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SOFT MONEY 4 SYMPOSIUM

Morning Session: Spotlight on the Middle East, India and China

Ezra Doner, Moderator¹
Jay Dougherty, Moderator²
George David, Panelist³
Lokesh Dhar, Panelist⁴
Ellen Eliasoph, Panelist⁵
Hunt Lowry, Panelist⁶

JAY DOUGHERTY: Good morning and welcome, folks. Welcome to Soft Money 4, our fourth annual Film Finance Program/Production Incentives Update. I'm Jay Dougherty. I teach entertainment law, motion picture production and finance, copyright law, and kind of run the entertainment law program here at Loyola. I'm very pleased that you could come and be present with us at this program. I think it's going to be very exciting. I have a few little formalities to do, and then we'll get the program going right away. I'd like to thank some people first, of course, our former Dean, Dave Bircham. Our current acting Dean, Victor Gold, and our Associate Dean, Ellen Aprill, have all been very supportive of the program, and we faculty appreciate this. I'd like to thank the staff members such as Vlasta here who has been invaluable at helping us. Kira Poplowski, Brian Costello, and Stewart Miller, all of whom provide various sorts of services to make the program work smoothly. I certainly want to thank our partners, the Association of Film Commissioners International, and Bill Lindstrom. We got together four years ago and started doing this program in connection with the Locations Expo, and they've just been a terrific partner. Also Herrick, Feinstein, Ezra Doner Law Firm has been a good partner in this. Ezra's been invaluable. I'll introduce you to him in a moment. Entertainment Partners has been very kind in providing us with

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our lunch today. And, finally, *Hollywood Reporter* and *Variety*, both of whom have provided us with articles that are in your materials relating to some of the topics we'll cover today. I love film finance. I think it's an incredibly interesting area, and I'm very pleased that we can deliver some cutting-edge information to you in these programs. All of the world's a stage. More than 50 percent of U.S. film revenue comes from outside the United States. There's an incredible international flow of TV formats in both directions. We can thank England for *American Idol*, for example. Production is increasingly cross-national. There's really no single national film anymore. Talent, location, resources, finance distribution; it's becoming one world, which I think is a good thing. Each stage, in fact, is the whole world. The pen is mightier than the sword, and the film, the camera, is the modern pen, in my opinion. Media has the power to change things. For instance, Harriett Beecher Stowe's *Uncle Tom's Cabin*, a book that was a bestseller in the middle of the nineteenth century, is credited with helping start the Civil War and, of course, going on to television during the Vietnam era, etc., etc. It's an incredibly powerful thing that we're involved with. And I think that film can celebrate the very diverse cultures in the world while bringing us all together as a species. And I'd like to see that happen, and I think our program helps lead towards that sort of thing. In our program today, we're starting off with a focus on some regions that have been receiving a lot of attention in recent times: the Middle East, India and China. That discussion will be about an hour and a half. We have some fantastic speakers that Ezra will introduce to you in a moment, and then we'll have a very brief break in which you can go outside, use the restroom, grab a sandwich, bring it back in if you don't mind, and we'll start off with a brief overview of production incentives from Robin James who's the President of the AFCI. Then, with our update on production incentives portion of the program, we have a really fun simulation of a producer working on where to go with her film. So that's the program. We should be done by about 2:30 p.m.. It should be quite easy for you to get back to Santa Monica and the Locations Expo if that's where you're going after the program. Our moderator of both panels today is Ezra Doner, my friend and colleague, currently living in New York. He asked me to remind you that, yes, there is an entertainment bar in New York, and he means the legal bar, not the drink kind. Ezra and I went to Yale together and we went to Columbia Law School together. Ezra has worked at a number of film companies, Miramax, David Begelman's Gladden Entertainment, and has also worked in several law firms over his career. He's been very supportive and helpful about organizing this program. I have to say it was his idea to do the Middle East, India and

China, and I think it was a fabulous idea. And, without any further ado, here is Ezra.

