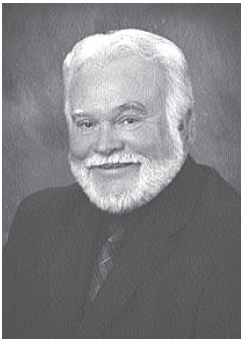




SOUTH CENTRAL STATES BULLETIN

WINTER
2008

Louisiana Association of Theatre Operators • National Association of Theatre Owners of Oklahoma
National Association of Theatre Owners of Texas • National Association of Theatre Owners of Arkansas



DIGITAL UPDATE

CBG Narrows the Digital Field Down to Four

By **Wayne Anderson**
Managing Director of the Cinema Buying Group

A lot of progress has been made since the first time I stood before you (actually you were the first group to invite me to come and speak) to tell you about the Cinema Buying Group or the CBG.

A few years ago I told you about the plans the CBG had for bringing independent theatre owners together to negotiate on their behalf for digital equipment. We had hoped to bring together at least 3,000 independent screens. Well, we bested that goal. The CBG is now 8,748 screens with 615 members.

For those of you within the South Central States Family who had the foresight to join us, you will be pleased to know that this past October we requested proposals from all the known integrators. We asked them to provide us with a pricing program that would best suit the needs of the CBG. Ten integrators responded. Nine of those ten RFP's had programs that were viable for the CBG. Of that Nine, the leadership within the CBG honed the list down to a shortlist of four candidates. The final four (in alphabetical order) are: AccessIt, Digeserv, Kodak and Technicolor.

The next goal the CBG will meet, will be to further refine this short list down to one integrator. We hope to accomplish this by the end of this quarter. And (drum roll please) we plan to have a final deal for the CBG with the chosen

integrator by the conclusion of the second quarter; with a possible rollout by the end of the third quarter. A third quarter rollout may be unrealistic—but that is the goal we are shooting for.

In addition, I want you to know that I have been meeting with manufacturers and vendors to establish pricing for CBG members on a variety of concession and equipment items.

For example, by ShoWest we hope to be announcing prices for 3D equipment from Dolby, Master Image, NuVision/XpanD and RealD. These prices will be for CBG members who wish to be early integrators for competitive reasons. There will be no VPF payments for 3D equipment.

Keep in mind that you must have digital projection equipment before you have digital 3D. We will have prices for this equipment also. At the present time if you decide to go this route you will not be guaranteed VPF's. We hope the integrators will reimburse Exhibitors with VPS's for the purchase of the equipment at their budget pricing, but again this is not yet negotiated.

And that's about it right now. I want to leave you with the following:

- Be patient.
- Don't Be Foolish.
- And, Our numbers are strong, so Good Things to Come. 🎬

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CLAPBOARD

10th Annual CineShow Heads East to Shreveport

by **Rein Rabakukk**, Executive Director of South Central States NATO

What is the significance of the following dates, 13-14 April 1999? That is when the first CinéShow was staged in Dallas at the Movie Grill Prestonwood. This, therefore, will be our 10th anniversary!

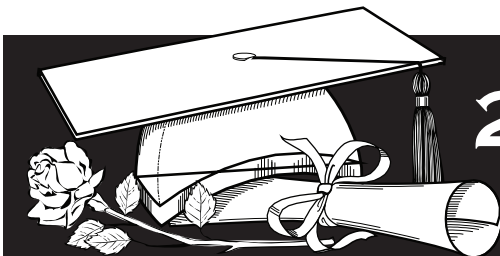
At the 1999 show there were a total of 118 theatre managers/owners in attendance. The trade show had 11 exhibitors. Four of those exhibitors have been supporters of CinéShow every year since. Namely: Nestlé USA, Promotion In Motion, Rico's Products & Universal Cinema Services. Also, the Pepsi Bottling Group has been a sponsor of a function yearly. Many thanks to all of you theatre owners and suppliers for your continued support of our convention.

In 2008, CinéShow returns to Bossier City-Shreveport, Louisiana on 23 – 25 September. Many of you will recall that CinéShow was staged in Shreveport in 2003 & 2004. This year we have ventured across the Red River from Shreveport to Diamond Jacks Casino & Resort in Bossier City where many of you might find, when checking in, that you have a hot tub in your room. You'll no longer be using play money for gaming, but the real greenbacks. So have fun, but don't leave your shirt at the tables.



