



**Remarks of Dan Glickman
MPAA Chairman and CEO
To the ShoWest Annual Convention
Las Vegas, NV—March 11, 2008**

Good morning. It's great to be here. Jeffrey Katzenberg,¹ congratulations on "Monsters v. Aliens." What a terrific showcase for the 3-D future...and, I think we can all agree, easily the best documentary yet on the last few months in Hollywood.

...Although, who knows, I guess it could turn out to be about politics. What would I know, as Will Rogers once said, "I'm not a member of any organized party. I'm a Democrat."

It's getting pretty tough out there on the campaign trail. The rhetoric's heating up. But it's still nothing close to what you see in Britain. The bar was set at the House of Commons in a famous exchange between Lady Astor and Winston Churchill. She said, 'sir, if you were my husband, I would poison your coffee.' His reply? 'Madam, if you were my wife, I would drink it.' ...So I guess things could be far worse.

...But they could hardly be better at the box office. Last year, we found out that "300" is a heck of a lot more than a perfect game in bowling. Now, we have "10,000 BC"...another phenomenon of modern movie-making...something you just have to see in the theater.

And, what a highlight reel: 17 \$100-million films...a 50% increase over last year...seven \$200-million films...four \$300-million films. Jason Bourne to Jack Sparrow...Harry Potter to Homer Simpson...Spiderman to Shrek...when they liked us...they really loved us in 2007...and, that's a good thing for our industry and the movies.

I'm incredibly proud of the diversity of films in the 2007 slate and how widely they were embraced by movie-goers around the world. John, last year we joked that we needed a new rating, "B" for Bruckheimer. He didn't disappoint with Pirates...the largest digital release in the history of the cinema. ...What a milestone for the movies and the theatrical experience.

"The Lives of Others"...an extraordinary foreign film that challenged us to stop and think.

"The Bourne Ultimatum" was a personal favorite. I found it technically exquisite. It blew my mind...then almost blew out my knee when I tried to copy some of the moves.

¹*Speech follows a 3-D sneak peak of Dreamworks Animation's "Monsters v. Aliens" and then a highlight reel of \$100M+ films in 2007.*

Scary movies, too...“Disturbia”...“1408.” But I think I speak for all men when I say the real white-knuckle experience was the birth scene from “Knocked Up.” I still have to leave the lights on just to think about that movie.

“Charlie Wilson’s War” was a favorite in Washington. Charlie and I worked together in the House. As you saw in the film, he was an *unrepentant* ladies’ man. I hoped to have him join us for our screening in Washington. But Charlie was recovering from a heart transplant. On his behalf—I knew he’d appreciate it—I made a point of sharing with our guests that all of Charlie’s organs are now in full working condition.

Whether we work in this industry or simply love the movies, we have a tendency in this country to talk in terms of numbers. I guess that sort of makes us the baseball of the art-world. It certainly doesn’t capture the magic of the movies, but I do think it’s a sign of affection and a respectable proxy for how we’re doing with our audiences.

Last year, we celebrated a box office that was back in black, once again growing at a healthy pace. Today, we stand on a new mountaintop, and I have to say: I like the view. We had about 5% growth in the domestic and worldwide box office—all-time highs for both—reminding us once again that good stories well told always find a place in our hearts, our lives and our local theaters.

Despite these troubling times we have internationally, movies transcend politics. In fact, we’re making more movies today with an eye toward international distribution—no surprise when it now stands at twice the US box office.

Here in the U.S., we sold about 1.4 *billion* tickets to your theaters last year. MPAA went out and asked folks about their summer box office experience... 77% said going to the movies was “time and money well spent.” Also, the top-grossing 20 films of last year offered more diverse fare...a 50% increase in PG films (Alvin and the Chipmunks to Enchanted)...a slight decrease in PG-13...50% more R-rated films, too...something truly for everyone.

We also continue to see tremendous growth in independent film. In 2002, there were about 450 movies total. Last year, it was 600. All of that growth is independent film. In 2002, MPAA studios made up about half of all films. Today it’s 30%. So film is alive, well and growing as an American art-form and consumer experience.

...something we see all around us here at ShoWest. What a year we have in store:

- The return of major franchises...“The Chronicles of Narnia” and “Batman.”
- Family options from “Kung Fu Panda” to Disney-Pixar’s “Wall-E.”
- Will Smith putting the fireworks in our 4th of July weekend with “Hancock.”
- And, Harrison Ford is *back* in “Indiana Jones and the Kingdom of the Crystal Skull.”

So when people ask me about the state of the movies and the moviehouse, I say the audience has spoken and the future is bright indeed. I’d like to spend a few moments talking about that future and our work together...NATO and MPAA...filmmakers and distributors.

MPAA regularly talks to consumers about their entertainment experience. I thought I might share some of what we heard. We asked consumers how digital their homes were becoming...how much they'd gotten into home theaters, digital downloads and all the rest.

We found, contrary to conventional wisdom, that the more folks "pimp their living room," as they might say on MTV, the more they go to the movies. High-tech consumers go to the movies 50% more often than their lower-tech counterparts—an extra four trips each year. And, overwhelmingly consumers say the ultimate movie experience is going to the movies. So as digital as our lives become, we cannot have a thriving movie industry without a thriving exhibition industry. Period. When we watch the Sunday evening news, we get the latest basketball scores. We hear who's in trouble now in politics. And, we see who's on top at the box office. It's a part of the fabric of American culture.

At the same time, we need to adapt with our customers. And, here, too, it seems there are some genuine opportunities. Maybe it's selling prior installments of franchises on DVD, something I know that some theaters are experimenting with. Perhaps it's pre-selling digital downloads when the film is still fresh in folks' minds. I'm not the business model expert. It just seems we spend far too much time worrying about the future and not enough time exploring its many possibilities for all of us.