EZRA DONER: Thank you so much, Jay. And thanks to the AFCEA, the Association of Film Commissioners International. We started this program four years ago in conjunction with the Locations Expo, the annual convention of the Association of Film Commissioners International, to take advantage of the presence in Los Angeles of film commissioners from around the world, and all the expertise that they have in location shooting, and particularly in production finance incentives. This year we decided to broaden our prospective a bit and look at opportunities for production and finance distribution in parts of the world which historically have not been a focus, they've been a sideline. They're increasingly important, and the regions we've chosen today are the Middle East, India and China. We have a very terrific panel of speakers who have a great deal of experience in each of these areas. Everyone's bios are in the materials under the tab 'Bios,' and they're in alphabetical order. They're not by the sequence of who's speaking. We're going to start with Hunt Lowry. For those of who you don't know Hunt, he has done just about everything in the film and television business as an executive and a producer. He's involved with the creative side, the financing, the physical production, and he recently helped to create a new venture between Abu Dhabi interests and Warner Brothers. And we're going to talk about that briefly. Before we go into the details of what you were doing in Abu Dhabi or what you will be doing, what is Abu Dhabi?

HUNT LOWRY: Abu Dhabi is sixty-five miles from Dubai. It's one of the seven emirates in the United Emirates. The seven emirates are city-states. Dubai has been in the news a lot. It's actually started their development sooner than Abu Dhabi, but Abu Dhabi is the largest of all seven emirates. Actually, Abu Dhabi contains 87 percent of the land in the emirates. Abu Dhabi has 10 percent of the world's oil reserves. It has 4 percent of the world's natural gas reserves. It is the federal government of the UAE. Abu Dhabi was the vision of the late Sheikh Zayed, who the emirates were a protector for hundreds of years and for the British Empire, and they wanted to get their independence, which they got in the seventies from Britain. It was Sheikh Zayed's goal to take these seven territories, which were for hundreds of years run by the same families, the Nahyan family, Ajman family in Abu Dhabi, and the Al Maktoum family in Dubai, and form the UAE. Several years after forming the UAE they discovered a whole lot of oil.

EZRA DONER: And for those of us who are geographically challenged, where are the emirates?

HUNT LOWRY: The emirates are on the Gulf of Arabia. They border Saudi Arabia, and then Oman. When you're in Dubai you are literally a hundred miles from Iran, across the Gulf of Arabia.

EZRA DONER: So the emirates are on the Arabian Peninsula.

HUNT LOWRY: Exactly. Very beautiful. Abu Dhabi is an island surrounded by about a couple hundred natural islands. We're doing development on Yas Island. You all heard about the development on Saadiyat Island where they're building a Louvre, a Guggenheim, and Maritime museum, and performing arts and cultural centers.

EZRA DONER: Let's talk about that for a moment. There have been so many announcements from Abu Dhabi of educational and cultural initiatives. Tell us about them and how they fit into the national planning of the emirates and Abu Dhabi.

HUNT LOWRY: It's a very exciting place. I mean it's geographically set as a hub for Asia and Africa. You can catch a three-hour flight from Mumbai, and as you go farther, an eight-hour flight from Hong Kong; so they're a wonderful jumping off place for those two reasons. They are, to quote, 'blessed by so much oil,' and they want to build their infrastructure. They're doing it in a smart way with hospitals and education. They spend a lot of money on education. They just made a deal with New York University to do a whole undergraduate campus there. They're doing deals with Johns Hopkins for medicine. It goes on and on and on. They're building a lot of primary schools. They're doing a deal with the Cleveland Clinic. They're building a cultural vacation destination, but they also take into account, very strongly, quality of life for the UAE nationals to live. In the UAE only 20 percent of the population is made up of UAE nationals. You've got Indians, Pakistanis, other Middle Easterners, tons of expats from the U.K. and from Europe, South Africa, and Australia. So it's quite a melting pot.

EZRA DONER: And this 20 percent indigenous population in Abu Dhabi, that's against a total population of how much in Abu Dhabi?

HUNT LOWRY: Of all the emirates it's about five million people. About the size of West Virginia.

EZRA DONER: And, of course, there is the cultural element. I was in Abu Dhabi in October, and there are three dimensional building renderings for the Louvre up there at a cost of a billion dollars, and you think about it, there's a great deal of art in the Louvre which is not on display. Why not? Find another place to display it. There's going to be a Guggenheim there. Does Abu Dhabi have a film tradition?