The format for this year's show will change only slightly. Tuesday at noon we will have our usual outing for those who wish to chase that little white ball down lush fairways. In the evening is the usual get acquainted reception which, if weather permits, will be held at Diamond Jacks fabulous poolside. Wednesday morning will be film product presentations at Regal's new theatre on The Louisiana Boardwalk. A number of our members requested that seminars be brought back as part of the program. Therefore, we are now planning to schedule at least two seminars on Wednesday afternoon. The Trade Show with refreshments and hors d'oeuvres will again be Wednesday evening. Thursday morning is reserved for State membership meetings.

There you are, our encapsulated plans for the 10th Anniversary CinéShow. We look forward to seeing you at Diamond Jacks in September. 🎬



2008 SCHOLARSHIP PROGRAM

Texas: 4 Scholarships \$2,500 Each

Arkansas		Each State
Louisiana		2 Scholarships
Oklahoma		\$500 Each

Available for Post Secondary or Vocational Education.

Application Deadline: July 1, 2008

Awards Deadline: August 1, 2008

Applications must be received at the SCNATO offices by July 1, 2008

SCS MEMBERSHIP PROFILE

Spotlight on... MORRIS SCHULMAN



Morris Schulman (L) with partner and brother Mark Schulman (R).

(The second in a continuing series, the SCS Bulletin is proud to feature a business profile on one of its honorable members. If you would like to recommend a member to be profiled, don't hesitate to throw a name in the hat. All votes remain confidential. Please email the editor at your convenience.)

How did you get started in the theatre biz?

My family has been in the theatre business since 1909 in New Orleans. My great grandfather, Abraham, owned and operated several facilities in Houston beginning in 1910, including *The Pasttime*, *The Strand*, *The Isis* and *Queen Theatres*. My grandfather, Morris, moved from Houston to Bryan, Texas in 1926. My father, Bill carried on the business and is still currently active at the young at heart age of 82. He owns and operates (he still works seven days a week) *The Ritz Theatre* in Crockett, Texas.

I have worked in the business all my life. Even as a little guy, I worked at the *Palace* and *Queen Theatres* in downtown Bryan, popping popcorn and selling concessions. One of my fondest memories was watching the *Palace* being renovated in 1968. It was completely redone and I went there often to see the progress. Our grand opening film was *Sound of Music* and the line stretched from the box office down Main Street for four blocks. It was quite a site!

I began full time in 1975 after graduating from high school and managed our drive-in, *The Skyway Twin* while attending and graduating from Texas A&M in 1981. (I crammed four years into six!) In 1985, my father, brother Mark, and I bought my dad's brother share of the company and have built, owned and operated facilities in Bryan, College Station, Waco, Palestine, Crockett, Georgetown and Weatherford.

Schulman Theatres Inc is the family business and still operates the *Dogwood Six* in Palestine which will be expanded this year to eight screens.

Mark and I formed *Schulman Partners Ltd* in 2005 with our partner Jeremy Thompson. From there we partnered with the *Connell Companies* in Dallas to form *Strategic Entertainment Group*. We built the Georgetown facility, *City Lights 12*, which opened in December 2006 and last year (December) purchased the *Weatherford Cinema 10* from *AB Cinema*. It has been renamed *City Lights Weatherford*.

What is the most enjoyable aspect of owning and operating your theatres?

The most enjoyable aspect of owning and operating movie theatres, for me, is the fact I am in the only business I have ever wanted to be in. The best way to describe it is having a job that is also your favorite hobby. Nothing is more rewarding than sitting in an auditorium and seeing the audience fully enthralled by the sights and sounds they are experiencing together, in most part, with complete strangers! Although we have nothing to do with the making of a film, our job is to deliver the film-going experience to our customer. You know you're doing your job when you see the excitement from the audience first hand.

What is your favorite all-time movie?

Picking a favorite all time movie is difficult. I loved "*Silence of the Lambs*" and I also loved "*Hello Dolly!*" There are so many great films in between as well. But you asked me to pick one, so I will. "*Raiders of the Lost Ark*" is the most thrilling film, start to finish I have ever seen. As a confirmation on that, we played *Raiders* for fifty-six straight weeks in Bryan!

