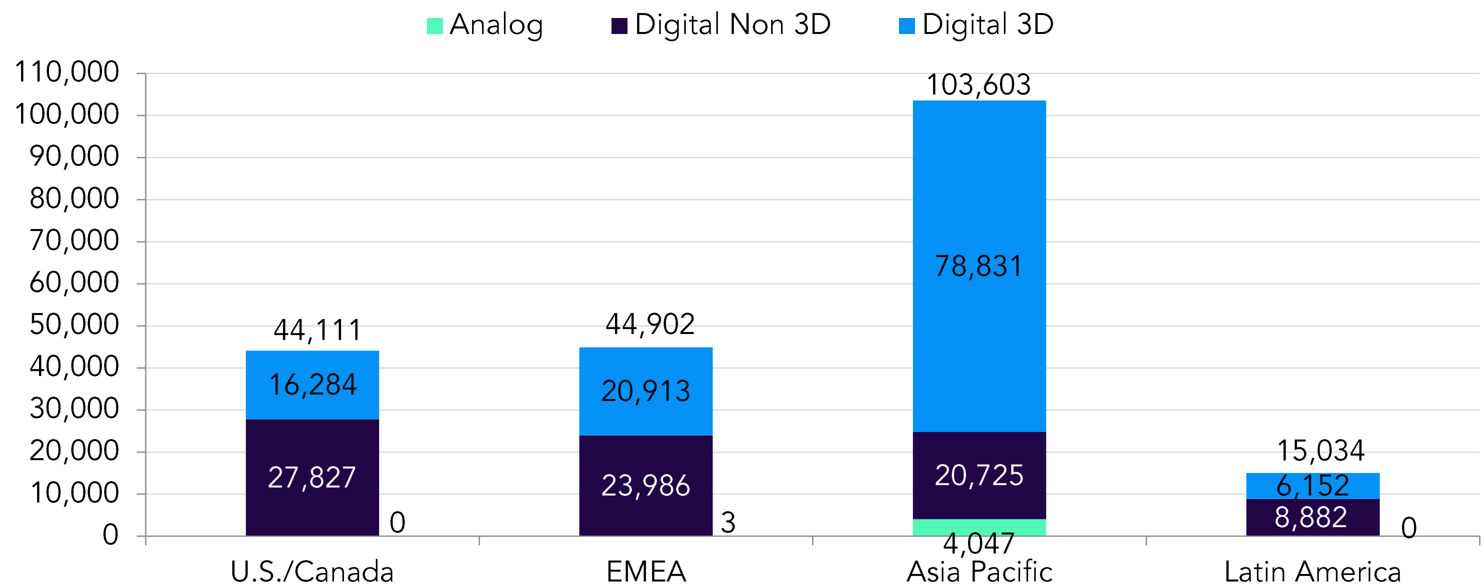
2020 THEME REPORT

Global Cinema Screens

Total cinema screens increased three percent globally in 2020, due to a six percent increase in the Asia Pacific region. At the end of 2020, virtually all of the world's cinema screens were digital (98%), up one percentage point from 2019.

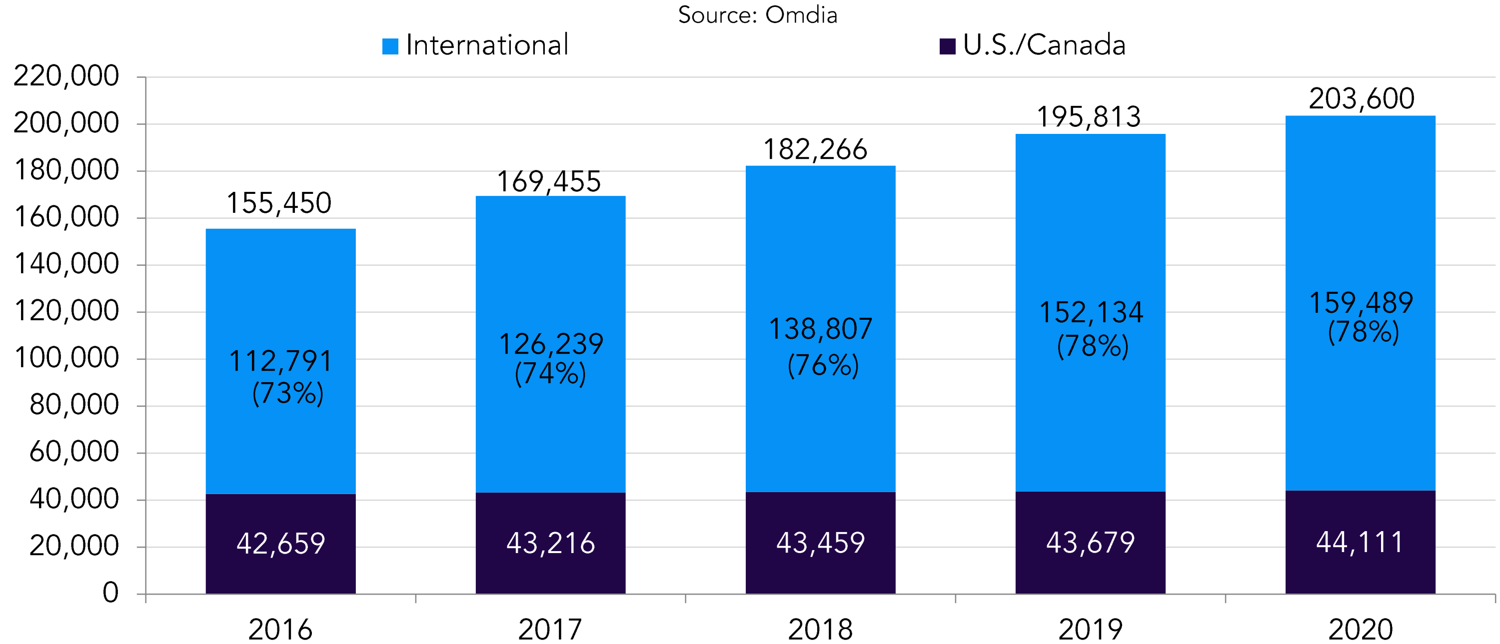
2020 Global Cinema Screens by Format and Region[39]

Source: Omdia



Global Digital Screens

Source: Omdia



[39] 2020 total screens figures are estimates as of February 2021. Previous years' estimates may be updated based on changes made by source.

2020 THEME REPORT

Global 3D Cinema Screens

The number of digital 3D screens around the world surpassed 122,000 in 2020, an increase of five percent compared to 2019. They account for 60 percent of all digital screens globally. The Asia Pacific region had an eight percent increase in the number of digital 3D screens in 2020. Asia Pacific continues to have the highest ratio of 3D digital screens to digital screens – more than three out of four digital screens in Asia Pacific are 3D.

The number of digital 3D screens in U.S./Canada decreased for the third straight year, with a two percent decrease compared to 2019.

Global Digital 3D Screens[40]
Source: Omdia

	2016	2017	2018	2019	2020	2020 % of digital
U.S./Canada	16,744	16,978	16,972	16,586	16,284	37%
EMEA	18,375	19,159	20,711	20,884	20,913	47%
Asia Pacific	42,429	51,661	62,937	73,215	78,831	79%
Latin America	5,368	5,619	5,818	6,071	6,152	41%
Total	**82,916**	**93,417**	**106,438**	**116,756**	**122,180**	**60%**
% change vs. previous year	10%	13%	14%	10%	5%	

[40] Previous years' estimates may be updated based on changes made by source.

THEATRICAL: U.S. & CANADA

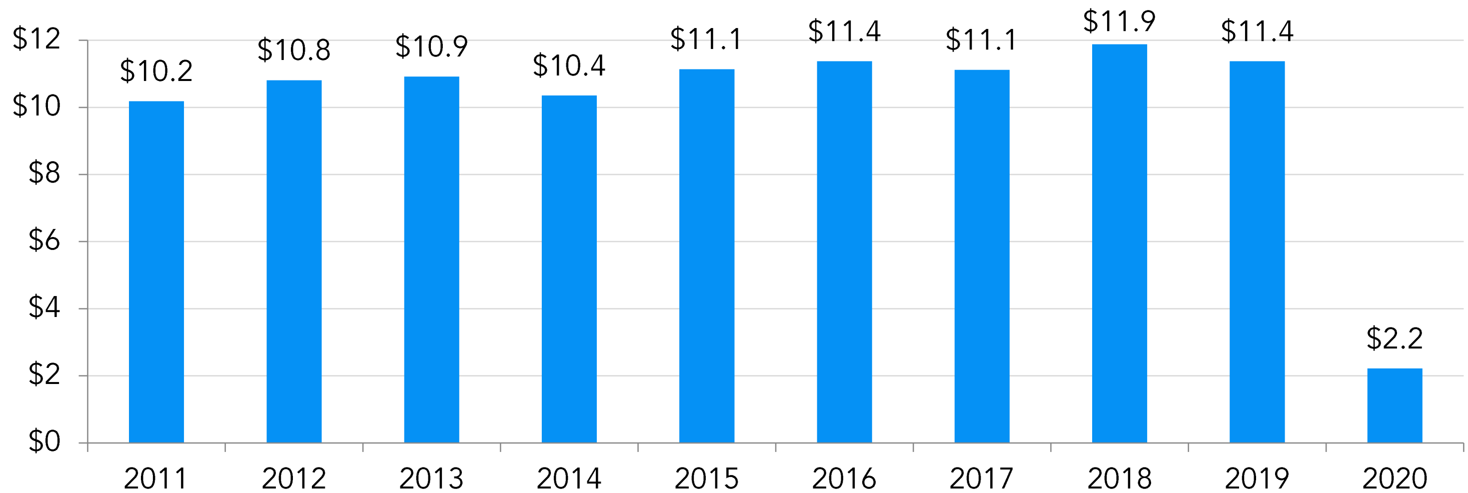
2020 THEME REPORT

U.S./Canada Box Office & Admissions

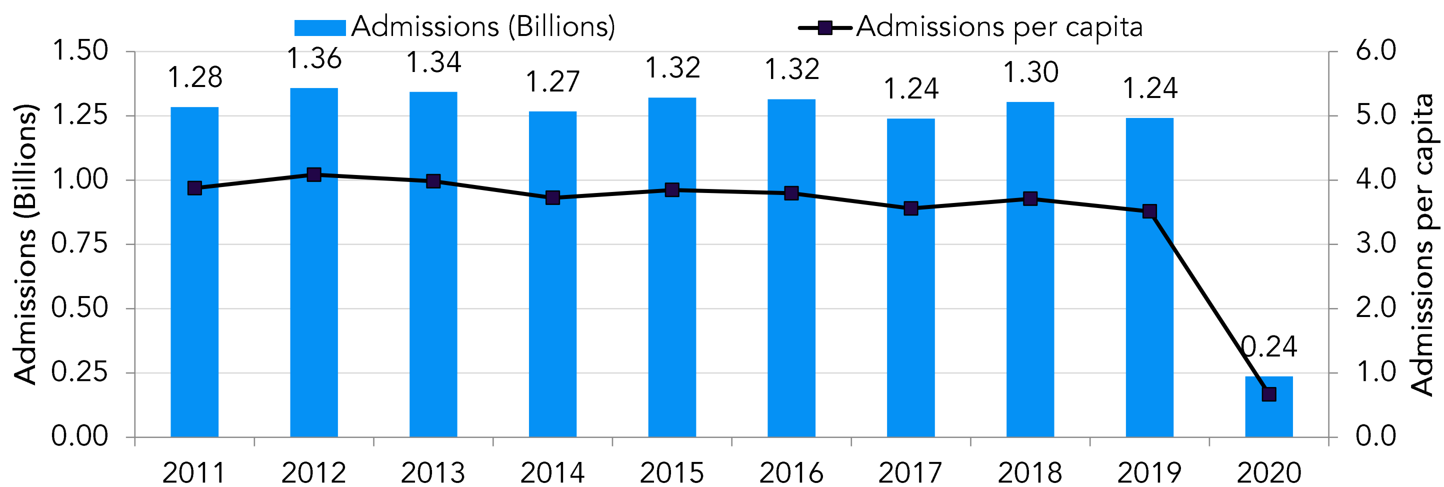
In 2020, the U.S./Canada box office market was $2.2 billion, down 80 percent from $11.4 billion in 2019 due to the COVID-19 pandemic.[41] Admissions, or tickets sold (0.24 billion), were down 81 percent compared to 2019.

U.S./Canada Box Office Market (US$ Billions)

Source: Comscore Box Office Essentials



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	% Chg. 20 vs. 19
U.S./Can. box office (US$B)	$10.2	$10.8	$10.9	$10.4	$11.1	$11.4	$11.1	$11.9	$11.4	$2.2	-80%



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	% Chg. 20 vs. 19
U.S./Can. admissions (Billions)[42]	1.28	1.36	1.34	1.27	1.32	1.32	1.24	1.30	1.24	0.24	-81%
U.S./Can. admissions per capita[43]	3.9	4.1	4.0	3.7	3.8	3.8	3.6	3.7	3.5	0.7	-81%

[41] Percentage change is calculated using table values before rounding.

[42] Admissions is calculated using Comscore – Box Office Essentials calendar year box office data, and National Association of Theatre Owners (NATO) average annual ticket price. For 2020, ticket price ($9.37) was calculated based on the average annual change in ticket price over the past five years.

[43] Admissions per capita is calculated using aggregated U.S. Census Bureau and Statistics Canada data for population aged 2+.

2020 THEME REPORT

Films Rated & Released

In 2020, the Motion Picture Association's Classification and Ratings Administration (CARA) rated 497 films (including non-theatrical films), an increase from 2019. The number of MPA member films rated was 194 (39%) in 2020, while the number of non-MPA member films rated was 303 (61%), due to the large number of non-MPA member films produced and released.

Film Ratings[44]
Source: CARA

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Film ratings	758	726	713	708	613	605	563	564	488	497
-MPA members[45]	169	166	169	165	167	176	176	166	158	194
-Non-members	589	560	544	543	446	429	387	398	330	303

The number of films released in theaters in U.S./Canada was 338 in 2020, down 66 percent from 2019, as many films' release plans were changed or postponed due to the COVID-19 pandemic. Non-MPA affiliated independent companies continue to release the most films domestically (278), but were down 68 percent compared to 2019. MPA member films released domestically (60) were down 52 percent compared to 2019.

Films Released[46]
Source: Comscore – Box Office Essentials (Total), MPA (Subtotals)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Films released	614	690	681	762	753	799	872	862	987	338
- New feature films[47]	604	671	670	747	733	765	775	738	860	319
- Re-releases[47]	9	18	9	14	14	24	49	56	67	10
- Non-feature films[47]	1	1	2	1	6	10	48	68	60	9
- Large format releases	20	23	28	27	29	32	37	52	42	9
- 3D film releases	36	35	39	40	33	44	40	36	33	3
- 3D wide release films	35	33	35	31	28	37	35	28	27	3
MPA member total	143	128	114	135	147	144	130	128	124	60
- MPA studios	106	94	84	99	100	102	86	92	83	34
- MPA studio subsidiaries	37	34	30	36	47	42	44	36	41	26
Non-members	471	562	567	627	606	655	742	734	863	278

[44] Note that films may be rated or re-rated months or even years after production. Includes non-theatrical films.
[45] MPA members include: Walt Disney Studios Motion Pictures, Netflix, Inc., Paramount Pictures Corporation, Sony Pictures Entertainment, Inc., Universal City Studios LLC, and Warner Bros. Entertainment Inc. Netflix included as an MPA member as of 2019 – therefore, comparisons are not feasible.
[46] Source: Comscore – Box Office Essentials. Includes all titles that **opened** and earned any studio reported U.S./Canada box office in the year. Historical data is regularly updated by Comscore.
[47] New feature films includes films released domestically for the first time, while re-releases includes any film released for the first time in previous years including anniversary releases and double-features. Non-feature films includes Oscar shorts, TV shows, and event showings.

2020 THEME REPORT

Films Produced

In 2020, the estimated number of U.S. films that entered into production was 447, a decrease of 45 percent compared to 2019 and 43 percent compared to 2016, as the COVID-19 pandemic caused many productions to temporarily halt, and in some cases, shut down. Of these films, 101 films had an estimated budget greater than $15 million, a 43 percent decrease compared to 2019 and a 25 percent decrease compared to 2016.

In 2020, 86 MPA member studio films entered into production, a 50 percent decrease compared 2019, while 361 non-MPA member studio films entered into production, a 44 percent decrease compared to 2019.

Note that films that entered production in 2020 and were forced to halt due to the pandemic were counted once, regardless of whether they re-started production in 2020 or not.

Feature Films Entering Production[48]

	2016	2017	2018	2019	2020[49]	% Change 20 vs. 19
Films produced (est. $15M+ budget)	135	162	171	178	101	-43%
Films produced (est. $1M-$15M budget)	376	387	405	423	243	-43%
Films produced (est. <$1M budget)	277	263	232	213	103	-52%
Total films (all budgets)	**788**	**812**	**808**	**814**	**447**	**-45%**
MPA member sub-total	99	108	107	173	86	-50%
Non-MPA member sub-total	689	704	701	641	361	-44%

[48] These figures reflect full-length feature films in the English language that began production in the reported year, by a U.S. production company (including co-productions). The counts include films that were made for or by an online video service, but do not include student films, documentaries, films created for straight-to-DVD or Blu-ray release. The number for lower-budget films is variable and more difficult to track. Budgets are estimated from publicly available information. In the interest of accuracy, MPA compiles data from a wide range of sources.
[49] Data is provisional as of February 2021. Figures may be revised as more information becomes available. Netflix was added as a member in the 2019 count, past years include MPA member studios at that time.