HUNT LOWRY: Not yet. It's a new country, but they've got a couple TV stations, and they've obviously got radio stations. And through satellite they get everything. So when you turn on the TV there is a lot of channels. But they look at film, like everything else, as a part of culture. And the whole deal with Warner Brothers was not just a film deal by any means. We're doing a theme park on a Yas Island, a destination theme park. We're doing a themed hotel. We're doing four multiplex movie theaters. We've got a video game fund and a film fund, and we're also segued into local language films. It's a long list of things. It all ties in together, especially the English language films will help us get into local language films. We'll share the IP with Warner Brothers, and so that can help with the theme park, hotels, and with all the theaters the movies will play.

EZRA DONER: I remember when the announcement came out and it was on the Time Warner website and elsewhere, it picked up very quickly about the new venture between ALDAR and Warner Bros. Tell us about the process of how that developed from the point of view of doing business in another part of the world.

HUNT LOWRY: It went faster probably than anywhere else. I mean, I was over there in Dubai, actually, for the horserace and was meeting a friend of a friend who's a lawyer for a man named Simon Schmidt, and he worked in Abu Dhabi. He lived in Dubai at the time, an English fellow, and I was telling him I'd gotten permission from Warner Brothers to do this. I've done research on the emirates and Abu Dhabi, and so I talked to plenty of people to do an overall property development; pretty much everything Warner Brothers had to offer between their theaters, theme park, etc., etc. And so I was telling him about this, and he said, "Well, the place to do this is Abu Dhabi." And he told me more about Abu Dhabi, and so I came back in June. We actually first went to Abu Dhabi to meet with the Al Masdar initiative. Here's a country that has 10 percent of the oil reserves, but one of the things they're building is the first all green city. They're also spending tremendous sums of money in research, and they've got major strategic partners with the Al Masdar initiative to do alternate energy. And it's quite exciting; they do two conferences a year with their people, all the major people come over in the energy business, and being a fellow Oklahoman, I'm very proud of my state, the Sarkey School of Energy is a very big energy school in the University of Oklahoma. So I talked to the governor there and said, "I want to take this to Abu Dhabi." So my first meeting in Abu Dhabi was with Al Masdar, and I'm still working on that to bring Sarkey there as their next campus just like NYU will be a campus for undergrad. I saw the place, and thought it

was great, and then after that went back and wrote a proposal. And my friend Simon said, "Give this to Kathy Norman; who does a lot of work for Abu Dhabi," and he gave it to the chairman of ALDAR, and literally within two weeks I got a letter back from them that said, "Why don't you get on over here and bring a couple Warner Brothers people with you, and let's start talking about the things in your proposal." October was our first meeting, and by November we were in New York at the Time Warner Center announcing this deal. So it went very quickly. Both sides worked very hard on it, and they came to L.A. I brought lots of different Warner Brothers people. It seemed like every two months I was going back there with the people from Warner Brothers and it reached the chairman of Warner Brothers very quickly. And everyone agreed. Everyone it hit off very well together, and we worked it out. And now we're off and running. We've already broken ground on two multiplexes, and the theme park design is done. We're just about to get that. We'll have a meeting soon to get it totally approved. The theme hotel's being designed. So it's not one of those things that you announce and nothing happens. We're doing our first movie.

EZRA DONER: And what is the first movie?

HUNT LOWRY: *Shorts* with Robert Rodriguez. It's in the style and tone of *Spy Kids*. So it's a kids' fantasy, action, adventure, and comedy.

EZRA DONER: Will there be a production connection to Abu Dhabi or is that Abu Dhabi financing?

HUNT LOWRY: No, that's something we plan to do on some of our films for sure, but Robert Rodriguez will do *Shorts*, because he does a lot of his movies. He's kind of a one man band. He has a compound in Austin, so it'll be done in Texas.

EZRA DONER: Of this entire initiative between Warner Brothers and Abu Dhabi, which includes a theme park, exhibition production, and other developments, what would be the capital expenditure if it's all taken as far as intended?