NAME: Morris A Schulman Sr.
HOMETOWN: Born in 1956 in Bryan, Texas
THEATRES:
Schulman Theatres Inc:
Dogwood Six - Palestine, Texas
Schulman Partners Ltd:
City Lights Georgetown - Georgetown, Texas
City Lights Weatherford - Weatherford, Texas
SCREEN COUNT: 28

IN THE BOOTH: Our booth equipment various for each location. We have Century and Simplex projection equipment, Christie platter systems and Strong lamp houses.

SOUND: We have DTS digital sound in most of our auditoriums and Ultra Stereo in those not digitally equipped. Speakers are JBL throughout.

SEATS: Palestine and Weatherford are equipped with Irwin seating and our newest facility in Georgetown has Inorca high back rockers.



Schulman's City Lights 12 in Georgetown, Texas.

Who is favorite movie star?

Picking a favorite actor, again, is difficult. Jack Nicholson, Lee Marvin, John Wayne, Clint Eastwood, Steve McQueen, Morgan Freeman, Paul Newman, Robert Redford. I also have to mention Tom Hanks, Anthony Hopkins and Robin Williams. All these guys are awesome. However, the coolest of the cool has to be Steve McQueen. He has my vote as the best actor ever. He made the films he starred in better than they were written.

I would not want to leave the ladies out, but only two actresses pop up as great to me. Meryl Streep and Kathryn Hepburn can do no wrong any role either of them takes on. They have no equals in my opinion.

What is your favorite concession item?

I never get tired of eating popcorn. Even the sweets cannot compare.

The CBG has recently chosen one screen at your Georgetown theatre as a digital test sight. How is that going? What is the equipment? Likes and dislikes?

Our digital test is going very well. We have Strong's NEC projector and a DTS server. The image quality is fantastic. The ease of operation is fantastic. We have had a few glitches but nothing major. The only negative to this point has been the holding over of a print after the initial booking. Getting the updated keys to work properly has been adventurous at times. Part of the system included a satellite system so the prints could be downloaded via satellite. That is not completely operational yet but we are hoping to get it started soon. The only other drawback I have seen centers on the life and cost of the bulb. They are more expensive and the life is shorter than a typical xenon bulb. However the light on the screen is unparalleled to anything else we have had or currently have in operation.

Ciné Show 2007 MEMORIES



Ciné Show 2007 MEMORIES

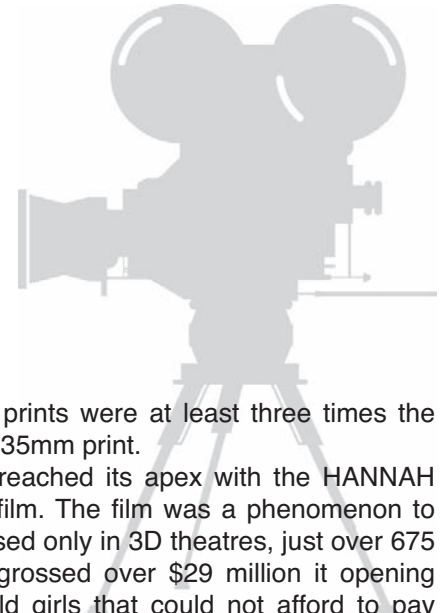




FILM PREVIEWS

New Version of 3D is the Real-D Deal

By **Tim Patton**, President of Cinema Service Company



Confession time: Me and technology don't get along. I'll be the first to admit this. No one has ever accused me of being a geek or a nerd. A computer is not my friend. Don't ever ask me to set up a conference call. If I do, there is at least a 90% chance one or both of the parties will be disconnected. I'm also not the guy to call should you require assistance setting up your home theatre system. I can help you carry your new HDTV into your house, but actually plugging it in and hooking it up is not my forte.

So when the good folks at Real-D invited me to a demonstration of its latest state-of-the-art version of 3D technology I was skeptical to say the least.

I know 3D has made great strides since its humble and novel beginnings in the '50s thru the 1970s. My experience with 3D movies in that filmmaking era was one of pain. Ninety minutes with cheap red/blue tinted cardboard glasses left me cross-eyed and dizzy. It also gave me a migraine that put me down for hours. However, all of this agony was worth it to see THE STEWARDESSES in 3D.

Perhaps the 3D encore for me was being an usher during a run of Andy Warhol's FRANKENSTEIN at the old UA Cine in Dallas. Moviegoers threw up in the auditorium at the sight of body parts and intestines lying in their lap. The clean-up was a blast. Fun, really fun....NOT! That pretty much ended my love/hate affair with 3D.