2020 THEME REPORT

Top 25 Films

Films with an R rating comprised nine of the top 25 films in release during 2020, more than any other rating, and up from 2019 (5). In 2020, the top 25 films accounted for 75 percent of the total box office market, up from 57 percent in 2019. Due to film release delays in 2020, three of the top five films in 2020 were released in 2019.

Top 25 Films by U.S./Canada Box Office Market in 2020
Source: Comscore – Box Office Essentials, CARA (Rating)

Rank	Title	Distributor	Box Office (US$ MM)	Rating	3D
1	Bad Boys for Life	Sony	206.3	R	
2	1917**	Universal	158.1	R	
3	Sonic the Hedgehog	Paramount	149.0	PG	
4	Jumanji: The Next Level**	Sony	128.2	PG13	✓
5	Star Wars: The Rise of Skywalker**	Disney	124.5	PG13	✓
6	Birds of Prey (And the Fantabulous Emancipation of One Harley Quinn)	Warner Bros.	84.4	R	
7	Dolittle	Universal	78.5	PG	
8	Little Women (2019)**	Sony	70.5	PG	
9	The Invisible Man	Universal	70.4	R	
10	The Call of the Wild (2020)	20th Century Fox	62.3	PG	
11	Onward	Disney	61.6	PG	✓
12	Tenet*	Warner Bros.	58.0	PG13	
13	Knives Out**	Lionsgate	49.7	PG13	
14	Frozen II**	Disney	47.2	PG	✓
15	Spies in Disguise**	20th Century Fox	37.4	PG	✓
16	The Gentlemen	STX Entertainment	36.5	R	
17	Just Mercy**	Warner Bros.	35.8	PG13	
18	The Croods: A New Age*	Universal	32.3	PG	
19	Parasite**	Neon Rated	30.7	R	
20	Blumhouse's Fantasy Island	Sony	27.3	PG13	
21	Uncut Gems**	A24	25.8	R	
22	The New Mutants	20th Century Fox	23.9	PG13	
23	Wonder Woman 1984*	Warner Bros.	23.0	PG13	
24	Like a Boss	Paramount	22.2	R	
25	The Grudge (2020)	Sony	21.2	R	

* Film still in theaters in 2021; total reflects box office earned from Jan. 1 – Dec. 31, 2020
** Film released in theaters in 2019; total reflects box office earned from Jan. 1 – Dec. 31, 2020

2020 THEME REPORT

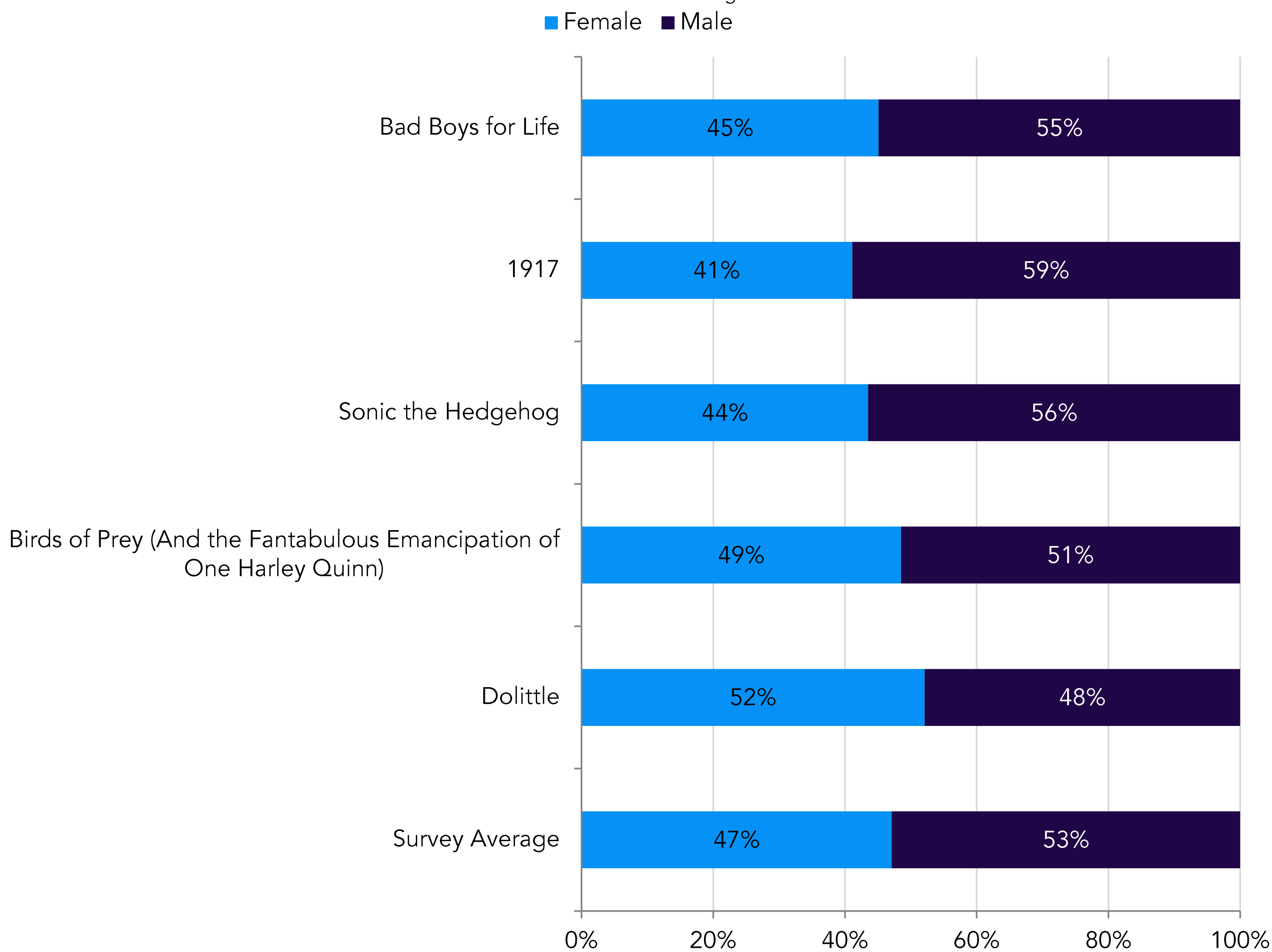
Top Film Demographics by Gender

Comscore and Screen Engine/ASI's PostTrak collects domestic survey data for all films in release in at least 800 theaters, which links box office grosses to gender and ethnicity of attendees. The surveys are conducted during the first two weeks of a film's wide release.[50]

Dolittle attracted majority female audiences, earning 52 percent of their box office from women. The four other films in the top five attracted majority male audiences, with *1917* (59%) and *Sonic the Hedgehog* (56%) skewing more male relative to the survey average (53%).

2020 Gender Share of Top Grossing Films[51]

Source: Comscore/Screen Engine/ASI



[50] More details about PostTrak's methodology can be found in the Appendix.
[51] Percentage values in table may not sum to 100 percent due to rounding.

2020 THEME REPORT

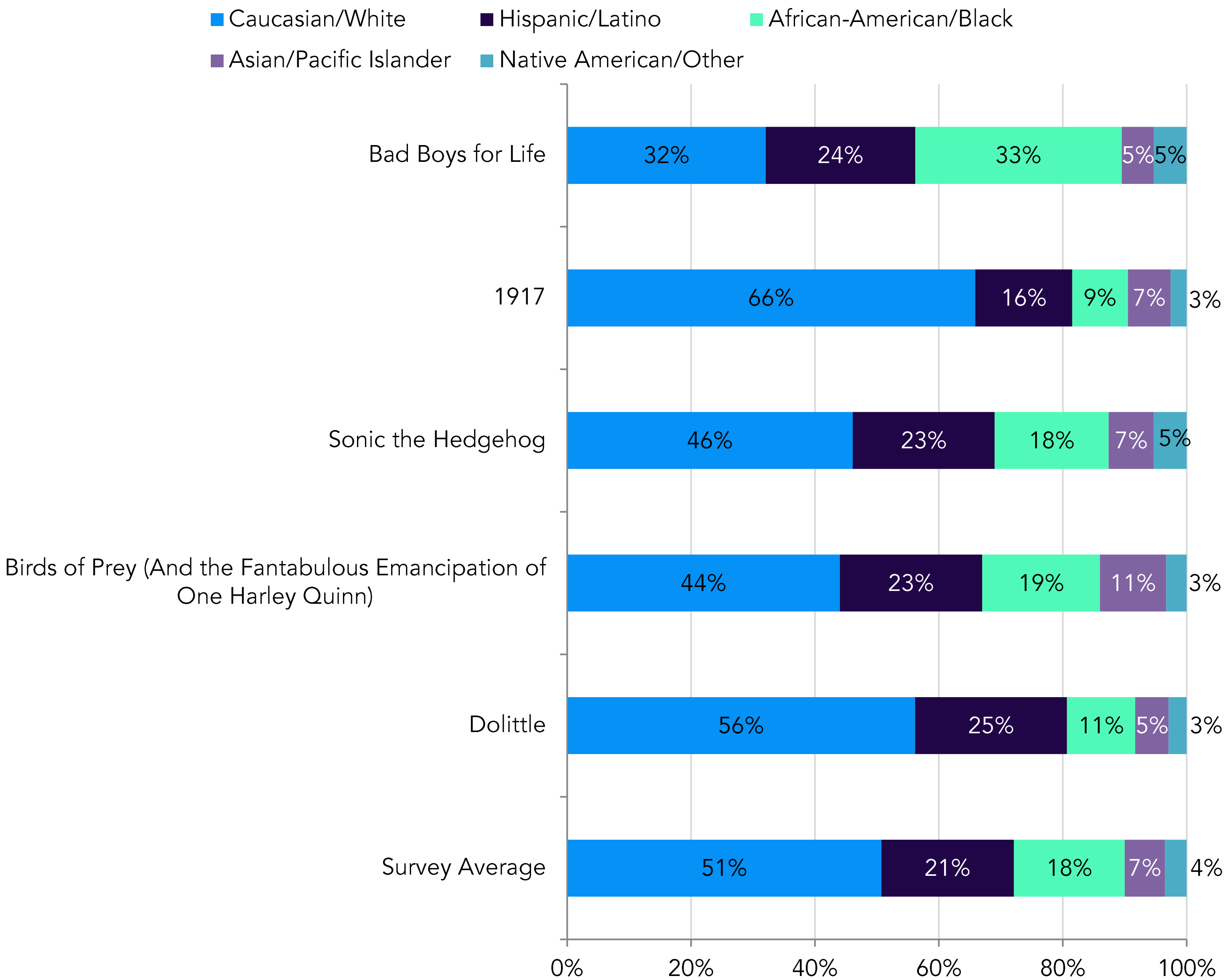
Top Film Demographics by Ethnicity

According to Comscore and Screen Engine/ASI's PostTrak, among the top grossing films, *Bad Boys for Life* drew the most ethnically diverse audience, followed by *Birds of Prey (And the Fantabulous Emancipation of One Harley Quinn)*.

The audience of *Bad Boys for Life* was 33 percent African-American/Black, 15 percentage points higher than the survey average.

2020 Ethnicity Share of Top Grossing Films[52]

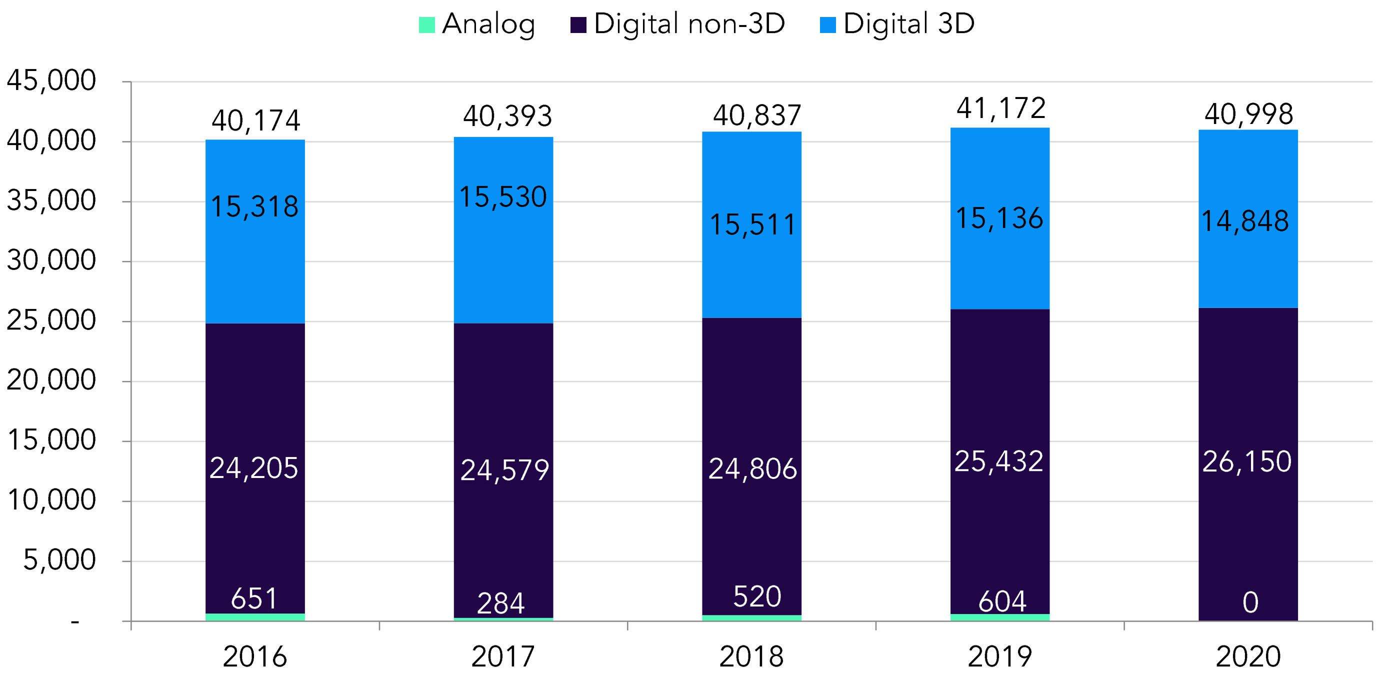
Source: Comscore/Screen Engine/ASI



[52] Percentage values in table may not sum to 100 percent due to rounding.

The number of screens in the United States decreased less than one percent in 2020 compared to 2019. The market has completed the conversion to digital screens, which now account for 100 percent of all U.S. screens. The shift was toward digital non-3D screens, which increased by 718, up three percent from the previous year, and accounted for 64 percent of all screens.

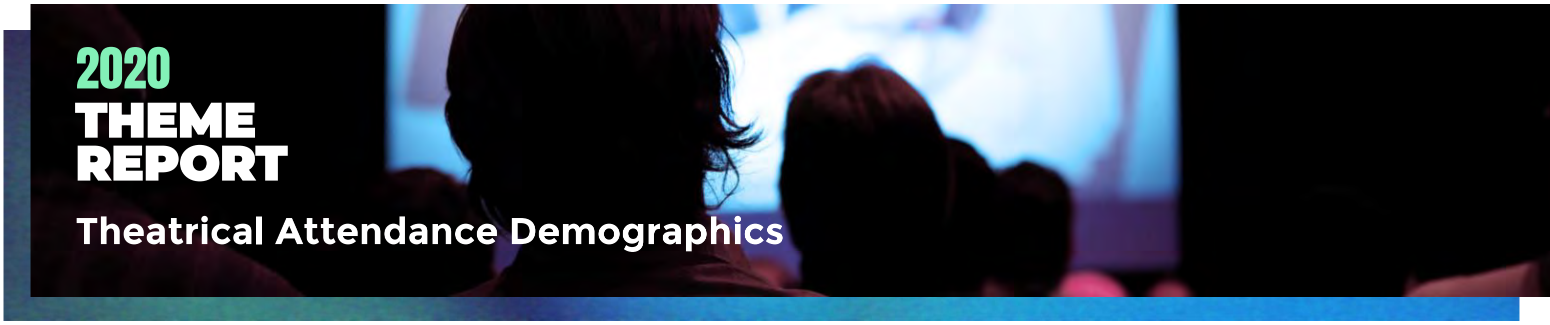
U.S. Screens by Type[53]
Source: Omdia



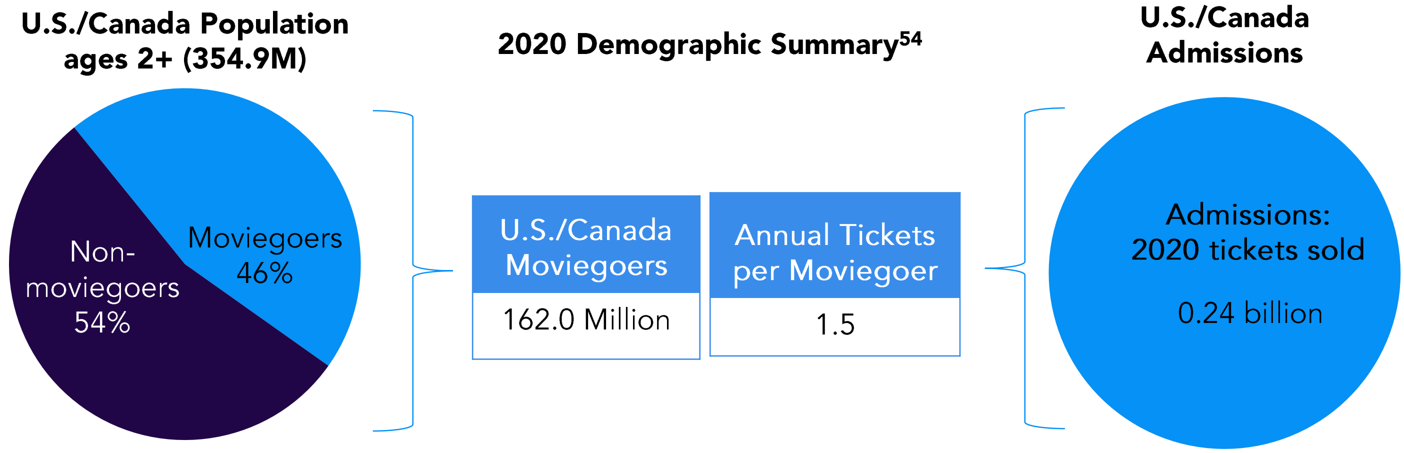
[53] Previous years' estimates may be updated based on changes made by source.