HUNT LOWRY: Multibillion. That's our line. You've got the film funding. You've got the video. The theme park will be very expensive. Again, it's going to be a destination. Barry Meyers said this when we had our press announcement in New York, and he was absolutely right. We have talked about what we're doing right now, and we have talked about so many other things. It's the tip of the iceberg. If you talk about all the things that Warner Brothers does and Time Warner Brothers does, there is just such a wonderful synergy, and everything's going so well right now we're already in talks about other things to do together in the property

development media in whatever sector.

EZRA DONER: We spoke about this a bit earlier how after you've worked in the film business so many years, and as I have, and then to suddenly be involved in real estate development and theme parks, it's a wonderful change.

HUNT LOWRY: Obviously, I just take what I took in the film business. I was a producer and I tried to work with creative people and bring my creativity and business sense and organization sense to the table. Sometimes it was more appreciated than others, but I only can relate to that as a producer. But it's great. I take those same sensibilities, and I have a great time to think while designing the other major design firm out of Burbank. They're designing the theme park for us. It's exciting going to those very high tech meetings where they put up the animatronics and this and that. It's fun to see stuff about the hotel and the theaters. It's new to me.

EZRA DONER: And wherever you do business around the world, and today we have people speaking on behalf of Jordan and China and India, there are cultural issues. And the cultural issues take all kinds of forms. One is a content issue. What is the understanding with the interests in Abu Dhabi about the kind of content that will appear in the movies or the content that won't appear?

HUNT LOWRY: That's not a problem for me at all because of the type of movies I make. The only thing we can make is action/adventure and comedies. What we won't do, just because it doesn't play there, would be movies with overt nudity and movies with overt drug use. Which, again, if you've seen my films, that stuff is not in there anyway, but that's about it. When you go to a movie theater in Abu Dhabi they have very nice multiplexes and if you shut your eyes you would think you were in America because the posters are there. It's like any big multiplex. You'll see a few more Indian movies. You'll see some East Asian movies. You'll see mostly I would say international like American/European mainstream movies. So you'll see it all. And they're big moviegoers.

EZRA DONER: And what is anticipated will be the green light process going forward as you develop projects?

HUNT LOWRY: It'll be a board. It will be my partners from Abu Dhabi and I. And we'll just do it together with those who are co-financing or coproducing with Warner Brothers. So Warner Brothers will offer something and we'll develop something, and it'll just be a conversation.

EZRA DONER: And how about the regional distribution in the Gulf states, the Middle East generally?

HUNT LOWRY: There are distributors in every country. There’s several in Dubai. It’s pretty much the same way that it is here. What I found out when I used to run Pandora is that it’s usually owner/operators. Once you get out of American distribution, such as in Spain and similar places, you deal with owner/operators. That’s the way it is in Abu Dhabi, too.

EZRA DONER: And part of the ambition, I understand, for Abu Dhabi is to create jobs for the people who live there, the citizens of Abu Dhabi, and to try to create high tech jobs—jobs that are in the knowledge sector. They’re blessed with the wealth that they have, but at some point it will run out and, even so, very few of the Abu Dhabi people are actually working in the physical production sector of oil, but there are also many guest workers.

HUNT LOWRY: Yeah, there are.

EZRA DONER: Tell me what the discussions have been and your thoughts about concentrating those knowledge workers, if you will, whether they’re working in the computer and post-production side in Abu Dhabi in addition to the physical production. What are the plans for that? Does that kind of distributive workforce have special dedicated facilities in Abu Dhabi?

HUNT LOWRY: Sure. I mean, they’ve established a media zone where the company will be their anchor tenant there. There are a few sound stages there right now, and a few television stations. The New York Film Academy announced they were going to start a film school, which they’ve done. They started in February, and they’ve got students and equipment over there. They’re moving along very quickly. Obviously, what is good about the film industry is you do learn it by doing it. So once we do start shooting more movies the local language will help. Obviously, the TV operation helps. So it’s a growth business.

EZRA DONER: What are the reasons for media zones? There are a media zones in Dubai and Abu Dhabi.

HUNT LOWRY: You see a lot in the emirates. All of the Middle East has media city or media zone. There’s Education City. Sheikh Mosa started that in Qatar. There’s a technical zone, and so it’s just a kind of a district.

