

REFLECTIONS & PREDICTIONS

Your new NATO board rings in the new year

TOGETHER WE STAND--AND SIT AND WATCH

Reflecting on BOXOFFICE's 90th Anniversary, as well as the 100th for my own business, I am reminded how resilient film exhibition has been for so many decades. Surviving radio, television, cable, tapes, DVDs and pay-per-view, exhibition has adapted and thrived, most recently due to the rebuilding of its theater stock over the last ten years. We provide the public with a top notch environment to enjoy the social phenomenon of viewing movies *together*.



TONY KERASOTES
NATO CHAIR
Chairman and CEO
Kerasotes Showplace Theatres

While exhibition has been reaping the rewards of this huge reinvestment—particularly this year—some of our studio partners have been having their challenges. A changing DVD market combined with a bad run of films has led to the studios questioning the windows model.

While I firmly believe in the primacy of theatrical exhibition, we must be cognizant of the difficulties facing production and distribution. Working together with

the studios to adapt the old model to new realities is a must.

Before I composed this piece, I reviewed the results of *New Moon* and *The Blind Side*. Combining for over \$175 million the weekend prior to Thanksgiving, these big dramas show that the public's demand for films in the movie theater is as powerful as ever. Now, it is incumbent upon us to cooperate with the studios to enable them to continue supplying such product in depth. Flexibility, and a willingness on our part to seek new solutions, is in our own best interest.

THE MAGIC OF FILM: BIG!

It is an honor to be asked to write an article for the 90th anniversary of BOXOFFICE. As a third generation exhibitor, I can remember going into my grandfather's and father's offices when I was growing up and seeing copies of BOXOFFICE prominently displayed on their desks. Who would have ever thought a few decades later I would be asked to write an article to be published in that same magazine? At Georgia Theatre Company, I believe 2009 has been a year to be grateful we're in our industry. Our country has gone into a recession the likes of which have not been seen since the Great Depression. Twice each year at Georgia Theatre Company, we get all of our managers together for corporate meetings. I must say that our meeting this past February was unlike any I have been involved with in the business. I told our managers my own story of graduating from college and taking a job at a bank. At the time it was considered a secure, prestigious job. A few years later I "saw the light" and left the banking industry for a job in the motion picture exhibition business. As I told our managers that day, As I told our managers that day, I feel blessed more than ever to be in the theater business. It's 23 years later and I am very grateful that I left that job in banking. I feel we should all be thankful to be in an industry that



AUBREY STONE
NATO VICE-CHAIR
President
Georgia Theatre Company

is recession-resistant. We've had a good year at Georgia Theatre Company, and so has the national box office. And the industry is undergoing a digital revolution that I hope will help us all thrive into the next century. 2009 has been a year to witness the power of new technologies like 3D and digital projection that will help propel our industry forward. Georgia Theatre Company began a multi-year digital conversion in fall. As I write this, we are in the middle of digitizing seven theaters and we hope to have these seven online by the middle of December. I know I join my fellow exhibitors in specifically mentioning how excited I am to play *Avatar* in 3D. In these days, when we worry about competing forms of entertainment, seeing *Avatar* on the big screen should help us emphasize "the primacy of theatrical release" to our patrons and studio partners. I cannot imagine that watching that film on a cell phone, laptop or television that would give you anywhere near the magic of seeing that film the way James Cameron created it to be seen: *Big*. Finally, I am proud to be working in an industry where companies large, medium and small can connect through our trade association, NATO, for the common good of all. Happy anniversary to BOXOFFICE for 90 terrific years covering the theater industry! What an incredible accomplishment for everyone!

AN ANNIVERSARY OF GROWTH

During 2009 we saw banks tighten their grips on lending, construction head towards a near-standstill and families keep a closer eye on their bottom lines. These factors during the economic downturn contributed to how Regal Entertainment Group set forth as a publicly traded company to maximize shareholder value while operating the world's largest theater circuit. However, as history has proven during previous economic reversals, our industry has been resilient.



AMY MILES
NATO TREASURER
CEO
Regal Entertainment Group

Despite the capricious economy people continue to look for entertainment; a fortunate happenstance of the film business. Many turn to movies as an escape—perhaps more so when times are tough. Our theaters provide moviegoers with some of the best available (and most affordable) out-of-home recreation, and we all know that quality, pleasurable films are a key to generating theater attendance. In 2009, we saw a diverse film slate create an

enthusiastic interest and demand that propelled audiences to our theaters in record numbers.

The ongoing expansion of 3D technology continues to entice more and more people to our theaters in order to enjoy this premium experience. The production of 3D films has become an important contribution to our business, and we look forward to expanding upon this success in 2010.

Fiscal 2009 was also a significant event in the Regal timeline. Twenty years ago, Mike Campbell, our founder and executive chairman, launched the first Regal Cinema in 1989 and, to quote a phrase, the rest is history. Over the past two decades, Regal has grown from that first endeavor in Titusville, Flor. to become the