THEATRICAL DEMOGRAPHICS

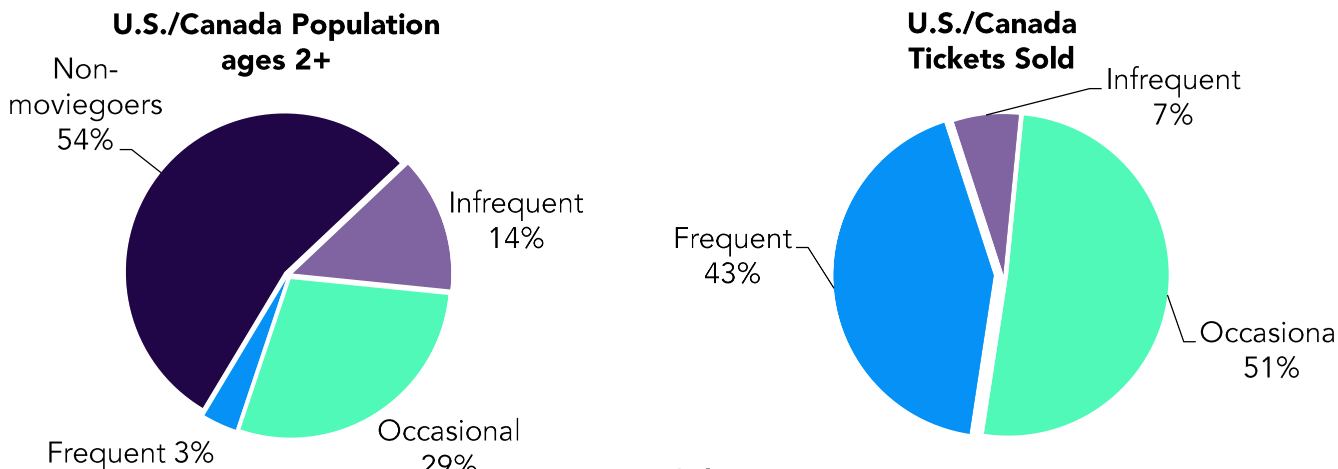


Just under half (46%) of the U.S./Canada population aged two or older, or 162 million people, went to a movie at the cinema at least once in 2020 ("moviegoer"), down from 76 percent in 2019 due to the impact of the COVID-19 pandemic. The typical moviegoer bought 1.5 tickets per year in 2020, down from 4.6 tickets in 2019.



In 2020, only three percent of the U.S./Canada population were frequent moviegoers who attended the cinema once a month or more, down from 11 percent in 2019. These individuals were responsible for 43 percent of all tickets sold. More than half (51%) of tickets sold were to occasional moviegoers (29% of the population) while the other six percent were sold to infrequent moviegoers (14% of the population). More than half of the population did not attend the cinema in 2020 (54%), compared to 24 percent in 2019 (prior to the COVID-19 pandemic).

2020 Moviegoer Share of Population and Tickets Sold

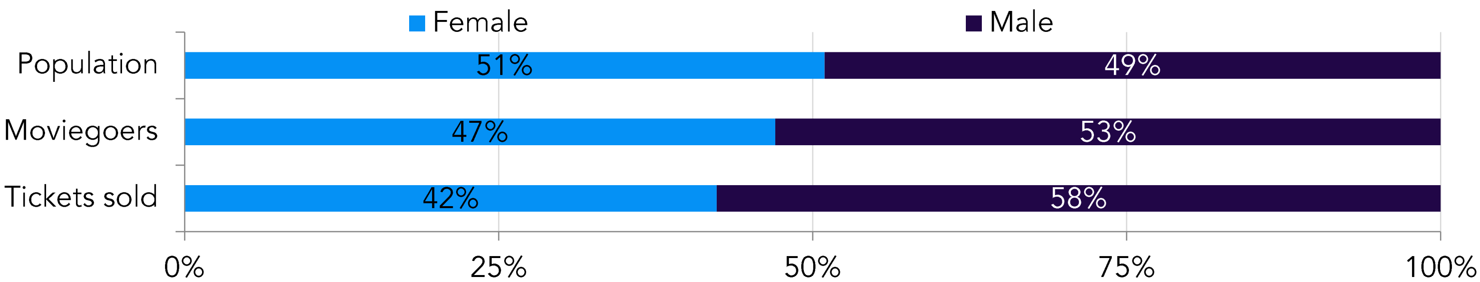


Frequency definitions:
Frequent: Once a month or more
Occasional: Less than once a month
Infrequent: Once in 12 months

[54] MPA's analysis of attendance demographics is based on survey research and attendance projections by ENGINE. See *Appendix* for details. Surveying is conducted in the United States only, so the results assume the demographic composition of the U.S./Canada combined population is similar to U.S. only. In the 2017 survey, the methodology was changed to online survey only, so comparisons prior to 2017 are not feasible.

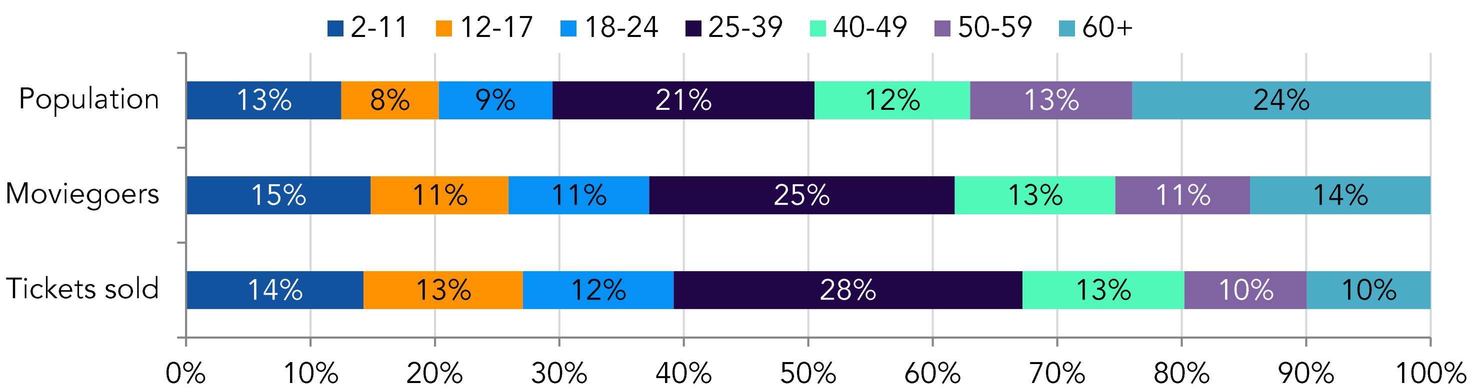
The gender composition of moviegoers (people who went to a movie at the cinema at least once in the year) and number of tickets sold skewed toward men in 2020 relative to the population share, with both increasing compared to 2019.

2020 Gender Share of Total Population, Moviegoers, and Tickets Sold



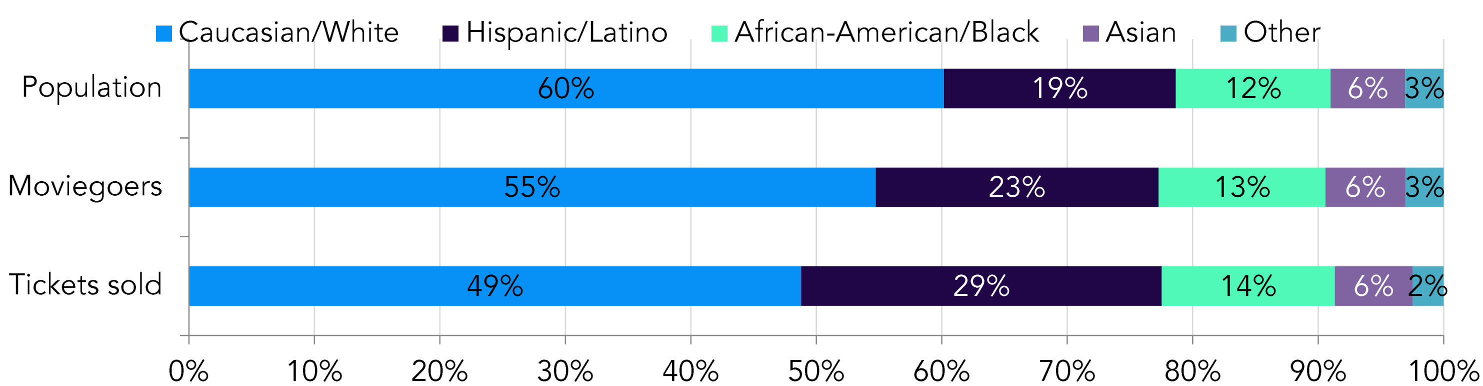
In 2020, the 12-17 (13%), 18-24 (12%) and 25-39 (28%) age groups were overrepresented in terms of tickets sold relative to their share of the population, with a decrease in the share of tickets sold to the 60+ age group.

2020 Age Group Share of Total Population, Moviegoers, and Tickets Sold

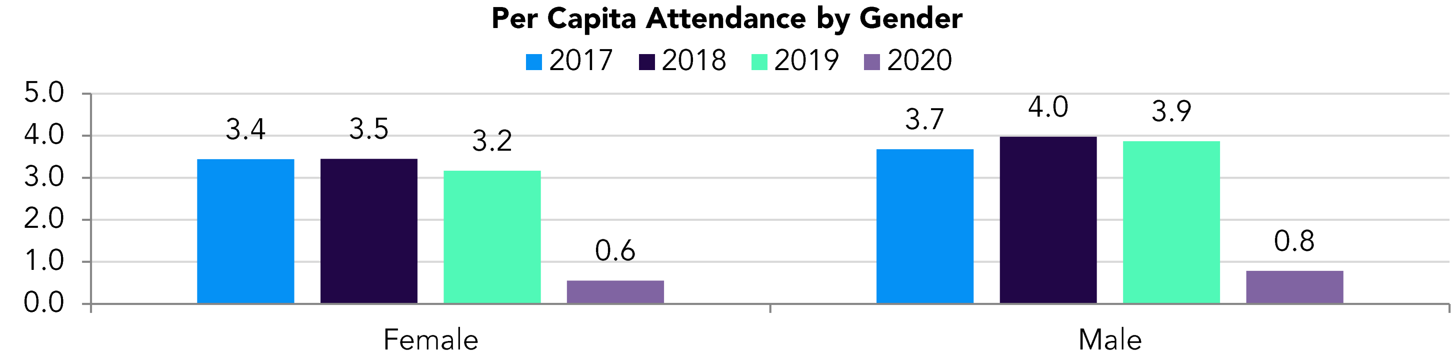


Although the Caucasian/White category makes up the majority of the population (60%) and moviegoers (55%), it represented a smaller share of 2020 ticket sales (49%, down from 54% in 2019). In 2020, the Hispanic/Latino category was overrepresented in share of movie tickets purchased (29%), a larger margin than in 2019 (25%).

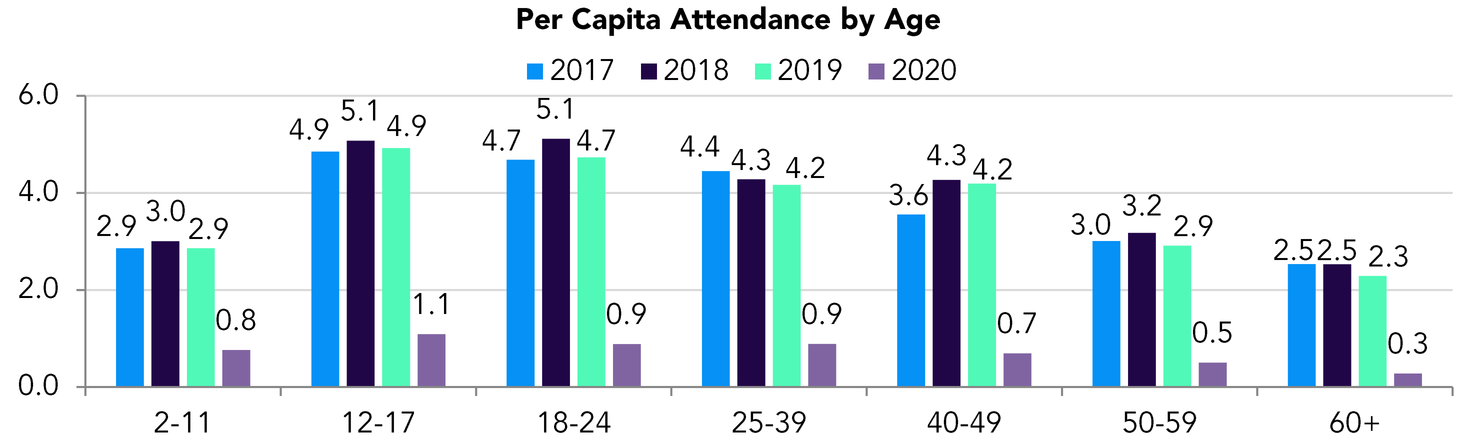
2020 Ethnicity Share of Total Population, Moviegoers, and Tickets Sold



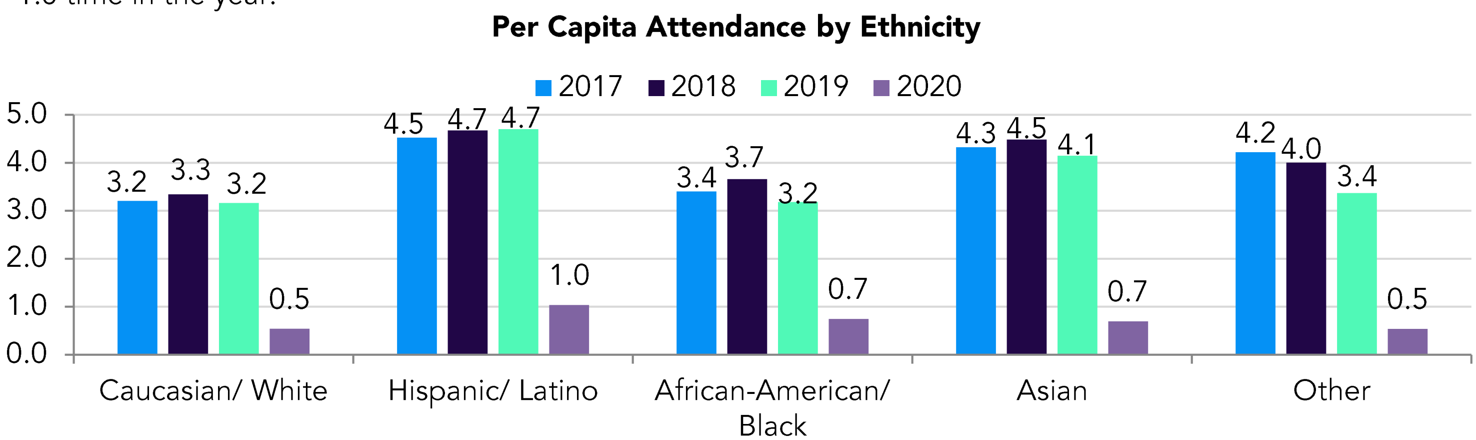
In 2020, per capita annual movie attendance (tickets sold per person) decreased for both females (0.6) and males (0.8) against 2019.



In 2020, only the 12-17 age group (1.1 times) had a per capita attendance over 1.0. All age groups decreased their per capita attendance in 2020 compared to 2019.



The per capita attendance of all ethnicity categories decreased in 2020 when compared to 2019. The Hispanic/Latino category had the highest per capita attendance in 2020, going to the cinema an average of 1.0 time in the year.





APPENDIX

THEME Report: Glossary of Terms

Term	Definition
Theatrical	Entertainment content viewed at movie theaters/cinemas.
Home/Mobile Entertainment	Entertainment content viewed on all devices, whether home-based (e.g. TVs) or mobile-based (e.g. smart phones). Home/mobile includes both digital methods and physical methods.
Digital (Home/Mobile Entertainment)	Digital includes electronic sell-through (EST), video-on-demand (VOD) and subscription streaming. This definition excludes virtual pay TV. Digital includes movies and TV, and excludes sports.
Physical (Home/Mobile Entertainment)	Physical includes Blu-ray and DVD sales and rentals.
Combined Theatrical and Home/Mobile Entertainment Market	The combined market for entertainment content at movie theaters and content released digitally and on disc. This excludes pay television subscription revenue and licensing, and the advertising-based market.
Market	Throughout this report, the term market refers to consumer spending. (Note that international subscription video-on-demand subcategory data is revenue.)