EZRA DONER: My understanding, in the case of Dubai, and I’m not sure about Abu Dhabi, is that in the areas outside of the media zones emirates law applies, so that if there’s going to be a business venture there needs to be, typically, a venture partner from the emirates, and so forth. In the media zones my understanding is that the companies

HUNT LOWRY: Media zones are free zones.

EZRA DONER: They're free zones.

HUNT LOWRY: The whole place has free zones. And that's where it's really inviting to expats and expat companies to come in, whether it be manufacturing or high tech or whatever you're doing, they can locate the media zone. Again, that was the idea of the late Sheikh Zayed who was quite a visionary man in order to have these free zones. They have them both in Dubai and Abu Dhabi.

EZRA DONER: Right. So there is a legal context.

HUNT LOWRY: It is incentive. You can locate here. It's easier to move forward.

EZRA DONER: What I found in visiting Abu Dhabi is that many law firms are opening offices there.

HUNT LOWRY: Latham & Watkins just announced, and there's more and more.

EZRA DONER: There are firms that have been there for years, and I met with a fellow who had been there twenty years, and seemed to have gone somewhat native. He had that dissolute quality, I think, with the gin and tonics starting around two o'clock in the heat of the day, and he knew everyone. And now there are more firms coming in. Hundreds of years ago as cultures migrated, particularly the Western cultures, the first people to make contact were the missionaries. It seems now often it's the lawyers are among the first to make contact.

HUNT LOWRY: You're saying they're one and the same?

EZRA DONER: Maybe. Is there anything else you'd like to tell us about this? I mean, I guess I can ask you from the Warner Brothers' point of view what do they see here? When you went to them what was their reaction?

HUNT LOWRY: It was positive. You're talking about it, and like anyplace else, once you go there you get it a lot better. So they said okay. I got this letter and they certainly sent two other people. Steve Ross was one of the first to travel there actually, and so was Doug Regan from strategic planning, so they sent two key executives, and they had a good experience. The very first trip was November, and we were back again in December. I was back twice in February. Then Barry Meyers and Kevin Tsujihara came over in June. We had very important meetings.

EZRA DONER: How many trips altogether?

HUNT LOWRY: About eight. You have blackberry, fax, telephone, conference calls, videoconference calls, and all that helps, but you get more done when you're face to face. It's great when they come over here, and we get a lot done when we go over there.

EZRA DONER: You dealt with ALDAR. Did you have any dealings directly with the sovereign funds in Abu Dhabi?

HUNT LOWRY: Well, ALDAR is funded through ALDAR's company, but also Mubadala is their kindred spirits. And Mubadala is a fund, so we deal with them. Al Bandar is the Chairman of ALDAR. He's on the board with Mubadala.

EZRA DONER: Just to briefly explain sovereign funds, the little I know, I'm sure many people know more than me, some of you maybe know less. The oil exporting countries and other countries with positive balance of trades have so much capital at their disposal that they are now instead of just passively parking that capital in treasuries or in passive positions in the public capital markets, they're actually taking an active role. I'm sure many of you have seen that sovereign funds around the world have taken positions in investment banks.

HUNT LOWRY: There have been a lot of announcements.

EZRA DONER: As they have been challenged, they've taken positions on very favorable terms. This is year is a much more equal field. Anything else that you would like to

HUNT LOWRY: I just encourage everyone to visit Abu Dhabi. It sounds corny, but it's not. It's a very progressive place, and they see a major way to world peace is through culture and through dialogue. They do see culture as being a major, major player in spite of the thing on Saadiyat Island. They want to be a leisure destination, so people will come over there, see them, meet them, and so they can understand your culture better, and you can understand their culture better. They believe that very strongly, and they act on it in a very positive way.

EZRA DONER: It sounds like the role that Beirut had for many years as a kind of international cosmopolitan city in the Middle East.

HUNT LOWRY: That's exactly right.

EZRA DONER: Now with the troubles there, there are more secure places.

HUNT LOWRY: No, it's completely safe there. It's a good feel. You have the sand and the sun, and it's a very tranquil environment over there.

EZRA DONER: Well, terrific. We're going to try to keep to our schedule and move along. We're going to set up some audio visual. There will be chance to ask questions at the end of our scheduled hour and a quarter or whatever it is or perhaps as you see our panelists after the end of this program. How many in the audience today are film producers? A little over half.

