

From: [REDACTED]
To: [ATR-LitIII-Information](#)
Subject: Paramount Consent Decrees
Date: Tuesday, August 21, 2018 11:26:21 AM

[REDACTED]
[REDACTED] The biggest change in the movie industry in recent years has been the change from film to digital. I don't know the exact cost, but a theater can now get a movie delivered over satellite for under \$100, where a copy on film was around \$2000. Since the studios were saving a rather large amount in distribution costs, they created incentives to help a theaters get converted to digital projectors. These incentives are called Virtual Print Fees or VPF's.

So every time a VPF theater plays a new movie on the date it was first released, the studio pays that theater a certain amount. If they play the movie the second or third week, the amount goes down. The VPF's were a good thing for theaters that struggled finding the funds to convert to digital projectors. Not all theaters have VPF's. We do not have them at our theaters. However, now I think VPF's are hurting the availability of movies to the smaller theaters. If a movie has a small budget, the producers do not have the funds to pay all the VPF fee's, and so they don't make as many prints available to the smaller venues. Studios are not allowed to play favorites, and give extra prints to theaters that do not have the VPF fees. So it really hurts small theaters that do not have any VPF's.

I do think the Consent Decree for not setting a minimum ticket price is needed. I think if the studios had their way, the only theaters that would get new release movies are the big chains in the big cities. This is because they usually charge a much higher ticket price, which allows the producers to more rapidly recoup their costs. If the consent degree on ticket pricing was removed, I could easily see the studios mandate that all theaters charge a higher ticket price during the first 2 weeks, if you want to open a movie on the release date. This higher ticket price would reduce our attendance, and would cause those who do attend to spend less on concessions. We need to be able to set our ticket price to what we feel our clientele are willing to pay.

Thank you for listening.

[REDACTED]
[REDACTED]
Capitol II Theatre, Newton, IA - (No VPF and DCDC Theater)
Grand Theater, Knoxville, IA - (No VPF Theater)

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"No one ever made a difference by being like everyone else." - Hugh Jackman - The Greatest Showman