Attendance Demographics Study Methodology

Survey Research

Motion Picture Association, Inc. (MPA) commissioned ENGINE (formerly ORC International) to study motion picture cinema attendance in the United States. A survey was conducted among a representative sample of 8,072 adults comprising 4,030 men and 4,042 women 18 years of age and older living in the United States. Interviewing was conducted beginning January 4, 2021 and ending January 24, 2021 via eight consecutive waves of CARAVAN®, ENGINE's national online omnibus survey. Respondents for the survey were selected from among those who have volunteered to participate in online surveys and polls.

This year marks the fourth time interviewing was completed via an online methodology. In all waves of the study prior to 2018, interviews were conducted via a dual frame landline/cell phone telephone methodology. Due to the change in methodology and the differing demographic profiles of online versus telephone respondents, only comparisons to 2017, 2018, and 2019 have been made in this report.

The survey collected data on the frequency of adult motion picture attendance in the prior calendar year (January – December 2020). For this year's survey, respondents were asked to take into account the effect of the COVID-19 pandemic on movie theater availability.

- *"Think back to January 2020—about a year ago. During the 12-month period from January through December 2020, about how many times did you go to the movies at theaters? Please provide your best estimate, taking into account that the COVID-19 pandemic affected the availability of movie theaters for many months."*

Also, where the respondent indicated the presence of a child or children in the household ages 2-17, the respondent was asked to provide estimates of the frequency of each child's motion picture attendance, as well as the child's age and gender. The following question was repeated for each child in order of oldest to youngest:

- *"To better understand the make-up of the movie-going audience, we would also like to know about how frequently children 2 and older attended the movies in 2020, including all times they went with guardians or on their own. Again, please provide your best estimate, taking into account that the COVID-19 pandemic affected the availability of movie theaters for many months. Now, thinking of your child at least 2 but under 18, how many times did he or she go to the movies at theaters in 2020?"*

In order to analyze the data for attendance levels for the entire population 2 years of age and older, the survey data is split into two data sets -- the original set of adult respondent data and a second set representing the child data. In order to create this child's data set, each child in the household is treated as a separate respondent. The child's age, gender, and movie attendance are taken from the survey data provided by the parent. Each child's race/ethnicity is assumed to be the same as the parent, as is household information such as location and household income.

2020 THEME REPORT

Demographic Survey Methodology

Once the two data sets are created, adult data is weighted by age, gender, region, race, and education. The children's data is also separately weighted by age, gender, region, and race. The data sets are combined and the data is reviewed to ensure that the proportions of children to adults match the overall population. The combined data usually demonstrates an overrepresentation of children vs. adults, as it does in 2021. In that case, the child's data is then re-weighted if necessary so that the ending proportions of children to adults corresponds to the actual population ratios. This is necessary because there can be more than one child in many households. This weighted data set is used to produce the attendance projections.

ENGINE weights data using a raking algorithm based on the demographics listed above to correct for differences between the survey sample and the target population. Our assertion is that weighted estimates are approximately unbiased. Estimated error ranges adjusted for the weighting design effect are in a table at the end of the Demographic Survey Methodology section. Note: No analysis was conducted to validate the assertion of unbiased estimates.

Attendance Projections

The survey process yields a self-reported frequency of motion picture cinema attendance for the total sample and for each demographic group. When this frequency number is used to calculate total attendance in a calendar year, it typically produces a number that exceeds the attendance figure reported by the MPA. This is due to over reporting on the part of the respondents, so an adjustment factor is calculated for the total sample and for each demographic group. This adjustment factor is derived by dividing the actual attendance number from the MPA by the attendance number derived from the survey data for each demographic group. The resulting adjustment factor is typically a number slightly less than one. Attendance projections are then created for each demographic group, using the weighted total number of admissions derived from the survey data, multiplied by the adjustment factor.

Movie and Show/Series Viewership Across Various Channels

The following two questions were added to the survey in 2019 to compare the frequency of full-length movie and show or series viewership across various channels. These questions are also presented using adult data only, weighted by age, gender, region, race, and education.

Now, please think about the different ways you watch movies and shows or series. These could be movies and shows or series that you watch on any type of device, such as on a TV, computer, phone, tablet, or other device.

- *In 2020, how frequently did you watch* **full-length movies** *in each of the following ways? Please only think of full-length movies and do* <u>*not*</u> *include any trailers, clips or adult content.*

  [Select one answer for each. Randomize A-F, always asking G last]

  [SET UP AS GRID]

01 Every day
02 Several times a week
03 Once a week
04 2-3 times a month
05 Once a month
06 Several times a year
07 Once a year
08 Never

A. See at the cinema
B. Watch through your regular television service (broadcast, cable or satellite service), including paid movie channels and pay per view
C. Watch online through a website or app that you pay a subscription for like Netflix, Amazon Prime Video, HBO Max or Hulu, or that you have access to as part of your regular television subscription like Comcast Xfinity or Dish Anywhere
D. Pay to download or rent online through a website or app where you pay per movie like Apple TV/iTunes, Amazon Video, Google Play Movies, or Vudu
E. Watch on a Blu-ray or DVD disc that you bought or rented from an official retailer (please don't include second hand discs or bootleg/burned discs or files)
F. Watch via the YouTube site or app (again, just full-length movies)
G. Watch or download online <u>*for free*</u> *on a website or app that is not an official source for the movie*

- *In 2020, how frequently did you watch* ***full-length shows or series*** *in each of the following ways? Please only think of full-length episodes of shows, and not other things like clips, sports, news, or adult content.* ***[Select one answer for each. Randomize A-E, always asking F-G last]***

[SET UP AS GRID]

01 Every day
02 Several times a week
03 Once a week
04 2-3 times a month
05 Once a month
06 Several times a year
07 Once a year
08 Never

A. Watch through your regular television service (broadcast, cable or satellite service), whether at the time they air, on demand, or recorded on a digital video recorder or DVR
B. Watch online through a website or app that you pay a subscription for like Netflix, Amazon Prime Video, HBO Max or Hulu, or that you log-in and have access to as part of your regular television subscription like Comcast Xfinity or Dish Anywhere
C. Pay to download or rent online through a website or app where you pay per show like Apple TV/iTunes, Amazon Video, Google Play Movies, or Vudu
D. Watch on a Blu-ray or DVD disc that you bought or rented from an official retailer (please don't include second hand discs or bootleg/burned discs or files)
E. Watch via the YouTube site or app (again, just full-length shows)
F. Watch for free on a catch up TV service or website that shows videos of advertising during the show
G. Watch or download online for free, on a website or app that is not an official website and doesn't show regular video ads during the show

Movie and Show/Series Viewership on a Mobile Device

Two questions were added to the survey in 2020 to measure the frequency of watching full-length movies and full-length shows or series on a mobile device, such as a smartphone or tablet, among both adults and children.

- *And how frequently did you watch the following <u>on a mobile device</u>, such as a smartphone or tablet, in 2020?* ***[Select one answer for each]***

[SET UP AS GRID]

01 Every day
02 Several times a week
03 Once a week
04 2-3 times a month
05 Once a month
06 Several times a year
07 Once a year
08 Never

A. Full-length movies
B. Full-length shows or series

Asked of those with children ages 2-17 in the household…

- *Now, thinking of your child(ren) at least 2 but under 18, how frequently does your child watch* ***full-length movies and/or full-length shows or series*** *<u>on a mobile device</u>, such as a smartphone or tablet? Please just make your best estimate.* ***[Select one answer for each]***

[SET UP AS GRID]

01 Every day
02 Several times a week
03 Once a week
04 2-3 times a month
05 Once a month
06 Several times a year
07 Once a year
08 Never

A. Oldest child
B. Second oldest child
C. Third oldest child
D. Fourth oldest child
E. Fifth oldest child
F. Sixth oldest child
G. Seventh oldest child

Premium Video-on-Demand Viewership

This year, a question was added to the survey to measure premium video-on-demand viewership among respondents who indicated they paid to rent full-length movies online in 2020.

- *When you paid to rent full-length movies online in 2020, were any of them new movies that were not released in movie theaters, or were just newly released in movie theaters? This is also referred to as premium video-on-demand.* ***[Select one answer]***

01 Yes
02 No

Demographics

Note that the race/ethnicity questions in Online CARAVAN® are asked as follows:

- *Do you consider yourself to be of Hispanic/Spanish/Latino descent?* ***[Select one answer]***

01 Yes
02 No

- *What race do you consider yourself?* ***[Select as many as apply]***

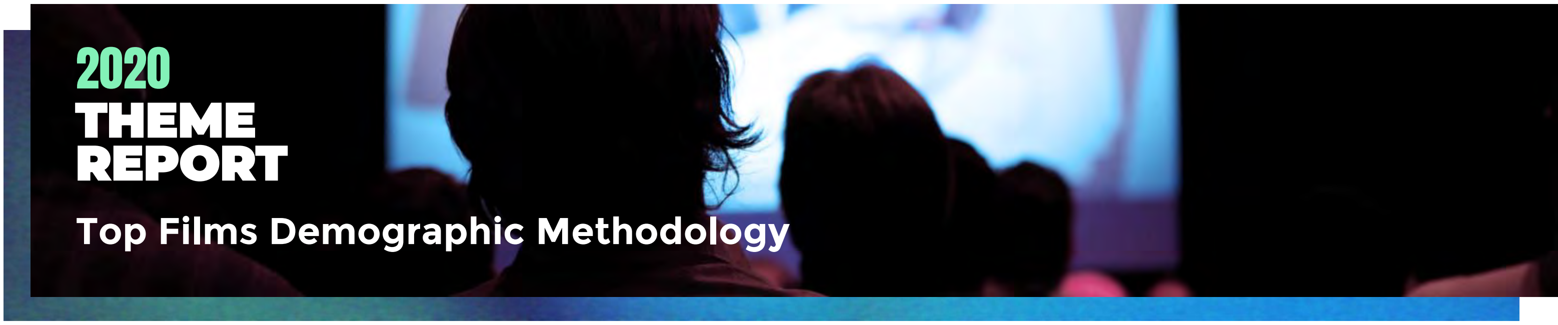
01 White
02 Black or African-American
03 Native American or Alaska Native
04 Asian
05 Other

If respondents answer "yes" to the first question, they are included in the Hispanic/Latino category, regardless of their answer to the second question. In the analysis stage, respondents who select multiple races are grouped in the Other analysis category.

Table of Adjusted Sampling Error for Demographic Subgroups

Subgroup	Adjusted* Error Range
All adults	+/- 1.2 percentage points
Children 2-17	+/- 1.5 percentage points
Ages 2-11	+/- 1.8 percentage points
Ages 12-17	+/- 2.6 percentage points
Ages 18-24	+/- 3.5 percentage points
Ages 25-39	+/- 2.2 percentage points
Ages 40-49	+/- 3.0 percentage points
Ages 50-59	+/- 3.1 percentage points
Ages 60+	+/- 2.4 percentage points
White, non-Hispanic	+/- 1.1 percentage points
Black, non-Hispanic	+/- 3.0 percentage points
Asian/Other, non-Hispanic	+/- 3.5 percentage points
Hispanic (any race)	+/- 2.6 percentage points
Asian, non-Hispanic	+/- 4.8 percentage points
Other, non-Hispanic excluding Asian	+/- 5.0 percentage points
<25K HH income	+/- 2.4 percentage points
25K-<50K HH income	+/- 1.9 percentage points
50K-<75K HH income	+/- 2.3 percentage points
75K+ HH income	+/- 1.4 percentage points
Male	+/- 1.3 percentage points
Female	+/- 1.4 percentage points

*Adjusted for weighting design effect



Top Films Demographic Methodology

Survey Research
Comscore and Screen Engine/ASI's PostTrak is conducted every week for all films in their first and second week of wide release. Twenty-one theaters in unique locations were chosen to participate and are demographically representative of the U.S. Census population. Wide release includes all films playing in more than 800 theaters. In 2020, the 21 unique theater locations, sample sizes, and wide release definition may have been adjusted due to COVID-19 pandemic-related theater shutdowns and seating capacity changes.

Sample sizes are as follows:

- 1st weekend –
    - For Family titles, a minimum of N=1200 (which includes a mix of general audience, parents, and kids),
    - For purely General Audience titles, a minimum of N=800.
- 2nd weekend –
    - For Family titles, a minimum of N=600 (which includes a mix of general audience, parents, and kids),
    - For purely General Audience titles, a minimum of N=400.

PostTrak collects data via mobile tablet, which is then entered into Comscore's system within one hour of data collection for near-immediate reporting. To ensure the audience composition is representative, audience audits are conducted at each location by field personnel. These audits are then applied to the collected data and weighted to the measured demographic of the actual moviegoing audience for each movie.

Note that the "race/ethnicity" question is asked as follows:

Which race or ethnic group do you most identify with? Choose only one.
African-American/Black
Asian/Pacific Islander
Caucasian/White
Hispanic/Latino
Native American
Other[55]

All survey methodologies involve sampling a universe of potential respondents. The PostTrak surveys are subject to a sampling error determined by the sample size for each film. The PostTrak method was designed to minimize the sources of sampling error, as well as coverage error and errors due to response rate.

[55] "Other" includes those who self-identify as a "mixed race or ethnicity" or "some other race." For example, a person's ethnicity may be Hispanic, but they may also characterize themselves as a member of the Caucasian race. Consequently, when forced to make only one selection, they will identify themselves as "Other" rather than choosing to only identify with one race or one ethnic group individually.

Average Time Spent per Day with Major Media Methodology

Third Party Data
Estimates by eMarketer on U.S. time spent with media involve the collection of third party data, primarily survey data with adult respondents, which asks them about their media use habits. Data is also sourced from online and mobile activity tracking services and government data, as well as interviews with industry experts. This data is assessed and normalized to the eMarketer definition (i.e. 18+ U.S. population), and then aggregated to the baseline Average Time Spent with Media estimate. eMarketer also creates forecasted growth rates using their assessments of historical and expected future growth patterns with regard to device adoption, multiple/overlapping device usage, population/demographic factors, and competitors to existing devices and activities in order to arrive at our forecasted growth rates by media and by device.

The major media categories include:

- Desktop/laptop video: ages 18+; includes all time spent with online video activities on desktop and laptop computers, regardless of multitasking; includes both work and personal usage
- Mobile video: ages 18+; includes all time spent viewing mobile video, regardless of multitasking
- Other connected device video: ages 18+; includes all time spent with online video activities on other connected devices, regardless of multitasking; other connected devices include game consoles, connected TVs or OTT devices
- TV: ages 18+; includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); includes all time spent watching TV, regardless of multitasking
- Subscription over-the-top (OTT) video: ages 18+ who use at least once per month; includes all time spent watching video via any app or website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Video, HBO Now, Hulu, Netflix, SlingTV

PHOTO CREDITS

Hamilton. Courtesy of Disney+.
The Trial of the Chicago 7. Courtesy of Netflix. Credit: Niko Tavernise.
Wonder Woman 1984. Courtesy of DC Comics/Warner Bros. Pictures. Credit: Clay Enos.
Jeopardy! Courtesy of Sony Pictures.
The Queen's Gambit. Courtesy of Netflix. Credit: Phil Bray.
Charles H. Rivkin, Motion Picture Association Chairman and CEO. Credit: Gary Landsman.
Bad Boys for Life. Courtesy of Sony Pictures. Credit: Kyle Kaplan.
Selena: The Series. Courtesy of Netflix. Credit: Michael Lavine.
Lovecraft Country. Courtesy of HBO. Credit: Eli Joshua Ade.
Birds of Prey (and the Fantabulous Emancipation of One Harley Quinn). Courtesy of Warner Bros. Credit: Claudette Barius.
The Broken Hearts Gallery. Courtesy of TriStar Pictures.
Tenet. Courtesy of Warner Bros. Pictures. Credit: Melinda Sue Gordon.
Sound of Metal. Courtesy of Amazon Studios.
Ammonite. Courtesy of Neon.
Love and Monsters. Courtesy of Paramount Pictures.
The Invisible Man. Courtesy of Universal Pictures.
Onward. Courtesy of Pixar.
Like a Boss. Courtesy of Paramount Pictures. Credit: Eli Joshua Ade.
Black Is King. Courtesy of Disney+. Credit: Travis Matthews.
Zoey's Extraordinary Playlist. Courtesy of NBCUniversal. Credit: Sergei Bachlakov.
The Crown. Courtesy of Netflix.
Diary of a Future President. Courtesy of Disney+. Credit: Giles Mingasson.
Ma Rainey's Black Bottom. Courtesy of Netflix. Credit: David Lee.
The Lovebirds. Courtesy of Netflix. Credit: Skip Bolen.
I May Destroy You. Courtesy of HBO. Credit: Natalie Seery.
Little Fires Everywhere. Courtesy of Hulu.
One Night in Miami. Courtesy of Amazon Studios.
Greyhound. Courtesy of Apple TV+.
Transplant. Courtesy of NBCUniversal. Credit: Yan Turcotte.
Trolls World Tour. Courtesy of DreamWorks.

ABOUT THE MOTION PICTURE ASSOCIATION

The Motion Picture Association, Inc. (MPA) serves as the global voice and advocate of the motion picture, home video, and television industries. It works in every corner of the globe to advance the creative industry, protect its members' content across all screens, defend the creative and artistic freedoms of storytellers, and support innovative distribution models that bring an expansion of viewing choices to audiences around the world.