[AUDIO VISUAL SETUP]

EZRA DONER: So we're going on to our next speaker, Lokesh Dhar. He is with the company UTV. It is one of the largest or perhaps the largest motion picture company in India. Lokesh is based here for UTV. His details are in the materials, and he's going to tell us about the opportunities in the Indian film entertainment sector.

LOKESH DHAR: I'm just going to start with a little bit of self-promotion. So it's only three minutes. It's actually a story. It'll just give you a visual reference of films in India. It's our corporate story, but it's focused on motion pictures.

[VIDEO]

LOKESH DHAR: So I'm just going to go with the presentation. I'm going to go over the entertainment and media industry in India, and then I'll focus on motion pictures. This is the scenario right now in the year 2007. We are a \$12.89 billion industry with the bulk of the revenue coming through television, which is \$5.83 billion, and films contributes \$2.47 billion in print, and then the rest of the revenues are not anything considerable. But the India economy is growing right now at 8 to 9 percent annually, but the media is growing at 18 percent, and television is growing at 22 percent per annum, and films are growing at 16 percent. So the growth rate that India is seeing in media has been like this for the last five years, and it's projected that for the next five years it will continue like that, and our entertainment and media industry will be a \$25 billion industry by 2011. It's not huge in comparison to what the U.S. does right now, but there is tremendous potential in the India entertainment and media industry. And I'll go over some of the big industries, which are television, films and print. And if you notice even an industry like print in India is growing at a rate of 13 percent, which is actually probably by far the most in the world. India has around 515 million literate people, and around 300 million people have access to newspapers, and it's culturally inbred—people read a lot of the print media. And there is a gap of 200 million who still don't have access to print media because of their economic situations. And so the potential is there for the print media also to grow. So these are the foreign investment limits for the different industries in India. I'll just give you a brief background of where we started from. I've spoken with a lot of American people who have grown up in the forties and the fifties, and I've spoken to them about the eighties in India. And, essentially, we

had one television channel in the eighties, which was run by the state. We had black and white programming until 1982. We got the first program in color in 1982, and that was because of the Asian games. And this continued until late in the eighties. We had a film industry which was being financed through the underworld, which is the mafia. Ninety percent of the film financing was through the mafia. There was no equity financing. There were no corporations. There were a few people who were running the film industry. The actors were basically their kids. And there were no scripts. People would just go and shoot, and the quality was atrocious. The theater experience was such that you go to a theater and there would be rats crawling around on the floor, and all that. So that was where we started from in the eighties. And we had one television channel. Today we have 300 television channels. And this is from 1992 to 2007. And we are adding fifty channels a year. So by 2011 we'll have 500 channels. I'll come to that. And these are the maximum foreign limits in the different industries. As you can see with motion pictures production, exhibition, distribution, foreign investors can invest 100 percent. Sony is already there. Disney has already announced a coproduction deal with some of their top directors. Disney actually owns 32 percent of our company. And Fox is getting into production there as well. So, all of these big studios in the U.S. are seriously looking at the India market. They are not only looking at what they can do in terms of distributing English films, they're also looking at it in terms of the Hindi film language production and the Indian films, because that's a huge growth area for them. I'll move on to the next slide. This is the print distribution that we have in India. We have a population of 1.1 billion. And out of that, 552 million people are literate. And that literacy rate is also growing at a phenomenal pace. There are still 230 million who don't have access to newspapers and print media because they're not economically empowered. It's only second to China. We sell \$90 million print copies a day in India. This is the television market in India. We have \$3.8 billion in subscription revenue in 2007, which is this year. The total TV households are 105 million, and the total households are around 210 million. So there are still 105 million households that do not have access to television. They don't have television, but around 118 million households have access to television. You may ask "how's that possible if there are only 105 million households who own a television set?" In India television sometimes becomes a community event. So, in the rural areas all the neighbors will go to one house where there is a television, and they'll watch it there. So the accessibility is 418 million people. To compare some of the numbers in the U.S., the U.S. has a 99 percent penetration rate in terms of television—99