Our goal has to be to ensure more people watch our products whether in theaters, in their homes, on their PCs or in the palm of their hand, so we have the value chain—the financial support mechanism—that ensures great movies continue to be made.

It's critically important to keeping the pipeline robust, particularly with movies becoming so expensive to make—more expensive, it seems, by the day. The way I see it we can deliver on new consumer choices...figure out how to make them work and enhance the value chain...or we continue to lose our customers, as too often we already do, to lawlessness.

Now, I'm not going to spend a lot of time on an issue we all are far too familiar with at this point in our lives. But I do want to thank NATO and truly all of the theater owners for being such a strong ally in our fight for the future of intellectual property rights. For our businesses and for the country, it's an important battle...one we came to early...and one in which our allies are growing by the day, literally around the world.

It's no secret our economy faces serious challenges. In fact, a new report came out just last week in Washington: 63,000 jobs shed last month alone. My view: This will be front and center at the ballot box in November. The economy will be *the* issue that decides who is the next President of the United States. This is one of many reasons I've chosen today to speak out on something important to the future of the movies and our economy as a whole.

We began this morning celebrating the innovation underway in theaters. We talked about the many ways all of us are responding to evolving consumer demands. There is so much possibility today. And, all of us here know that the greatest threat to this potential is piracy.

No one here needs a lecture on what happens when one illegal copy makes its way to the Internet—God forbid on opening weekend—and is instantly available to the world. Today,

new tools are emerging that allow us to work with Internet Service Providers to prevent this illegal activity. And, new efforts are emerging in Washington to stop this essential progress.

This effort is being called by its proponents “net neutrality.” It’s a clever name. But at the end of the day, there’s nothing neutral about this for our customers or for our ability to make great movies—blockbuster first-run films—in the future. If Washington had truth in labeling, we’d call this proposal by another name: Government regulation of the Internet.

Government regulation of the Internet would impede our ability to respond to consumers in innovative ways, and it would impair the ability of broadband providers to address the serious and rampant piracy problems occurring over their networks today.

This, of course, is a problem for all of us. We all know that our business is changing today. Very few films make their money back at the theater. Some estimate as low as ten percent. So our ability to keep producing high-quality movies for your theaters hinges in no small part on the success of legal outlets for the *after* theater experience. The future of the theater, unimpeded theatrical production and a vibrant aftermarket all depend on an Internet that remains free from government regulation. So we are all in this together.

Government regulation of the Internet would be a terrible reversal of American innovation policy. As I mentioned before, our economy just lost all of these jobs. And, the immediate future does not look terribly bright on the job front. It’s our *information* economy that will create *new* jobs and new opportunities for the future.

Today we have a marketplace that is directly responsive to evolving consumer demands and that is driving innovation throughout our society and our economy—far beyond entertainment. And, quite frankly, we are in the race of our lives today to keep pace with our customers, to keep them engaged with innovative and legal choices and, as a country, to maintain our leadership role in the world. We can’t continue to lead this race by slamming on the brakes.

Technology increasingly is making new worlds of consumer-centric innovation possible, and it is handing us the opportunity to deal the first real body blow to online piracy, to begin to reach toward the day when we might be able to take it off the table and debug the system. It simply cannot be the policy of this country to say no to that.

This is a high-stakes debate. Do we take a stand for intellectual property rights or cast them aside in the digital environment? Are we permitted to respond to consumers, innovate on their behalf and compete with the world or are we told by our government to stand down? Today MPAA and all of our studios are standing up in opposition to broad-based government regulation of the Internet. We are opposing so-called “net neutrality” government action. And, in the process, we are standing up for our customers, for our economy and for the ability of content producers to continue to create great movies for the future.

I hope you join us. I don’t think movie theaters should be asked by our government to compete with piracy. I don’t think that should be the policy of our country. I hope you

agree and recognize that our ability to continue filling your theaters in large part depends on dealing with this issue.

A wise man once said that for every complicated problem there is a simple and wrong solution. I believe this is one of those times. The Internet unquestionably is a positive force...driving new economic and creative opportunities and inspiring unprecedented participation in our political process. We need to nurture its health and make sure it supports, rather than undermines, this powerful medium of film.

I'm sure we all have our favorite jokes from the Oscars. Of course, mine relates to politics. I laughed when Jon Stewart said the last time we saw an African American or a female candidate for president an asteroid was headed toward the Statue of Liberty. It was funny. But it also made a profound point: We saw it first...we imagined it first...at the movies.

It was at the movies that we embraced a future vision of our country as a place that *lives* its values of inclusion and opportunity at the highest echelons of power. I started out today talking about our success with our audiences. It's not something you can measure purely on the bottom line. Why is it so important that we continue to connect with our customers...that we shore up the foundations of intellectual property rights...that we continue to innovate? Because in the dark, in the cinema, around the world, we are one.

As a global ambassador for the movies, I experience many different cultures and local film communities. Everywhere I go, I see the rifts in our world. But I also am reminded just how *much* movies bring us together, whether challenging us to face significant social issues or simply encouraging us to lighten up and share a laugh with our neighbors.

I'm sure you have similar experiences. They remind us just how important it is that we sustain this industry's health and growth and, in doing so, protect the ideas and ideals that make our business so unique and meaningful to the world. Thank you all for your role in our industry's success, for the invitation to share my thoughts today, for our ongoing partnerships from the ratings system to camcording and, most of all, for helping us share our stories with the world. I hope you are proud of what we achieved together this past year, and I look forward to a blockbuster sequel in 2008.

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