Its member studios are: Walt Disney Studios Motion Pictures; Netflix, Inc.; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Universal City Studios LLC; and Warner Bros. Entertainment Inc. Charles Rivkin is Chairman and CEO.

MOTION PICTURE ASSOCIATION

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DEADLINE

PRINT

Talent Roster Urging Congress To Bail Out Movie Theaters Grows To 120 As NATO, MPA, DGA Warn That Exhibitors "May Not Survive" – Update

By Dade Hayes
October 16, 2020 7:57am

Kelsey Brunner/The Aspen Times via AP

UPDATED with additional signatories. The list of people in the creative community attaching their names to an urgent appeal to Congress on behalf of movie theaters has grown to 120 names. (See the full list below.)

PMC

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Talent initially joined with the Directors Guild of America, the National Association of Theatre Owners and the Motion Picture Association on September 30 to call for federal government aid for theaters. The government, of course, has a full plate and is deadlocked on an aid package for American workers despite progress in talks recently between House Majority Leader Nancy Pelosi and Treasury Secretary Steven Mnuchin.

In an online appearance Thursday at the Milken Global Conference, Mnuchin said reaching a deal before Election Day on November 3 "would be difficult, just given where we are." He said Democrats are reluctant to finalize a deal and potentially boost President Trump's re-election prospects.

PREVIOUSLY: Dozens of established filmmakers joined with the Directors Guild of America, the National Association of Theatre Owners and the Motion Picture Association to urge Congress to come to the aid of movie theaters devastated by COVID-19.

"Absent a solution designed for their circumstances, theaters may not survive the impact of the pandemic," the letter warns (read it in full below).

Signatories of the letter sent to House and Senate leaders include Christopher Nolan, James Cameron, Judd Apatow, Jon Chu, Sofia Coppola, Alfonso Cuarón, Lee Daniels and Clint Eastwood.

Senate Majority Leader Mitch McConnell, House Speaker Nancy Pelosi, Senate Democratic Leader Chuck Schumer and House Republican Leader Kevin McCarthy are urged to redirect unallocated funds from the CARES Act. The House delayed a vote on a $2.2 trillion coronavirus stimulus bill Wednesday so that further negotiations could be held between, among others, Pelosi and Treasury Secretary Steven Mnuchin.

As unemployment soared in the spring when pandemic lockdowns began, CARES Act funds went to workers and small businesses to help them cover basic essentials during the crisis. Most of those benefits expired in July and a patchwork of state measures that followed was a far smaller amount of relief. Republicans and Democrats have been in a standoff in recent weeks over a new deal.

"The moviegoing experience is central to American life," the letter said. "Theaters are great unifiers where our nation's most talented storytellers showcase their cinematic accomplishments." Along with being "an irreplaceable experience" with "critical cultural impact," the letter adds, "theaters are economic force multipliers." In addition to 150,000 exhibition industry jobs, they directly affect millions more across film distribution, marketing and production as well as retail environments where multiplexes are located.

Theaters have reopened in many states, but not yet in New York City or L.A. County, two critical markets. Even venues that have reopened are operating with strict capacity limits, and studios have shifted most of their releases out of 2020. Rather than face lower ceilings for major releases, as Warner Bros has experienced with *Tenet*, they have opted to throw in the towel on a movie year where box office receipts are apt to plummet by at least 70% from 2019 levels.

According to the letter, 93% of movie theater companies had year-over-year losses of more than 75% in the second quarter of 2020. If the status quo continues, it goes on to say, 69% of small and mid-sized movie theater companies will be forced to file for bankruptcy or to close permanently, and 66% of theater jobs will be lost.

Exhibitors, knowing they are in an existential crisis, have sought to reassure a wary public of the safety of theaters relative to bars, indoor restaurants or music venues. They have pointed to research from epidemiologists saying that no direct link has been established between theaters and COVID-19 infection. Beyond the initial safety jitters, there is also the habit of moviegoing, which is linked to other aspects of social interaction curtailed by the pandemic.

With the proliferation of streaming and other at-home options, skeptics have wondered about whether theatrical moviegoing as a ritual will survive. But proponents — and major media companies and their allies — also point to the profit motive. Big-budget movies are not able to reach the heights of $1 billion-plus in revenue without theaters, and taking that element away would irrevocably alter all of the other drops in the movie revenue waterfall model.

The coalition is urging a bipartisan solution to help theaters with existing funds or by enacting new proposals such as the RESTART Act.

"I am extraordinarily grateful for the unprecedented support from our industry partners and the talented and concerned members of the movie industry creative community," NATO president John Fithian said. "The value of their recognition of the unique importance of movie theaters to our communities, culture, and economy, and their support before Congress of the unique needs of movie theaters in this pandemic cannot be underestimated."

Here is the full letter:

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy:

Thank you for your leadership at this challenging time for our country. As you consider forthcoming COVID-19 relief legislation, we ask you to prioritize assistance for the hardest-hit industries, like our country's beloved movie theaters.

No doubt you are hearing from many, many businesses that need relief. Movie theaters are in dire straits, and we urge you to redirect unallocated funds from the CARES Act to proposals that help businesses that have suffered the steepest revenue drops due to the pandemic, or to enact new proposals such as the RESTART Act (S. 3814/H.R. 7481). Absent a solution designed for their circumstances, theaters may not survive the impact of the pandemic.

The pandemic has been a devastating financial blow to cinemas. 93% of movie theater companies had over 75% in losses in the second quarter of 2020. If the status quo continues, 69% of small and mid-sized movie theater companies will be forced to file for bankruptcy or to close permanently, and 66% of theater jobs will be lost. Our country cannot afford to lose the social, economic, and cultural value that theaters provide.

The moviegoing experience is central to American life. 268 million people in North America went to the movies last year to laugh, cry, dream, and be moved together. Theaters are great unifiers where our nation's most talented storytellers showcase their cinematic accomplishments. Every aspiring filmmaker, actor, and producer dreams of bringing their art to the silver screen, an irreplaceable experience that represents the pinnacle of filmmaking achievement.

As well as their critical cultural impact, theaters are economic force multipliers. In addition to the 150,000 employees working in cinemas nationwide, the industry supports millions of jobs in movie production and distribution, and countless others in surrounding restaurants and retailers that rely on theaters for foot traffic. Movie theaters are also leaders in employing underrepresented groups, including people with disabilities, senior citizens, and first-time job holders. Cinemas are an essential industry that represent the best that American talent and creativity have to offer. But now we fear for their future.

Theaters need specific relief targeted to their circumstances. We urge you to come together on a
bipartisan solution that provides this relief, by reallocating unspent funds from the CARES Act toward programs designed for industries like movie theaters, or by enacting new proposals such as the RESTART Act. These solutions would fulfill Congress's intent in helping severely distressed sectors of the economy and ensure that our resources are focused on the industries that need them the most.

Please fight for our country's beloved and essential cinemas by including relief for them in any forthcoming COVID-19 legislation. Thank you for your leadership and for considering this request.

Sincerely,

John Fithian, President & CEO, NATO
Russ Hollander, National Executive Director, DGA
Charles Rivkin, Chairman & CEO, MPA
Thomas Schlamme, President, DGA

J.J. Abrams
Adewale Akinnuoye-Agbaje
Agustin Almodóvar
Pedro Almodóvar
Wes Anderson
Judd Apatow
Jon Avnet
Sean Baker
Noah Baumbach
Michael Bay
Susanne Bier
Brad Bird
Barbara Broccoli
James Cameron
Antonio Campos
Damien Chazelle
Jon M. Chu
Sofia Coppola

Alfonso Cuarón
Lee Daniels
Dean Devlin
Pete Docter
Clint Eastwood
Ralph Eggleston
Roland Emmerich
Andrew Erwin
Jon Erwin
William Eubank
Ben Falcone
Paul Feig
Shana Feste
Anna Foerster
Marc Forster
Scott Frank
Cary Joji Fukunaga
Greta Gerwig
Evan Goldberg
Paul Greengrass
Leslie Greif
Luca Guadagnino
Catherine Hardwicke
Alma Har'el
Albert Hughes
Allen Hughes
Ron Howard
Alejandro Gonzalez Iñárritu
Barry Jenkins
Patty Jenkins
Rian Johnson
Miranda July
Nicole Kassell
Harald Kloser
Joseph Kosinski
Jon Landau
Francis Lawrence
Mimi Leder
Ang Lee
Rob Letterman
Shawn Levy
Richard Linklater
George Lucas
Chady Eli Mattar
Melissa McCarthy
James Mangold
Michael Mann
Sam Mendes
Adam McKay
Steve McQueen

Ted Melfi
Reed Morano
Jim Morris
Mark Nielson
Becky Nieman
Christopher Nolan
Jordan Peele
Todd Phillips
Ivan Reitman
Jason Reitman
Guy Ritchie
Jonas Rivera
Jay Roach
Robert Rodriguez
Seth Rogen
Joachim Rønning
Michael R. Roskam
David O. Russell
Anthony Russo
Joe Russo
Paul Schrader
Ridley Scott
Martin Scorsese
Peter Segal
M. Night Shyamalan
Scott C. Silver
Zack Snyder
Steven Soderbergh
Joey Soloway
Marc Sondheimer
Steven Spielberg
Sylvester Stallone
David E. Talbert
Betty Thomas
Emma Thomas
Liesl Tommy
Lee Unkrich
Denis Villeneuve
Taika Waititi
James Wan
Lulu Wang
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Chris Weitz
Paul Weitz
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Edgar Wright
Joe Wright
Cathy Yan

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DEADLINE

PRINT

Warner Bros & Universal Bosses Say No Movie Theater Buyouts In The Works, But "We're Rooting For Them"

By Dade Hayes
October 15, 2020 1:55pm

The AMC in Orange, CA
AMC

Donna Langley, chairman of Universal Filmed Entertainment Group, and Ann Sarnoff, chair and CEO of Warner Bros had the same reaction Thursday when asked if their companies had any interest in buying movie theaters.

They laughed.

PMC

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“We have no plans to do that currently,” Langley said, appearing with Sarnoff and CBS CEO George Cheeks on a Milken Institute Global Conference virtual panel about COVID-19’s impact on Hollywood. “We have no plans either,” Sarnoff said with a light chuckle.

Especially with the 1948 Paramount decree now abolished and major theater circuits on the brink of bankruptcy, the scenario of studios taking a stake in exhibition, whose stocks have plunged, is frequently floated. The entire theatrical model, which has shown signs of wear in recent years but still yielded more than $11 billion in revenue in 2019, is in a suspended state. While major studios have all come to rely on streaming to varying degrees as a replacement for theatrical in 2020, the profit margins many releases enjoy in the traditional model are not yet possible in streaming. Plus, with major media companies on their heels due to the pandemic’s effect on TV advertising, production, theme parks and other revenue sources, earmarking funds for a theater rescue is unrealistic — even laughable.

Sarnoff and Langley reiterated their companies’ oft-stated public pledge to continue with theatrical releases, but neither did so with much evident passion for the bijou.

“I’m kind of an armchair sociologist and I believe people want to have communal experiences and especially with certain genres,” Sarnoff said, citing horror, action-adventure and superhero films. “We’re big fans of the exhibitors. They’ve been good partners of ours for many decades. We’re rooting for them. I know it’s tough sledding right now. I’m hoping they come out on the other side, probably even stronger.”

Domestic box office is on pace to plummet more than 80% in the U.S., as theaters in New York and LA remain shuttered more than seven months after the pandemic started sweeping across the U.S. As exhibitors have launched a promotional campaign about their safety measures and enlisted top filmmakers for a plea to Congress, a bailout plan — even from private equity firms buying up other 20th century assets like newspapers and radio stations — has not emerged.

Studios also continue to withdraw films from the release calendar, the latest being *Soul*. The Pixar movie was poised for a holiday season release, the same berth Pixar and Disney films have had for decades, but theater closures prompted Disney to move the release to subscription streaming service Disney+. With control of nearly half of the marketplace, Disney is the most influential theatrical player and its corporate reorganization this week to put a company-wide emphasis on streaming has the industry’s attention.

Langley said Universal remains committed to theaters, citing the studio’s precedent-setting deal with AMC as proof of its support of that element in the business model. The companies earlier this year reached an agreement enabling select titles to leave theatrical after just 17 days, a far cry from the current three-month exclusive window.

“It took Covid to demonstrate that it is not cannibalistic but it is, in fact, additive,” she said. “It will enable us to continue to make movies and put them in theaters.”

Langley mentioned *The Croods: A New Age*, out November 25, and Sarnoff name-checked spring 2021 title *In the Heights* as films that would have theatrical as an element of their releases but not in the traditional way. Sarnoff said some preliminary discussions have been held with exhibitors about windows but she had nothing to announce.

With planning for 2021 and beyond well under way, Langley said there's "no line of sight" on how long the pandemic will linger. She said it could be limited to the first half of next year or it could dominate all of 2021 the way it has this year.

While he hasn't had to contend with theaters, Cheeks said the task of leading creative business teams in a world of Zoom calls and social distancing has been daunting. The former NBCUniversal exec started his new role at ViacomCBS on March 23, just as the lockdowns and production and business shutdowns were beginning.

"The night before I started the job, I had a full-on panic attack," Cheeks said. "I couldn't really figure out how I was going to build trust and transparency remotely. I think what all of is did is that we all just sort of leaned into it. We acknowledged the awkwardness of it." The other result of the pandemic's new work norms was "an equalizing effect," he added. "A lot of people who wouldn't necessarily speak up in a room are speaking up."

Showrunners, especially in animation, have identified efficiencies that will last through to the other side of the pandemic, Cheeks said. Similarly, while it's hard to tell what will survive into the post-pandemic era as a set business method, the turbulence of 2020 has proven to be "an inflection point" for the well-entrenched aspects of the TV business like upfronts and pilot season. New ways to promote shows and connect with advertisers have been positive outcomes from the chaotic period, Cheeks said.

Sarnoff said working through COVID-19 has been "exhausting" for the Warner Bros troops because everything is unprecedented. "There is no playbook," she said. "What you do all day long is you think about scenarios — 'What if this happens? What if that happens? What should be our Plan A, Plan B, Plan C?' Without precedent, it is incredibly mentally taxing to try to think about what the right way to go forward."

She cited bypassing theaters with *Scoob* last spring as one such crossroads, noting that Langley faced a similar set of decisions with *Trolls World Tour*. "It seems easy in retrospect, like, 'Of course you release your movie digitally!' But it's not so easy as it's happening, because oftentimes these are new moves that you're making, so you have to think about all of the constituents. You have to think about your fans and what they want, and predict what the results are going to be without any market data."

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Will 'Godzilla vs. Kong' Kick Off a Post-COVID Renaissance for Movie Theaters?

By Brent Lang, Owen Gleiberman, Peter Debruge

Variety

With vaccinations rising and COVID restrictions easing, movie theaters are slowly getting their grove back. This weekend saw the debut of the first pandemic-era hit in "Godzilla vs. Kong," a sign that people are ready, even eager to return to their local multiplexes after a year spent streaming movies at home. But there are still challenges facing theaters, many of which are teetering on the brink of financial ruin after twelve months without much in the way of ticket sales. Can movie theaters come back stronger than before or will coronavirus hasten the Netflix-ification of the entertainment landscape in a way that makes cinemas feel outmoded? Brent Lang, Variety's executive editor of film and media, and chief film critics, Peter Debruge and Owen Gleiberman, discuss what the future holds for movie theaters.

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Peter Debruge: This time last year, so many of our conversations were about when things would go back to "normal," but now, as movie theaters in New York and Los Angeles tentatively reopen — just in time for big-screen-or-bust monster smackdown "Godzilla vs. Kong" — I'm not sure that idea even applies. The coronavirus changed the way we watch movies, and while I've been dying to get back into a cinema to see movies again on the big screen with a crowd, I have to admit, we're still a long way from taking the same pleasure from that experience we did before. I've been to IMAX headquarters a few times in the past month to take in movies like "Chaos Walking" or "Nomadland" at maximum scale, and I'll admit that while it's immeasurably better than watching them in my living room, some part of my brain remains fixated on questions we never worried about before — even in a situation where someone might have been coughing or sneezing a row away. How about you guys? Are you ready to go back? In what ways can we expect the experience to be different going forward?

Owen Gleiberman: I'm more than ready to go back, and here's my radical idea: I don't expect the experience to be much different. True, I don't think movie culture, any more than the culture at large, can just "go back to normal" in some mindless turn-back-the-clock way, as if the pandemic had never happened. But I went to my first mainstream movie yesterday — I saw "Godzilla vs. Kong" at a 4 p.m. show at the AMC Empire in Times Square — and I was amazed at how…not different it was. The endless trailers, the open-for-business concession stand, people joshing and laughing and — yes — munching, not to mention a fair amount of vocal enthusiasm for the movie (or, at least, the last 25 minutes of it). It didn't feel like the dystopian multiplex.

But here's my real point. In a recent edition of The Ankler, columnist Richard Rushfield made a startling assertion. He wrote, "Here's the thing that's never happening again: major movies reserved as the exclusive property of movie theaters." He was keying off Disney's decision to release "Black Widow" and other films simultaneously in theaters and on Disney Plus. I have to say, I think he's got it wrong. Disney's decision was still deeply rooted in the economics of the pandemic. And on that level it made sense. But imagine that, say, a year from now, we're in a vaccinated, starting-to-bloom-again, post-pandemic world. The key way that movies in theaters will have a chance of working is if audiences feel fully motivated to show up for them. And that, I would wager, means exclusive theater openings. The window may be shorter, but exclusivity is value; exclusivity is money. I think that once we're past the fearful immediacy of all this, the marketplace, even in a streaming world, is going to continue to push for the exclusive movie-theater experience. All of which is to say: There will be changes, but we should be cautious about generalizing too much from The Year of Our Lockdown.

