



NEWS RELEASE

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MOTION PICTURE ASSOCIATION STUDY SHOWS IMPACT OF PIRACY ON GLOBAL FILM INDUSTRY

***While Hollywood Losses Are Significant,
Local Industry Losses Are Much Greater Worldwide***

Hong Kong, Encino – A global study examining the impact of motion picture piracy and consumer behavior has underscored the importance of intellectual property to economic growth worldwide and revealed the extent of damage caused by copyright theft to creative industries all around the world, not just the interests of American businesses.

The study, undertaken by the Motion Picture Association (MPA) through independent research firm LEK Consulting, shows that piracy cost MPA member companies US\$6.1 billion in revenue in 2005, with local producers, exhibitors and distributors in countries around the world incurring losses amounting to significantly more than that.

The figures do not take into account the losses to free-to-air television and only account for pay-per-view subscription television, not standard subscription television. Nor do they take into account the economic and social costs to individuals who work in the industry.

The study incorporated for the first time data showing the losses due to Internet piracy, the film industry's most pressing concern in many countries. Losses due to Internet piracy incurred by producers, exhibitors and distributors around the world are estimated at US\$7.1 billion.

Among the findings of the study in the Asia-Pacific region:

- Piracy cost the film industry in China US\$2.7 billion of potential revenue in 2005, of which just US\$244 million were estimated to have been MPA member company losses. In China, foreign film producers and distributors are severely constrained by market access issues, permitted to release only 20 titles per year in theaters on a revenue sharing basis and constrained in home video distribution by censorship and distribution infrastructure issues. These market access issues are in addition to the enormous problems posed by the country's pirate optical disc piracy industry, which maintains at least 90 percent market share.

- Piracy cost the film industry in Japan an estimated US\$742 million in 2005. Of those losses, US\$178 million is estimated to have been the result of Internet piracy. In Australia, industry losses were US\$179 million, with nearly 40 percent of losses – US\$71 million – due to Internet piracy.
- In Taiwan, industry losses were US\$255 million, with over half of those losses the result of Internet piracy.

“The film industry is a thriving economic engine that generates jobs and exports in countries all over the world,” said MPAA Chairman and CEO Dan Glickman. “We are calling on governments internationally to continue to work to limit the impact of piracy on local economies and the film industry. Movies are a valuable product and intellectual property must be respected. This study will help us better analyze and focus our efforts to fight movie theft.”

“The economic and social impact of IP theft is enormous and will have even greater long-term implications if not brought under control,” said Mike Ellis, Senior Vice President and Regional Director, Asia-Pacific, MPA. “We need to help people understand that when they take movies for free off the Internet, or for next to nothing from a pirate street vendor, they are killing the thing they love. They are killing the movie business. And they are killing first of all the local movie business.

“Around the world film industries face the same problems. We need strong laws to support copyright, strong enforcement of those laws, stiff sentences for people who violate those laws, and most important, an understanding by ordinary citizens, the people who love movies, that buying pirated movies hurts the industry and makes it difficult for movie makers to make new films.”

Piracy in Asia

In 2006, the MPA's operations in the Asia-Pacific region investigated more than 30,000 cases of piracy and assisted law enforcement officials in conducting nearly 12,400 raids. These activities resulted in the seizure of more than 35 million illegal optical discs, 50 factory optical disc production lines and 4,482 optical disc burners, as well as the initiation of more than 11,000 legal actions.

About the MPA: *The Motion Picture Association (MPA) represents the interests of major motion picture companies in the global marketplace. On behalf of its Member Companies, the MPA conducts investigations around the world, assists with the criminal and civil litigation generated by such cases, and conducts education outreach programs to teach movie fans around the world about the harmful effects of piracy. The MPA directs its worldwide anti-piracy operations from its headquarters based in Encino, California and has regional offices located in Brussels (Europe, Middle East and Africa), São Paulo (Latin America), Montreal (Canada) and Singapore (Asia-Pacific). The MPA's anti-piracy activities have helped to transform entire markets from pirate to legitimate, benefiting video distributors, retailers, and foreign and local filmmakers alike. The MPA Member Companies include: Buena Vista International, Inc.; Metro-Goldwyn-Mayer Studios Inc.; Paramount Pictures Corporation; Sony Pictures Releasing International Corporation; Twentieth Century Fox International Corporation; Universal International Films, Inc.; and Warner Bros. Pictures International, a division of Warner Bros. Pictures Inc.*

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