But Real-D and other industry gurus such as Dolby Digital are resurrecting this "art" form with some mind-blowing technology that has exhibition not only embracing it but also rethinking its theatrical business model. Digital projection has advanced this technology to a point that even the movie sets in a film have depth perception.

Real-D gets a standing ovation for rolling this process out to Jo-Blo moviegoer with CHICKEN LITTLE a couple of years ago. The 3D quality in animation is unbelievable. Per screen, the 3D theatrical runs were considerably better than the normal 35mm prints. Disney took its Real-D process one step further by releasing a 3D version of Tim Burton's NIGHTMARE BEFORE CHRISTMAS. This time the film was only released in theatres that had 3D capability. The results were incredible and exceeded anyone's expectations at the Mouse House.

Last November, Para-Dream jumped into the 3D action with BEOWULF. The live action/ animation process was strange enough for audiences to cozy up to. Add 3D to the mix and it became surreal. From the standpoint of content, BEOWULF was mediocre at best, but the 3D runs proved that special effects could overcome flaws in the storyline.

Once again the 3D prints were at least three times the gross of an ordinary 35mm print.

In February, 3D reached its apex with the HANNAH MONTANA concert film. The film was a phenomenon to say the least. Released only in 3D theatres, just over 675 screens, HANNAH grossed over \$29 million its opening weekend. 10-year-old girls that could not afford to pay \$200 a ticket to see her live in concert could take their screaming histrionics to the local movie theatre where a \$12 to \$15 admission didn't seem too bad. Compared to the concert, this was a bargain for mom and dad.

Which brings me back to the Real-D demonstration I attended a month ago. I saw three films. The first was a 10 minute capsulation of sporting events and documentary footage put together by James Cameron. Simply outstanding. A great way to see a basketball or football game. The Titanic documentary footage was brilliant as well. Next was five minutes of DreamWork's summer animated release KUNG FU PANDA. DreamWork's is not releasing PANDA in 3D this summer, but all its animated films after PANDA will be offered in a 3D format. I was blown away by the PANDA footage. Not just the 3D but the movie itself. Very entertaining.

Last on the agenda was a screening of the New Line summer 3D film, a remake of JOURNEY TO THE CENTER OF THE EARTH starring Brendan Frasier. The 3D was amazing. The movie itself was like a thrill ride at Universal Studios or Disneyland. Fun?...Yes. But three minutes, not ninety, would have been plenty. To say the movie lacked substance would be an understatement. But it was intended to strictly be a 3D film. Very gimmicky. Corny. Cheesy. It wouldn't have a chance as a regular motion picture.

And so this should be our biggest concern. You can dress this lady any way want, but you must strip away all the clothing to find the real woman. (Metaphorically speaking, of course.) Special effects can only take you so far. In the end, it all comes down to content. Audiences are not as forgiving as they used to be. At a premium ticket price, the 3D experience must also deliver good stories that are well-acted as well as contain plenty of eye-popping action. Otherwise, we are back to square one.

But as far as the actual 3D technology goes, I highly recommend it. Just don't ask me to help you install it.

Now let's take a look at a few late spring and early summer releases.

LEATHERHEADS (UNI) 4/4 – George Clooney and Renee Zellweger star in this comedic romp about the rough and tumble sport of football in the 1920's. Clooney, who obviously has an affinity for history, directs this period piece about the coming of age of professional football. Looks intriguing but one wonders why Universal moved it out of Christmas and right into the beginning of baseball season.

NIM'S ISLAND (FOX) 4/4 – Jodie Foster stars as an adventure writer afraid to leave her own home until a little girl named Nim summons her to an imaginary island to help save her father who has gone missing. This comedy adventure looks quirky but fun. A safe post-Easter family film.

FORGETTING SARAH MARSHALL (UNI) 4/18 – After a tough break-up with his girlfriend Sarah Marshall, a depressed Peter heads to Hawaii for some "r and r" and to forget about it. The only problem is Sarah just happens to be there as well. Another comedy from prolific the laugh factory of Judd Apatow looks to be very funny...and raunchy, too.

BABY MAMA (UNI) 4/25 – SNL veterans Tina Fey and Amy Poeller team up in a comedy about a professional woman in her late '30s who hires a surrogate to have a baby for her. Trailer looks smart and funny, definitely will appeal to the female audience.