Brent Lang: I'm a great admirer of Richard Rushfield's trenchant analysis, but I think that he's being too sweeping in his conclusions. Yes, windows will shrink, often by months, and more media companies will hedge their bets on dicey mid-budget movies by reserving them for the streaming services that are now a part of their larger corporate portfolios. However, these shifts in distribution models remain a work in progress, something in flux.

It speaks volumes that many of the major movies that were on tap for 2020 or early 2021 such as "Fast and Furious 9" or "Eternals" or "No Time to Die" were delayed multiple times in the hopes of outlasting the pandemic. For "No Time to Die," that meant turning down an offer for upwards of $600 million from Netflix in favor of waiting it out until theaters were ready to welcome back Bond fans. Sure, "Black Widow" is debuting simultaneously on Disney Plus and Warner Bros. shipped its 2021 slate to HBO Max. However, that has more to do with larger corporate pressures to field genuine Netflix challengers. It doesn't signal a wholesale rejection of the viability of movie theaters. There's a recognition that cinemas need to have some sort of theatrical exclusivity lest they surrender all their competitive advantage. Ultimately, it doesn't make financial sense for a "Fast and Furious" sequel to forgo a theatrical launch in favor of a Peacock bow, because doing so means turning down hundreds of millions, even a billion dollars in ticket sales. In the short term, I think movie theaters, at least the ones that haven't gone bankrupt, will do robust business. We're all so desperate to get out of the house and be around people, that I think even mediocre movies will get a bump (case in point, the impressive box office numbers enjoyed by "Godzilla vs. Kong"). But it could be a sugar high, one that's unsustainable when an overarching sense of normality takes hold and hitting up the multiplex doesn't seem as novel. That's when the old annoyances bubble back up – getting sticker shock at the concessions stand or growing fed up with the people in front of you who won't stop texting during the movie.

PD: In his 1960 book "Psycho-Cybernetics," Maxwell Maltz suggested, "it requires a minimum of about 21 days for an old mental image to dissolve" — a theory that Oprah and others have reshaped as the magic amount of time it takes to form a new habit. Well, here we are a full year and 21 days into the new world order, and I've gotta say, home viewing has so corrupted the way I watch movies (checking my phone, multi-tasking while the TV is on, pausing and picking up movies over multiple intervals) that I've actually had to relearn how to focus when I've been fortunate enough to see things on the big screen. That remains the only way for me to truly immerse, and I'm desperate to rebuild better viewing habits.

The past year has also done something to our attention spans. It's the Twitter- and TikTok-ification of modern life — something many of us were battling before the pandemic. I'm sure it will come back, but I don't have the patience for certain tempos of storytelling anymore. The pace of Hulu's "The Handmaid's Tale," for example, feels glacial to me now (not to mention far too dark to deal with amid recent events), whereas the ruthless efficiency of "Godzilla vs. Kong" — which jumps from Antarctica to the center of the earth to Hong Kong in a matter of minutes — was just what the doctor ordered. I don't think I could've dealt with a three-hour version of that film (especially not with a mask on), and certainly don't need the Zack Snyder cut of anything anytime soon. From a business sense, studios need crowded theaters to capitalize on the rainchecked tentpoles you mentioned. And I think many of us need theaters to experience them correctly.

OG: I think that's a huge and essential point, Peter. All of us, in one way or another, are multi-taskers when we watch something at home. Whether it's checking your texts, or simply pausing what you're watching to grab something out of the fridge, the idea that we're in control is the metaphysic of home viewing. There's nothing wrong with that, but that's what it is. Yet for some of us, one reason the words "cinema" and "religion" are nearly interchangeable is, in part, because of the immersive nature of the experience. At a great movie, whether it's popcorn or art, you give up control. You're transported. And I agree with you: This year of being away from that experience, of growing accustomed to having my attention span at once shortened and overstimulated by streaming, has just fed my hunger to go back to that experience. Everyone talks about how noisy and annoying and this and that movie theaters are, but I beg to disagree. For all the problems, I still long to return to the balm of the movie theater. The total escape of it. I actually can't wait to see "Zack Snyder's Justice League" again, and my ardent hope is that I'll get to experience it on the big screen.

BL: Jason Blum, the producer of "Get Out" and "The Purge," recently told me that he thinks that the movie business is about to experience a post-COVID renaissance, one partly fueled by the rise of streaming services looking for content, as well as by an overwhelming mania for escapism as we reemerge from our plague year. He predicts it will be similar to the explosion of high-quality TV content that accompanied the early aughts.

I hope he's right, and I suspect that he is correct that in the near-term the rise of HBO Maxes and Disney Pluses and Paramount Pluses means that more moviemakers will get bankrolled. It would be a shame, however, if directors don't press for some sort of theatrical release. *Variety* surveyed moviegoers about their awareness of this year's crop of Oscar nominees, most of which were streaming productions, on-demand offerings, or some hybrid of a digital and theatrical release. Many people couldn't separate their "Mank" from their "Minari," and drew a blank when asked if they'd seen "Sound of Metal" or "Nomadland." That says a lot about the value of movie theaters. There's such a deluge of streaming content that it's hard to discern what is worthy of our time. For better or worse, a theatrical release and the marketing heft that accompanies the films that opt to be shown on the big screen, signals that attention must be paid. It allows these works of art or even just the works of pure commerce to be part of the conversation, and that must be rewarding for both the moviemakers and the companies that finance these films. Streaming may be the future, but it doesn't have to come at the expense of movie theaters.

OG: I think you're right, Brent, and in that spirit let me make a bad news/good news prediction. The Oscars, which are coming in three weeks, are going to feel in many ways like the culmination — maybe the end point — of this COVID movie year. But after the plunging ratings that greeted the Golden Globes and the Grammys, just about everyone believes that the Oscars are going to follow suit. At this point, it's hardly doom-saying to predict that the audience for them may be half of what it was last year. And let's be honest: No matter how you slice it, that's going to feel a little dire. As COVID-related as it may be, people are going to wonder whether that ratings plunge is part of the larger, slow-motion audience attrition that the Oscars have been dealing with for the last five years.

Yet if that's indeed what happens, I think there's a nugget of hope — the seed of a new direction — embedded in that scenario. If the Oscars turn out to have a dramatically small audience this year, part of the message will be: People sitting at home streaming "Nomadland" and "The Trial of the Chicago 7" and "Promising Young Woman" is not what the movies were meant to be. That isn't a slur on any of those films, or on streaming itself. I think "Promising Young Woman," to take just one example, would have been an explosive phenomenon in theaters. But the pandemic did more than just bump the streaming revolution along. It became a de facto experiment: What happens when you take movies out of theaters? Answer: They lose much of their collective magic. And that, I think, will wind up being the grand message of the Oscars — that what we saw this year cannot be the future. Not if we want movies to have a future.

Top Domestic Opening Weekends for Films After March 2020

	Title	Distributor/Studio	Theatrical Release	Same-Day Digital Platform	Gross
1	**Godzilla vs. Kong**	Warner Bros.	Mar 31, 2021*	HBO Max	**$48.1M**
2	**Mortal Kombat**	Warner Bros.	Apr 23, 2021	HBO Max	**$23.3M**
3	**Demon Slayer**	FUNimation	Apr 23, 2021	N/A	**$21.1M**
4	**Tenet**	Warner Bros.	Sep 3, 2020*	N/A	**$20M**
5	**Wonder Woman 1984**	Warner Bros.	Dec 25, 2020	HBO Max	**$16.7M**
6	**The Croods: A New Age**	Universal	Nov 25, 2020*	N/A	**$14.3M**
7	**Tom & Jerry**	Warner Bros.	Feb 26, 2021	HBO Max	**$14.1M**
8	**Raya and the Last Dragon**	Disney	Mar 5, 2021	Disney+ (w/ fee)	**$8.5M**
9	**The New Mutants**	20th Century	Aug 28, 2020	N/A	**$7M**
10	**Nobody**	Universal	Mar 26, 2021	N/A	**$6.8M**

FOR MORE DATA, VISIT

SOURCE: BOX OFFICE MOJO, COMSCORE

*DENOTES MORE THAN 3 DAYS COUNTED FOR LONG WEEKEND; GROSSES AS OF APRIL 26, 2021

WEDNESDAY, JUNE 9, 2021
5:55p - 6:40p PDT

BACKEND PARTICIPATIONS IN THE NEW AGE: HOW DO WE CREATE A NEW NORMAL THAT WORKS FOR EVERYONE?

moderator:

Anita Wu
Managing Director, Profit Participations Services, GHJ

panelists:

Craig Wagner
Executive Vice President, Business Affairs and General Counsel, Paradigm Talent Agency

Erik Hyman
Partner, Paul Hastings

Dan Scharf
Global Head of Business Affairs, Amazon Studios

ERIK HYMAN *PARTNER*, PAUL HASTINGS

Erik Hyman is a partner and chair of the Entertainment and Media practice in the Century City office. Mr. Hyman is well known in the entertainment industry as a cutting-edge dealmaker and a fierce protector of his clients, which include award- winning movie stars, high-level television creators and showrunners, lead cast members of popular programs on scripted and unscripted television, "first-dollar- gross" producers, and preeminent writers and directors. He is a tenacious champion for his diverse clients, whether they are creative individuals, film financiers, or high-net-worth families making entertainment and media industry investments. Mr. Hyman also works closely with multiple publicly traded, non- entertainment companies, steering their television and motion picture industry strategies and branded entertainment projects.

Mr. Hyman negotiates vanguard talent transactions; structures the financing, acquisition, and sale of independent films; and builds major endorsement campaigns and product lines. He also advises companies regarding strategies for the production and exploitation of content for digital platforms.

Mr. Hyman is a frequent public speaker and serves as chairman of the board of the Herb Ritts Foundation, a private charitable foundation focused on HIV/AIDS research and advocacy.

DAN SCHARF *GLOBAL HEAD OF BUSINESS AFFAIRS*, AMAZON STUDIOS

As the Global Head of Business Affairs, Dan Scharf oversees the negotiations for all of Amazon Prime Video's original content, encompassing both television and feature film work, as well as Amazon's international original programming.

Prior to his time at Amazon, Dan held business affairs roles for Fox Television Studios, Disney Television Group, and The Jim Henson Company. In a prior career life, he was a Deputy Public Defender in Northern California. He is a graduate of Columbia University, and U.C. Davis Law School.

CRAIG WAGNER *EXECUTIVE VICE PRESIDENT, BUSINESS AFFAIRS AND GENERAL COUNSEL*, PARADIGM TALENT AGENCY

Craig Wagner serves as Executive Vice President, Business Affairs and General Counsel for the Paradigm Talent Agency, a leading Hollywood talent agency. Paradigm represents over 4,000 clients in motion pictures, television, theater, literary publishing and music. Paradigm's diverse client roster includes, among many others, world renowned author Stephen King, actors Mark Harmon who currently stars in *NCIS* and Yvonne Strahovski of *The Handmaid's Tale*, Academy Award winning screenwriter Robert Towne and a varied list of music artists such as Coldplay, Janet Jackson, Imagine Dragons, Ed Sheeran and Billie Eilish.

Mr. Wagner joined Paradigm in 2005 and oversees the company's business affairs in film, television and music in addition to having responsibility for the agency's corporate legal, employment, litigation and related matters. He is a key member of Paradigm's management team and has helped guide the agency's expansion which has grown to nine offices in the United States and the United Kingdom.

During his tenure at Paradigm, Mr. Wagner has negotiated countless agreements for motion pictures and television projects and has been involved as a negotiator in numerous projects including *The Masked Singer* on FBC, *Stranger Things* on Netflix, *NCIS* on CBS, *Black-ish* on ABC and many others. He recently completed negotiations for a limited series based on Tom Wolfe's *The Right Stuff* at NatGeo, a theatrical adaptation of *A Christmas Carol* by Tom

Stoppard, and has made development deals for feature film remakes of *Escape from New York* at Twentieth-Century Fox and *Invasion of the Body Snatchers* with Warner Bros. Pictures.

Mr. Wagner has been a key participant in the implementation of Paradigm's strategic growth plan which has included the acquisition of The Windish Agency, AM Only, The Dale Morris Agency and Little Big Man Booking in the United States as well as putting joint ventures in place with Coda Agency Limited and X-Ray Touring in the United Kingdom. Mr. Wagner is also responsible for formulating Paradigm's employment policies including the company's policy against all forms of workplace harassment. He recently represented Paradigm in its year-long negotiation with the WGA and the finalizing of a new franchise agreement between the agency and the Guild that was signed last year.

Prior to Paradigm, Mr. Wagner was Senior Vice President, Business Affairs, for Paramount Pictures. At Paramount, Mr. Wagner oversaw business affairs relating to the production of episodic television, made-for-television motion pictures and mini-series for primetime. He was responsible for writer, actor, director and other agreements for numerous television series including such long running shows as JAG, Numbers, Medium and Star Trek: Voyager, among many other projects, as well as network and cable television license agreements. Before joining Paramount, Mr. Wagner was associated with the law firm of Stroock in corporate finance and mergers and acquisitions.

He currently sits on the Advisory Board of the School of Cinema and Television Arts at California State University, Fullerton, is on the Planning Committee for UCLA's Entertainment Law Symposium and is a member of the Los Angeles Copyright Society. He has been recognized in Variety's Legal Impact Report as well as its Hollywood Dealmakers edition.

A native of Los Angeles, Mr. Wagner earned his undergraduate degree from UCLA in English and obtained his law degree from New York University School of Law where he was Note & Comment Editor of the Law Review. He makes his home in Agoura Hills, California with his wife, their two sons and their two yellow Labradors.

Anita Wu *Managing Director, Profit Participation Services,* GHJ

Anita Wu, CPA, CFE, joined GHJ in 2000 and has more than 20 years of auditing experience within the entertainment industry. Her specialty includes profit participation audits on behalf of talent, investors and co-producers at both the major and mini studios. She currently manages most of the audits at Walt Disney Pictures and Television and NBC Universal. Anita has also performed audits of merchandise licensing royalties and music royalties.

An experienced accountant in the entertainment industry, Anita is a regular speaker and writer and has been a co-author for GHJ's entertainment and media whitepaper. Additionally, Anita enjoys working with innovators and pioneers in the entertainment industry and collaborating with clients as a means towards getting the best results.

Anita is also a leader of GHJ's Women's Empowerment Initiative and a mentor and role model for younger employees. She was recognized as a "Most Influential Minority CPA" in 2017 and a "Most Influential Minority CPA" in 2018 and 2020 by the Los Angeles Business Journal.

Anita is a Certified Public Accountant and a Certified Fraud Examiner. She earned her Bachelor of Science Degree with Honors from the Haas School of Business at the University of California, Berkeley, in May 1996. During her years on campus, she actively participated as a member of the International Business Fraternity of Delta Sigma Pi. She is a member of the Motion Picture and Television Fund Foundation – Professional Advisory Network and CalCPA. Anita currently resides in Burbank with her family.

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OUTLINE OF TOPICS/ISSUES

THIS PAST YEAR OFFERED A MIX OF SURVIVAL AND OPPORTUNITY. AS STUDIOS CONTINUE TO EXPERIMENT WITH RELEASE AND DISTRIBUTION PATTERNS, THEY MUST NAVIGATE HOW TO ATTRACT AND RETAIN SOUGHT-AFTER CREATIVE TALENT AND INVESTORS, AND HOW TO FAIRLY COMPENSATE THEM WHEN THE DISTRIBUTORS ONLY SELL TO THEMSELVES. THIS PANEL FEATURES POINTS OF VIEW FROM ALL SIDES OF THE NEGOTIATION TABLE: A TRANSACTIONAL ATTORNEY, BUSINESS AFFAIRS EXECUTIVES FROM AN AGENCY AND A STUDIO, AND A PROFIT PARTICIPATIONS AUDITOR, WHO WILL EXPLORE WHETHER MARKET DOMINATION AND MEANINGFUL BACKEND PARTICIPATIONS CAN PEACEFULLY CO-EXIST IN THE NEW DISTRIBUTION ECOSYSTEM.

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BACKEND

As discussed throughout Chapters 4 and 5 above, contingent compensation (often referred to as "profit participation" or "backend") is a key component of numerous agreements with the key creative talent and underlying rightsholders behind a television series. Backend represents the talent's opportunity to share in the upside of a truly successful television series. When a series succeeds in a big way, the value of even a modest share of backend will easily prove far more valuable to the profit participant than whatever upfront fees he or she may have collected from the budget of the series over the course of the production.

As referenced in various sections above, to control the total amount of participations granted for any given series, most studios employ a rigid and non-negotiable policy of limiting the contingent compensation granted on any given series to no more than 35% of MAGR. (Some studios attempt to employ caps as low as 30% of MAGR, or as high as 40% of MAGR, but both would be considered somewhat exceptional, particularly the higher cap.) Although differences in backend definitions can make one participant's 1% of MAGR worth substantially more or less than another's, for purposes of ease and rough justice, this 35% cap is generally applied without regard to differences in definition. The rigidity of this policy has proven especially important in the modern era of television development, which emphasizes the packaging of numerous high-level elements (i.e., prominent writers, actors, directors, producers, and/or underlying intellectual property) as a way to help projects break through the noise of a crowded marketplace. The hard 35% cap requires participants in series with many profit participants to accept lower backend floors than they may otherwise be inclined to accept, or to renegotiate their existing entitlements in order to make points available for the studio to allocate to a newly added element on the series (such as an actor or showrunner attached late in the development and production process).