percent of the households have television. In India it's 50 percent, and people are buying television sets at a phenomenal pace. For example, out of these 105 million households, only 60 percent of them have color TVs. Forty percent of them still have black and white TVs. So we're looking at a phenomenal pace of growth not only of the television market in terms of the pay TV revenues and subscriber revenues, but also in terms of television sets being sold. There are a lot of Korean companies who are already there, and they are aggressive in selling TVs. One of the biggest stumbling blocks which India has had in terms of digitizing the technology and pay TV revenues is that there is a lot of government intervention, and there's four tariffs when it comes to pay TV. It's been controlled by the government, and as you can see right now the revenue for subscribers is \$4.1 dollars, which is less than 1/10 of what is there in America. And it's only going to go to \$4.9 dollars by 2012 because the government has stipulated the inflation amount and the payment that an end consumer will make for pay TV. So it is a little challenging in that sense, but you can see the growth. And for the last five years we've had year over year growth of 25 percent in the television market. This is the motion picture market, and I have given an example of just a comparison between U.S. and India. The U.S. has 38,415 screens, whereas India has 11,183 screens for 1.1 billion people. Out of those 11,183 screens, there are only 624 multiplex screens. And those multiplex screens are contributing around 30 to 40 percent of the theatrical revenue. There are almost 100 to 150 multiplex screens being added every year. And there's tremendous exhibition. Right now Village Roadshow is probably the only company from outside India that is there from Australia. And none of the AMCs or the Regals have really explored that market in the sense they're not there in the market; though, they may have explored it. But just to give you an example, when a big film in India releases, the occupancy rates in theaters are around 90 to 95 percent full for every show for the first ten to fifteen days, because there's not enough screens there, especially in the urban metros. The average ticket price is \$0.6 dollars, which is by far the lowest in the world. There is growth in that because the average ticket price for a multiplex screen is around \$4 there. And you can see the theatrical revenue. We have \$1.9 billion in theatrical revenue. India's the largest film producing nation in the world. We produce around 900 films, out of which 154 are in the Hindi language, and the rest are in regional languages because we have sixteen main languages. And Hollywood films do less than 5 percent of the business there, which is very different from anywhere else in the world if you compare China or Latin America, or anywhere else in the world. Hollywood films are the major contributors for film industry in any

geography of this world. And we have 154 films, which were released in Hindi language, which is popularly known as Bollywood for some reason. Out of those 154 films, ten to fifteen movies will do 80 percent of the business because India is a completely star-driven market. They worship the five or six big stars. They have temples for them. If they have a fractured leg they'll be 100,000 people outside the hospital praying for them, and if they get married, you know, if two stars get married that's the only thing that the media will cover. And I think culturally that's because for them there is aspiration value when they look at a star, and it's something which they fantasize about that. So this is, in general, the market for the entertainment and media industry in India. In terms of motion pictures we have all the big companies: the Sony's, the Fox's, and they're all looking to invest big time. Do you have any questions?

EZRA DONER: Thank you, Lokesh. Before we turn to our other panelists, I did want to ask you what is UTV doing in the United States? What are you doing?

LOKESH DHAR: We are producing films. We've coproduced three films already with Fox, and we also have a deal with those theaters. We're also producing independent films now. We are producing a film which we'll be shooting next month. It's a small budget, English language film. And we're also distributing Indian films in North America, and everywhere else in the world, because North America is one-third of the overseas market for the Indian films. We have three million people who live here.

EZRA DONER: And the Indian films that are shooting in the United States, what is a typical budget level?

LOKESH DHAR: The typical budget is around \$4 to \$12 million. It won't go beyond \$12 million because we cannot recuperate our revenues the way Hollywood movies do because of piracy. And number two, as you saw, the ticket prices are an issue, and we don't even have enough screens right now to accommodate people there.

EZRA DONER: So in the theatrical market, that's the biggest source of revenue.

LOKESH DHAR: Typically 84 percent of our film revenues.

EZRA DONER: Right. Which is quite different than in the U.S. market. And DVD, is that still mostly a challenge in the piracy market?