IRON MAN (PAR) 5/2 – Another Marvel comic book character comes to life. This time Robert Downey, Jr. plays a billionaire inventor who, when kidnapped to build a devastating weapon, instead constructs a high-tech armored suit and becomes superhero Iron Man. Should be a great way to begin the summer season.

SPEED RACER (WB) 5/9 – The Japamation cartoon of the '60s gets a live-action treatment with John Goodman, Emile Hirsch, Matthew Fox and Susan Sarandon headlining the cast. The trailer leaves me a bit cold and wondering if there is an ounce of substance behind the roaring racecar engines.

WHAT HAPPENS IN VEGAS (FOX) 5/9 – This comedy starring Ashton Kutcher and Cameron Diaz has real potential as an early sleeper. After falling on some hard times, strangers Kutcher and Diaz meet in Vegas. After a wild night of fun and games the two end up getting hitched. The only thing that stands between them and an annulment is a \$3 million jackpot.

SEX AND THE CITY (NL) 5/30 – The popular HBO series hits the big screen and picks up where the TV show leaves off. The four stars confide, guide and console each other through life adventures in New York City. Every woman in America will see this movie at least four times.

KUNG FU PANDA (PAR) 6/6 – A big and clumsy Panda Bear named Po fulfills his longtime dream to study Kung Fu under five masters when he chosen to complete the mission of an ancient prophecy. Jack Black, Dustin Hoffman and Jackie Chan lend their voices to one of the top family films of the summer

WANTED (UNI) 6/27 - A group of assassins known as the Fraternity vows to protect the innocent from the evildoers, saving lives in the process. Their super power comes from their ability to make their choices a reality. This high concept flick feels like THE MATRIX meets MR AND MRS SMITH and should surprise everyone at the box office. Starring Angelina Jolie and Morgan Freeman. 🎬



ON CAPITOL HILL

Budget Surplus Could Provide Tax Relief to Small Businesses

By A.R. "Babe" Schwartz, NATO of Texas Lobbyist

Once again there is good news and NO new bad news. The State ended the fiscal year 2007 with an \$8.9 billion surplus in the General Revenue Fund. That Fund keeps on building because we have a continuing percentage income increase over the previous year. The most recent change is about a 5.7% increase. In the December 2007 Comptroller's Monthly Review, the month of October increases over the previous year's monthly revenues were 5% from the Sales Tax, 11.2% from the Oil Production Tax, and 8.6% from the Natural Gas Tax. Diesel, Gasoline, and LPG Taxes were up 3.2%. Cigarette and Tobacco Taxes gained a whopping 91.3%.

Subscriptions to that monthly report, called Fiscal Notes, may be entered at WWW.window.state.tx.us/fnotes/fnmail.html. You will be pleased with the information provided. You will probably also be shocked to learn how much new income will be received when the new Margin Tax Bill becomes payable by May 15, 2008.

It would be interesting to know what percentage of our members will pay higher taxes to the State in 2008 as a result of the Margin Tax (previously known as the Franchise Tax). Those of you who agree may want to provide information to Rein reflecting your property tax savings, if any, as opposed to your new Taxes, if any.

Surely, anybody running for office in 2008 ought to be promising substantial tax reductions to small businesses. I suggest having coffee or lunch with your State Representative and State Senator (on separate occasions). They should be happy to discuss tax relief during this unprecedented budget surplus. If enough folks across Texas Begin advocating such relief between now and the General Elections in November, the Legislature will certainly respond favorably when they meet in January 2009. You might want to emphasize this effort with your local Chamber of Commerce and any other organizations to which you belong. It ought to be great preaching the Gospel of Tax Relief without someone to tell you how bad the State needs the income. 🎬

NEW MEMBERS – WINTER 2008

LOUISIANA

The Robinson Film Center – Shreveport
John Grindley / Chris Jay

TEXAS

King Ranger Theatres – Sequin Rick Uhlhorn
Ritz Theatre – Wellington Amy Henard / Joe Ponder
Schulman Theatres – Bryan Morris Schulman

It's time to order new seats

Time to order Dolphin Seating



\$123 for a 40" or 43" high back full deluxe rocker cinema chair with retractable cup holder arms, including all delivery cost from our factory to your theatre door and a factory backed 8 year warranty.

DOLPHIN SEATING
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SOUTH CENTRAL STATES
BULLETIN**

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Article Contributions Welcome

This is your newsletter. We welcome your comments and invite you to send us any information you wish to share with other members.



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