A typical 35% aggregate backend pool may be allocated as follows: 2.5% to underlying intellectual property; 2.5% to the pilot director; 15% to the writer(s)/creator(s), and 15% to non-writing producers. If an actor requires one or more backend points as a condition of joining a project, these points will typically be borne by reductions from the writing and/or non-writing producers.

Profit participants receive regular statements (typically quarterly or semi-annually) and enjoy audit rights, which allow them to review the studio's records of revenues and expenses in order to scrutinize the studio's calculations and accountings to the participant. Such audit rights are subject to incontestability provisions, which require that a participant commence an audit (or a lawsuit based upon an audit) within a specified period of time following his or her receipt of accounting statements (usually two to three years). If he or she fails to do so, those accounting statements are deemed final and binding upon the participant. However, most studios freely agree to toll such deadlines at the participant's request, which allows a participant's audit to cover more accounting periods at once (making the audit process more efficient for studio and participant alike). In addition, some studios require that any disputes arising out of an audit or accounting issue be submitted to binding arbitration, rather than being litigated in open court. This helps the studio avoid unfavorable publicity arising out of an audit dispute with a profit participant, while also minimizing the risk that an adverse judgment opens up the floodgates for other claims.[1] For those studios that prefer arbitration to litigation, such arbitration clauses are usually non-negotiable in concept and scarcely negotiable in detail.

The details of contingent compensation can vary in numerous ways between studios. Different studios employ different terminology; this book universally uses the term "Modified Adjusted Gross Receipts" (or "MAGR"), which is common, but some studios refer to their defined form of contingent compensation as "Modified Adjusted Gross" ("MAG"), "Modified Gross Receipts" ("MGR"), "Adjusted Defined Receipts" ("ADR"), "Contingent Proceeds" ("CP"), or by other terms still. Some studios use relatively plain-language backend definitions that are as few as three pages long, while others rely on complex and detailed definitions that can run for literally dozens of pages. And different studios have different policies as to various key aspects of these definitions, with each studio prioritizing the issues important to it, and no one studio systematically offering participants the most or least favorable available definition in every respect.

Despite such variation, however, at the end of the day, every television contingent compensation definition is a mostly similar formula, whose main variables are simply the dollars earned by the studio from all forms of exploitation of a series, and the expenses incurred by the studio in all aspects of production,

1 Such studios may also require that non-accounting disputes arising out of their agreements with talent be submitted to arbitration, though even studios that do not require arbitration of non-accounting disputes may demand it for accounting disputes in particular.

marketing, and distribution. As a series goes through its life cycle of ongoing production and development, this formula is regularly calculated and recalculated to account for revenues and expenses as they each mount; although over time and in success, it is fair to expect revenues to accrue faster (and for a longer period of time) than expenses.

The basic television contingent compensation formula (sometimes referred to as a "waterfall") can be articulated as follows:

- Gross Receipts
- Distribution Fees
- Distribution Expenses
- Overhead
- Interest
- Cost of Production
- Third-Party Participations
- Modified Adjusted Gross Receipts

What follows is a deeper examination of each of the elements of this formula.

A. Gross Receipts

"Gross receipts" refers to all revenue received by (or credited to) a studio from its exploitation of a television series and all rights therein, from all sources. For the most part, this is a straightforward concept. There are, however, some important nuances.

First, it may be necessary to clarify at what level (or, to put it another way, from the receipts of which entity) gross receipts are determined. For instance, if a studio intends to use a subdistributor to distribute any of its rights in a series, the gross receipts should generally be measured as those collected by the subdistributor (as opposed to those remitted to the studio after the subdistributor retains its fees and expenses).[2] If the studio enters into contracts through a special purpose production entity, gross receipts should be defined as those received by that special purpose entity *or any of its affiliates*, to ensure that the studio's real receipts are properly accounted for.[3] On the other hand, if a studio is part of a major conglomerate (such as ABC Studios, a Disney company, or Universal Television, a

2 The proper treatment of this issue also depends on how distribution fees are assessed on such revenues. For example, if gross receipts are defined at the subdistributor level, then it is appropriate for the studio to assess distribution fees on them; if gross receipts are defined as net of the subdistributor's withholdings, then a distribution fee should not be charged.

3 Studios may favor such one-off companies, sometimes called "special purpose vehicles" (or "SPVs"), for reasons of liability management, union obligation management, and/or tax and accounting preferences, among other considerations.

Comcast/NBCUniversal company), and the studio's affiliates engage in distribution activities that are customarily performed by third-party licensees, then the definition may need to identify the appropriate revenues *of the studio, as a studio*, and to wall off revenues from affiliates who are acting in the capacity of bona fide third-party distribution partners. This issue commonly arises with respect to revenues from the exploitation of ancillary rights, such as music publishing, soundtracks, and merchandising.[4]

Second, "gross receipts" often exclude revenues from certain specified sources, even when they seemingly refer to "all revenue from all sources." For instance, although derivative rights—e.g., the right to produce spinoffs, sequels, theatrical feature adaptations, etc.—are among the "all rights therein" for a television series, most backend definitions expressly exclude revenues (and expenses) from these separate productions. The one exception may be license fees received from third parties for the right to create local language adaptations of a series, which may be accountable as gross receipts. Some studios may seek to exclude ratings and other bonuses received from their licensees, or revenues received in connection with product placements or integrations.[5] Such exclusions, where sought at all, are often negotiable.

Third, nearly all backend definitions include special accounting provisions related to home video revenues. "Gross receipts" are typically defined to include an amount equal to 20% of the receipts actually received by the studio or its affiliated company from home video distribution.[6] This unusual royalty-based accounting is a function of the history of home video distribution in the film and television industry. In the 1980s, when the home video market was first emerging for feature films (and was altogether nonexistent for television series), most film studios relied on small outside companies to exploit these rights, which were not perceived as particularly valuable. The film studios entered into deals with these outside home video subdistributors by which the studios received a 20% royalty from the subdistributors (who absorbed all duplication and manufacturing expenses from their 80% shares). These royalties, in turn, became the

4 To illustrate, imagine a television series produced by ABC Studios (a Disney company), which spawns a toy that is produced by a Disney-owned consumer products company, which is in turn sold to a customer at a Disney retail store. Although the Disney retail store is owned by an affiliate of ABC Studios, the studio would not account to a profit participant for the money collected at the point of sale by the Disney Store as "gross receipts." Rather, it would rely on a formula to translate the Disney Store's retail revenues into the Disney-owned consumer products company's wholesale revenues, and in turn translate those into ABC Studios' licensing revenues (which would then be deemed ABC Studios' "gross receipts" from that merchandising transaction). This mathematical process essentially simulates the revenues ABC Studios would have realized if it were an independent company that operated solely in the business of television production and distribution, and had licensed merchandising rights to a third-party licensee, which in turn placed its merchandise on the shelves of a third-party retailer.

5 See B.vi.b of Chapter 1.

6 At higher levels, this royalty rate may be negotiated up to approximately 35% or 40%, but this is rare for all studios, and seldom if ever granted by major studios.

gross receipts that were accounted to profit participants in the films. Eventually, however, the major studios (such as Fox, Disney, Paramount, Universal, Columbia, and Warner Bros.) realized two crucial facts: first, that home video was quickly developing into a huge business;[7] and second, that the home video subdistributors' costs only amounted to approximately 40% of their revenues, allowing those subdistributors a huge profit margin even after accounting to the studios for their 20% royalties. The studios quickly developed in-house home video distribution arms, effectively increasing their share of wholesale revenue from home video sales from 20% to 60% (while forcing many smaller, independent home video subdistributors out of the business). When the studios did so, however, they decided to retain for themselves the full benefit of that additional 40% margin, by redefining their theatrical contingent compensation definitions to continue to account for home video revenues at a 20% royalty rate (as if the studios were still receiving 20% royalties from real third-party home video distributors). By the time profit participants and their representatives realized the economic impact of this move, the practice was firmly established, and the studios were able to maintain it through sheer stubbornness and superior bargaining power. The 20% royalty rates for home video revenues were eventually imported into the backend definitions of television studios, and by the 2000s, a robust home video/DVD market for television programming had emerged as well. This 20% royalty accounting for home video revenues remains the standard to this day.

Fourth, the historical quirk of royalty accounting for home video receipts has impacted the accounting (and negotiation) around receipts received from digital licensees of television (and other) content, such as Netflix, Amazon, and Hulu. When these digital platforms first emerged and began pouring license fees into the studios, backend definitions that had been drafted years before were silent as to the treatment of revenues from such sources. Citing the precipitous collapse of the home video market that coincided with the emergence of these new digital platforms (which had begun rendering physical home video effectively obsolete), the studios initially reasoned that the new digital platforms were effectively successors to the home video market, and therefore that revenues received from digital platforms should be treated as home video revenue—at a 20% royalty rate. They took this position despite the fact that the actual physical manufacturing and distribution costs associated with traditional home video distribution (which had been absorbed within the 80% of home video revenues withheld from the profit participant) were virtually nonexistent when it came to the distribution of digital content, in 1s and 0s, to the new platforms. Profit participants and their representatives (including the talent

7 Indeed, home video receipts (initially based on VHS tapes, and later DVDs and Blu-rays) were critical in economically buoying the entire film industry through the 1990s and early 2000s.

guilds) across the film and television industries revolted against this reasoning, and currently, the majority of studios account for revenues received from SVOD and AVOD-type licensees as television revenue (which is accounted for based on 100% of revenues received). Most studios, however, continue to treat revenue from TVOD/EST-type licensees (which more closely resemble traditional home video distribution) as home video (and therefore account for it at a 20% royalty rate).

Finally, where a studio licenses a television series to its affiliated network (e.g., AMC Studios producing a show for AMC network, or CBS Studios producing a show for the CBS broadcast network), the studio's backend definition will include an "imputed license fee." The "imputed license fee" is a contractually defined amount that represents the revenues received by the studio from its sister network. This is because sister studios and networks generally do not engage in arms-length negotiations to determine the precise scope of rights granted to, and license fees paid by, the broadcasting network, nor is real money necessarily transferred from the account of the network to the studio. In lieu of such a negotiation and payment, the studio's backend definition will identify an amount that the studio is deemed to have received from its sister network for its license (and the studio will continue to account to the participant for revenues received from third-party sources, as actually received).

As with arms-length negotiated license fees,[8] the applicable imputed license fee may be denominated as a flat dollar amount (or series of flat dollar amounts) or as a percentage of the production budget (with or without caps), according to the preferences and policies of the entities involved. In order to induce participants to accept these definitions, the applicable imputed license fees are generally structured and valued to resemble license fees that may have been obtained in a real arms-length negotiation, and the license fee generally buys out a specified scope of exploitation by the network.[9] Often, the applicable imputed license fee is non-negotiable by the participant or negotiable only within a narrow range and only for high-level participants. In general, however, participants can expect that such imputed license fees will be somewhat less substantial than the license fees that the studio would extract from an unaffiliated network licensee in a bona fide arms-length negotiation.[10] For licensing transactions with affiliated entities other than the initial network license, participants may negotiate for

8 See Section A.iv of Chapter 8.

9 Notably, because it is widely known that international streaming platforms like Netflix and Amazon pay license fees to their studio partners in excess of 100% of the cost of production, when these companies are in a studio position and negotiating backends with participants directly, they may be forced to agree to imputed license fees equal to or exceeding the full cost of production of their series.

10 Writer/director/producer Frank Darabont, who adapted Robert Kirkman's *The Walking Dead* comic book series for AMC, has been engaged in heated litigation with AMC for several years, primarily over the calculation of Darabont's backend from the show. One of Darabont's major contentions in the lawsuit is that AMC used an imputed license fee that critically undervalued the show and

an express contractual requirement that such transactions be conducted on an arms-length basis.[11]

B. Distribution Fees

In calculating MAGR, the studio first deducts its distribution fee. The distribution fee is a defined percentage of revenues received from nearly all sources, which the studio retains as compensation for its investment of time, effort, overhead, and other resources in the distribution process.

The distribution fees charged by a studio are one of the most critical, and most hotly negotiated, elements of a backend definition. They generally range from 10% to 25%, with some variation among studios regarding the lowest fees they will agree to, and the circumstances under which they will agree to their most favorable available distribution fees. A 15% distribution fee is relatively common, with 10% being considered "A-level." Some studios distinguish among various revenue sources in defining the applicable distribution fee—for instance, charging a higher distribution fee on revenues from foreign distribution than from domestic, or on revenues received from the exploitation of ancillary rights rather than traditional linear licensing of series episodes (based on the argument that such sales require more effort to generate substantial revenue). Other studios charge a flat distribution fee, as negotiated, on revenues from all sources. Some studios will agree not to charge a distribution fee on home video receipts (because those receipts are already being accounted for on a 20% royalty basis, rather than based on 100% of revenues actually received).

Across the board, studios will generally agree to forego charging distribution fees on revenues received in respect of the initial domestic license for a television series (including extensions, amendments, and renewals thereof). The rationale for this exclusion is that a television series is never produced in the first place without the deal from the original U.S. network, and therefore no distribution

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made it functionally impossible for the wildly successful series to ever show a "profit" according to the studio's backend definition.

11 Affiliate transactions are viewed skeptically by participants and may be closely scrutinized, especially if the parties wind up in litigation. Celador International, a British company that licensed the rights to the UK-created *Who Wants to Be a Millionaire?* game show format, won a $269 million jury verdict against ABC and the Walt Disney Co. when it sued for its share of profits from the historically successful game show. See *Celador International v. Walt Disney Co.*, 347 F.Supp.2d 846 (C.D. Cal. 2004); *Celador International, Inc. v. ABC*, No. 11–55104 (9th Cir. Dec. 3, 2012). One of the critical legal issues on which the case turned was whether, in calculating Celador's backend interest, Disney/ABC's revenues and profits should be measured at the level of the Disney-owned production entities (Buena Vista Television and Valleycrest Productions) or the Disney-owned broadcast network (ABC). During the trial, the plaintiff presented evidence that the on-paper deal between the production entities and network essentially guaranteed that the series would never show significant profits in which Celador could share, if they were measured at the production company level alone. This fact certainly influenced the jury's determination that Celador should share in profits at the network level instead.

resources or separate efforts were actually expended to obtain these revenues. However, where the initial licensee takes rights in multiple territories (as is typical for licenses to global streaming services such as Netflix and Amazon, where the applicable license fee also typically exceeds the cost of production), the parties may also need to negotiate with respect to how much of the license fee is allocated to domestic rights, for purposes of not charging a distribution fee. It is currently common to allocate an amount equal to 75% of the series budget to domestic rights for this purpose, though high-level participants may negotiate aggressively for distribution fees to be eschewed on up to 100% of the series budget (with fees therefore charged only on the "premium" of the license fee over and above the series budget).[12]

Most studios freely agree that, to the extent they rely on subdistributors to exploit rights in certain media or territories, the applicable distribution fees charged by the studio are inclusive of any distribution fees charged and retained by the subdistributor. If the fee charged by the subdistributor is less than the fee charged by the studio, the studio retains the difference as its own fee (with studios justifying this margin by reference to the amount of effort and resources it takes to engage, manage, and generally police subdistributors). Where the distribution fee charged by a subdistributor is greater than the distribution fee that would otherwise be charged by the studio, the backend definition may expressly provide that the higher distribution fee applies (so that the studio is not forced to economically absorb the difference between the distribution fee charged by the subdistributor and that otherwise applicable to the participant in the backend accounting). Where the distribution fee charged by a subdistributor is equal to or greater than that charged by the studio, the studio may provide for its own right to take an "override" on such distribution fee, meaning a distribution fee charged on the subdistributor's receipts, over and above that charged by the subdistributor (again, citing the effort and expense of managing and monitoring the subdistributor). Such overrides have become rare in more recent years and generally do not exceed 5% of gross receipts.[13]

12 The mechanics of these "cost plus" deals, and a more detailed explanation of the "premium" concept, is contained in Section A.iv.a of Chapter 8. As that section explains in greater detail, deals between studios and international streaming services typically provide for license fees that exceed the cost of production, but the further revenue potential of the series beyond this initial profit is speculative and likely minimal. As a result, from the perspective of the backend participant, the allocation of revenue from these network deals to domestic (no distribution fee charged) vs. international (distribution fee charged) is hugely impactful on the ultimate value of the participant's contingent compensation from the series.

13 A few illustrative examples may be helpful here. If a studio charges a 15% distribution fee, inclusive of subdistributors and without any override, and then engages a subdistributor that charges a 15% distribution fee, the studio will not retain any distribution fees for itself (because all the full 15% of receipts charged as distribution fee will be retained by the subdistributor). If the same studio employs a subdistributor that charges a 10% distribution fee, the subdistributor will retain 10% of receipts collected by that subdistributor as the subdistributor's fee, and the studio will retain for itself 5% of

C. Distribution Expenses

After retaining distribution fees, studios will next reimburse themselves, off-the-top, for all actual expenses incurred in the process of distribution. Such expenses may include, without limitation, advertising and marketing expenses; costs for subtitling or dubbing of foreign versions; the expense of duplicating and transporting physical materials to licensees; clearance fees that have not otherwise been accounted for as production costs; residuals and reuse fees payable to talent pursuant to applicable union collective bargaining agreements; costs of enforcement (including intellectual property and audit litigation); and other so-called "off-the-tops" (referring to checking, collection, currency conversion, and certain tax [but not income tax] expenses). If negotiated, many studios will agree not to deduct some or all distribution expenses attributable directly to home video distribution, because they are already accounting for the resulting revenues on a 20% royalty basis. While participants sometimes may attempt to negotiate for a cap on deductible distribution expenses (e.g., that they may not exceed 5% of gross receipts), studios seldom agree to such caps for profit participants (due to the risk that legitimate out-of-pocket expenses may, in fact, exceed such limits).

In general, studios recoup their actual, third-party, out-of-pocket distribution expenses. However, larger studios that maintain (whether directly or through an affiliated entity) certain in-house creative services facilities (e.g., to assist in advertising and marketing) may assess fair-market charges for such services, as though they had been obtained and paid for from third parties. Some studios may also attempt, particularly in definitions for low-level profit participants, to charge "advertising overhead" (i.e., a 5% to 15% surcharge on advertising expenses). However, this is rare, and often waived in negotiation, as the rationale for such a surcharge is essentially duplicative with the rationale for the studio's distribution fees. In addition, some studios may seek to assess and recoup interest on their distribution expenses, but this is also relatively uncommon. Many studios will agree to clarify, for the benefit of participants, that expenses that are charged as production costs may not also be recouped as distribution expenses, and vice versa.[14]

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receipts collected by the subdistributor. If the same studio engages a subdistributor that charges a 20% distribution fee, depending on the nature of the backend definition, the studio will either absorb the subdistributor's incremental 5% distribution fee out of its own profits, or functionally increase its distribution fee to 20% in order to pass on the full expense of the subdistributor to the participant. If, however, the studio charges a 15% distribution fee subject to a 5% override on subdistributors, and then engages a subdistributor that charges a 15% distribution fee, then the subdistributor will retain a fee equal to 15% of the subdistributor's receipts, and the studio will simultaneously retain a distribution fee equal to 5% of the subdistributor's receipts, resulting in a functional distribution fee (to the participant) of 20%. If that same studio reserves for itself a 5% override and engages a subdistributor that charges a 20% fee, the functional fee to the participant will be 25% of receipts collected by the subdistributor.

14 In general, where an expense may be reasonably justified as a production charge or a distribution expense, the studio will opt to treat it as the former, to take advantage of applicable overhead and interest charges (which, as noted here, apply to production expenses but not to distribution expenses).

D. Overhead

After deducting distribution fees and distribution expenses, the studio will next recoup an overhead charge. This overhead charge is calculated as a percentage of the actual cost of production of the series, and generally ranges between 10% and 15%. It is meant to compensate the studio for the in-house salaries, offices, and other overhead expenses used in the studio's production business. Implicit in this practice is the assumption that, in general, the size and scale of a production (as reflected in its cost) is roughly proportionate to the demands that production places on the studio to manage that production.

Like distribution fees, the percentage amount of the overhead charge is heavily negotiated and has a significant impact on the value of an individual's contingent compensation—a participant in revenues from a hit series who is entitled to 10% of MAGR with a 10% distribution fee and 10% overhead charge may earn literally millions more dollars than another participant in the same series who is entitled to 10% of MAGR with a 15% distribution fee and 15% overhead charge.

In scripted television (which is based on a deficit financing model, in which the studio's costs of production exceed license fees paid by an initial commissioning network),[15] studios generally do not assess production fees (or other fees for in-house executives or staff) within the budget of the show itself.[16] Consequently, many studios will freely agree not to charge participants for any production company or supervisory fees, other than the negotiated percentage-based overhead charge. In addition, studios will generally agree not to calculate an overhead charge on interest assessed against the production cost,[17] or on contingent compensation paid to third-party participants.

E. Interest

The studio will next charge and recoup interest on the actual expenses it incurred in producing a television series. This interest is generally recouped from gross receipts after the studio has deducted its distribution fees, distribution expenses, and overhead, but before revenue is applied against the cost of production (effectively increasing the amount of time that interest runs on the underlying production costs). Such interest is assessed whether or not the studio actually relies on

15 See Section A.iv.a of Chapter 8.

16 This is not the case in unscripted television, in which the license fee paid by the network is generally equal to the full cost of production, and the studio or production company typically receives a fee within the budget of the series equal to 10% of the hard production costs of the series (perhaps subject to a cap). For such programs, studios usually also assess profit participants an overhead charge as part of their backend definitions, but may agree to not calculate such overhead charges on the production company fees retained by the studio from the budget of the series, or even (at higher levels) to reduce such overhead charges in the backend definition on a dollar-for-dollar basis by the production company fees retained by the studio from the budget of the series.

17 See Section E below.

outside financing to cover its costs of production, as compensation to the studio for its loss of use of the funds (which could have been applied to other production or corporate purposes).

If the studio does rely on outside financing, the applicable interest deduction is likely equal to the studio's actual cost of financing; if the studio relies on its own cash reserves to finance production, interest is usually assessed at a rate between 1% and 2% above the then-current prime interest rate. Studios will generally agree not to charge interest on the overhead charge assessed by the studio, or on contingent compensation paid to third-party participants, or on the interest itself (in other words, the interest rate is simple, not compound).

F. Cost of Production

Next, the studio will recoup its actual cost of production of the series. As with distribution expenses, these are generally actual, out-of-pocket, third-party costs that had been paid out by the studio. However, to the extent the studio relied on some of its own facilities (or those of an affiliated entity) in connection with the production, it may also record and assess charges for such resources at fair-market rates. Some profit participants are wary of definitions that may allow for the assessment of "overbudget penalties" (e.g., a term that provides that, if a show goes $1,000 overbudget, the backend calculation reflects a $1,500 charge for the extra $1,000 spent, with the $500 difference being a penalty for the show's failure to come in on budget). However, such penalties are very rare in television contingent compensation definitions (as distinct from feature film profit participation definitions, where they are common, particularly for participations granted to producers and directors, who have a direct responsibility for controlling budgets).

G. Third-Party Participations

Finally, after recouping the cost of production, some studios also deduct contingent compensation paid by the studio to some or all profit participants on the same show off-the-top from other profit participants. In other words, if Participant A is entitled to receive 10% of MAGR, but the studio retains the right to deduct third-party participants off-the-top and has granted 25% of MAGR to Participant B, then Participant A's 10% is effectively 10% of 75% of MAGR, or 7.5% of 100%. At the same time, Participant B has Participant A's participation deducted off-the-top of Participant B's definition, so Participant B really receives 25% of 90% of MAGR, or 22.5% of 100% of MAGR. When third parties are prohibited from being deducted off-the-top in calculating MAGR, a participant's backend entitlement is usually explicitly styled as being "of 100% of MAGR"—in other words, "10% of 100% of MAGR," rather than "10% of MAGR."

Some studios grant "of 100%" participations to all participants, regardless of stature. Some grant "of 100%" participations on a discretionary basis, depending on the stature and negotiating leverage of the participant. Some studios will grant "of 100%" participations only to those receiving relatively low participations, such as 5% or under, because denying this accommodation would cause such a massive dilution of that individual's backend as a result of the large volume of participations granted to third parties. Studios that reserve the right to deduct third-party participations off-the-top will generally not deduct third-party participations both "off-the-top" *and* "off-the-bottom." In other words, if Participant A is entitled to receive 15% of MAGR, reducible on a dollar-for-dollar basis by all participations granted to third parties to a floor of 10% of MAGR, the studio will usually at least agree that those third-party participations that have the effect of reducing Participant A from 15% to 10% of MAGR may not also be deducted off-the-top in calculating the value of each percentage point of MAGR.

Even those studios that expressly agree not to deduct third-party participations off-the-top in calculating MAGR universally reserve the right to deduct, off-the-top, contingent compensation paid to talent agencies in respect of their "packages" on the show.[18] Such agency packages are actually usually recouped as distribution expenses, immediately after the studio retains its distribution fees from gross receipts. In addition, even studios that generally agree not to deduct third-party participations off-the-top may also reserve the right to treat advances on participations granted to third parties as production costs (with or without the right to assess interest and/or overhead on such advances) until such advances have actually been earned, thereby delaying the "break point" at which other participants will begin to see fresh cash from their contingent compensation formula. Finally, some studios retain the right to deduct participations granted to network licensees,[19] if any, off-the-top. Those studios that agree not to deduct network/licensee participations off-the-top generally require that such participations fit within their standard 35% cap on aggregate third-party participations.

Whether and to what extent third-party participations may be deducted off-the-top in calculating MAGR is, together with the percentage values of distribution fees and overhead, one of the most impactful negotiated variables determining the value of a participant's contingent compensation.

H. Treatment of Tax Incentives

Although tax incentives are not expressly addressed in the waterfall described above, how a studio accounts for them (if at all) is arguably the fourth major driver of the value of a contingent compensation definition. As described in Section D of Chapter 1, tax incentives significantly impact not only whether and where a television series is produced, but how much the studio is willing to invest (in gross dollars) in the show's production. The significant financial impact of tax incentives affects not only a studio's economic situation, but that of profit participants as well.

18 See Section B.vii.a of Chapter 1, and Section F of Chapter 5.

19 See Section A.xiv of Chapter 8.

As was the case with the emergence, in the 2000s, of digital platforms as a source of television licensing revenue, when state production incentives rose to prominence in the 1990s, most studio backend definitions were silent as to their impact on the calculation of MAGR. In this vacuum, many studios initially declined to account for tax incentives at all when calculating contingent compensation for talent participants. Enjoying the subsidy provided by these tax incentives, the studios increased their gross spending on production. This increased spending, combined with the non-acknowledgment of tax incentives, had the effect of diminishing the value of participants' contingent compensation by making it more difficult for the show to achieve breakeven or profit, according to the applicable MAGR definitions. When this practice was eventually discovered by participants and their representatives, a wave of contentious audit disputes ensued.

These days, studios almost always account somehow for tax incentives in their backend calculations. Talent representatives prefer for tax incentives to be treated as a reduction in the production cost of the series. This approach is simple and intuitive. However, studios generally reject this approach because, as a practical matter, treating tax incentives this way both reduces the amount of production costs that must be recouped for the MAGR definition to first show profit (or "break"), and reduces the principal base on which overhead and interest charges are calculated. This substantially accelerates the point at which profit participants would expect to see their backends pay off.

Instead, most studios treat tax incentives (net of any actual third-party costs of obtaining, accessing, or otherwise monetizing such incentives) as gross receipts. Studios argue that this approach is fair in part because, while a tax credit can be fairly reliably estimated, it may take months or even years to actually receive the financial benefits from such programs, during which time the studio is actually out-of-pocket on the full gross production spend for the series. At the same time, however, this approach preserves a higher principal base for production cost, which generates a higher overhead charge and interest charge that must be recouped from revenues before participants first see payments under their backend definitions.[20] In addition, the classification of tax incentive monies as gross receipts, rather than reductions in production costs, may allow the studio to charge a distribution fee on the tax incentive amounts (although talent representatives may specifically negotiate to eliminate such distribution fees on tax incentive amounts).[21]

20 According to the studio argument, although a television production that enjoys a tax incentive may ultimately cost the studio less out-of-pocket expense than an identical production without a tax incentive, the scale of the production (and resulting complexity and labor demands in managing that production) is identical to that of the incentive-free counterpart, justifying the studio's practice of charging its overhead fee on the gross (rather than net) production cost.

21 Studios justify this practice by reference to the amount of time and effort required for the studio to get the benefit of these tax incentive programs. As described in Section D of Chapter 1, these programs are complex and vary widely from state to state, requiring considerable expertise from studio production and tax executives in order to maximize them. Obtaining a tax credit is far from automatic; it requires meticulous, sometimes burdensome recordkeeping, reporting, and filing with state authorities.

I. Quick Reference Guide

TABLE 6.1 Backend

Deal Term	*Issues and Negotiated Concessions*
1. Gross Receipts	• Gross receipts at source vs. post deductions • Typically 20% royalty on home video receipts (including TVOD, but excluding SVOD or AVOD streaming, which is treated like television) • Excluding revenues from format fees or subsequent productions • Imputed license fees for affiliate transactions • May require studio to conduct affiliate transactions on an arms-length basis
2. Distribution Fees	• 10% to 25% of gross receipts off-the-top; 15% is common, and 10% A-level • May not be charged on home video receipts (if calculated on royalty basis) • May be inclusive of sub-distribution fees (or subject to 5% override) • Typically no fee on initial domestic license (including extensions, amendments, and renewals thereof) • For multi-territory initial licenses, no distribution fee charged on amount allocated to domestic (typically 75%, potentially up to 100%, of budget)
3. Distribution Expenses	• May be subject to cap (e.g., no more than 5% of gross receipts), with exclusions from cap • Often no interest or overhead on distribution expenses • Costs charged as distribution expenses not deducted as production costs and vice versa
4. Overhead	• 10% to 15% of production costs • May prohibit production fees in budget on top of overhead charges • No overhead on interest? • No overhead on advances/third-party participations?
5. Interest	• Usually prime plus 1% or 2% • No interest on overhead? • No interest on advances/third-party participations? • No interest on interest (i.e., no compounding)?
6. Cost of Production	• Actual out-of-pocket production costs • Overbudget penalties rare

(*Continued*)

TABLE 6.1 (Continued)

Deal Term	*Issues and Negotiated Concessions*
7. Third-Party Participations	• Agency package participations always come off-the-top • Advances and/or network licensee participations may come off-the-top • Studio policies vary as to whether third-party participations come off-the-top against other participations • "Of 100%" signifies a limitation on third-parties coming off-the-top • No deducting the same third-party off-the-top and off-the-bottom
8. Treatment of Tax Incentives	• May be treated as gross receipts, or as a reduction in cost of production • If treated as gross receipts, may or may not be subject to distribution fees • If treated as reduction in cost of production, may still need to address calculation of overhead and interest charges

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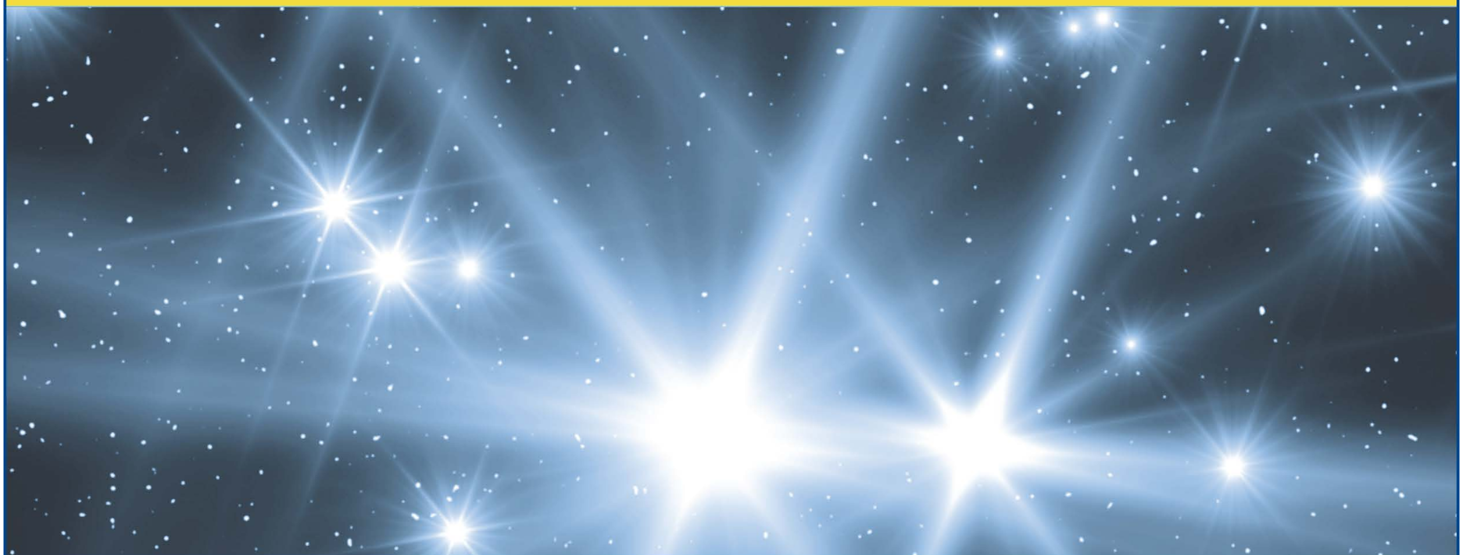

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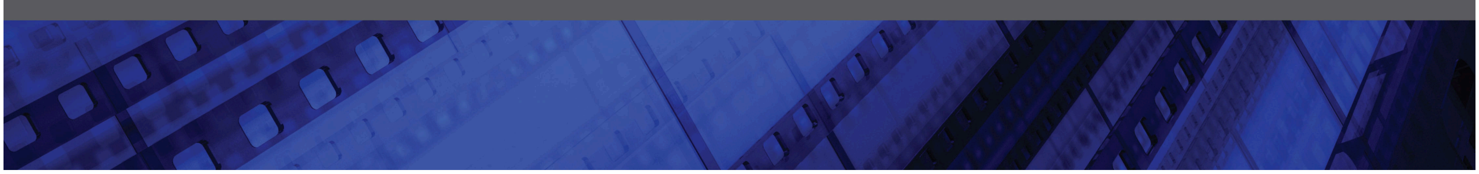

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