LOKESH DHAR: Absolutely a big challenge. What we are hoping is that due to the television boom, because television is something which propels the growth for films, we will have enhanced revenue when it comes to pay TV. If you look at the Hollywood films, if we do \$30 billion in box office, we do \$10 billion on pay TV. That's not the case anymore

because we don't have that pay TV market right now, but we're getting there.

EZRA DONER: Well, thank you. Thank you so much.

LOKESH DHAR: Thanks.

EZRA DONER: And, again, I hope we have time at the end if you have questions for our panelists. Our next speaker is George David of the Royal Film Commission of Jordan. George is Jordanian born; educated in the United States; and has worked here. He's worked in various aspects of film and entertainment, and the Jordanian film commissioners had a remarkable success in the last few years in attracting film productions to Jordan. George wanted to show a little reel as well.

GEORGE DAVID: Yes, thanks. Hopefully we can do this here.

[VIDEO]

GEORGE DAVID: The Royal Film Commission was established in 2003 with a vision to promote film culture in Jordan. It reflects on His Majesty King Abdullah's vision to promote culture in the country. His Majesty himself is an avid film fan. Our vision is to build in Jordan a world class cutting edge film industry where all people of the Middle East can freely make films alongside the world's most talented artists. We do this through several ways. We encourage Jordanians and people from the Middle East to participate in the industry. We also, through the film commission, have educational programs. Within the commission, we're affiliated with several institutes, which I'll talk about later. We also have several initiatives that promote culture within the country. The capacity building department is our training department that set up workshops throughout the year in different aspects of filmmaking ranging from screenwriting, filmmaking, post-production, and digital filmmaking. Our main partners are the University of Southern California that conducts a good amount of the workshops, and the Sundance Institute that holds the Middle East Screenwriting Lab where several instructors who are accomplished screenwriters and several fellows from the Middle East get together once a year in a very remote part of Jordan in the desert where there's nothing there but . . . well, actually, we managed to put internet there, don't ask me how. And they exchange their ideas and develop the screenplay they're already working on. The main aim behind the RFC's capacity building efforts is to nurture creativity, encourage freedom of expression, and empower Jordanians to own and tell their stories through the universal language of cinematic art. We also provide production services to foreign and regional productions. Our productions services

department is also responsible for promoting Jordan as a location for filming. As you can see, the production services we provide range from permitting, location spotting, location scouting, and assisting in locating cast and crew. We try not to set any limits to what services we can provide. So we've supported twelve productions last year internationally of which three were Jordanian. It was, to date, our biggest year compared to one in 2006, and none in 2005. It was definitely a year to remember. We also organize screenings across Jordan of international films and Jordanian short films to foster film culture within the country. Why film in Jordan? We have production services, infrastructure, a stable currency, free trade agreements, and intellectual property laws. When it comes to the content of anything being filmed in Jordan, Jordan tries to follow a very lenient policy where we don't get involved in what films in Jordan unless it blatantly insults a certain culture or religion. But, other than that, we've had a lot of different films, especially in the last year ranging from different ideologies and point of views. The Red Sea Institute of Cinematic Arts is a university that will teach the Masters program in filmmaking. This initiative is in collaboration with the University of Southern California. The actual facility is already built in Aqaba, south of Jordan. And the first class will resume in September of 2008. Students will receive a Masters of Fine Arts in Cinema. These are future projects that are planned, Studio City with studio facilities. Also it's going to be near the school, and a film fund as well. Thank you.

EZRA DONER: We want to keep to our schedule, but I do have one question for you. Are there financial opportunities in Jordan? Are there investors there? Are there financial institutions the government facilitates? Anything along those lines?

GEORGE DAVID: Actually, at this moment, no because film in Jordan is still at its very early stages. We had the first Jordanian film last year, which was funded by private investors within Jordan. We're hoping that will encourage more people, but at the moment people prefer to invest in buildings.

EZRA DONER: Of the nine international films that you attracted to Jordan last year, where would those films have shot if they hadn't gone to Jordan?

GEORGE DAVID: Two of them in Iraq, and I don't think that's a good idea right now. And the films that had the desert scenes, there are deserts in Morocco, in Spain, in Tunis.

EZRA DONER: So you're eating their lunch.

GEORGE DAVID: Sometimes, yeah.

EZRA DONER: Thank you very much.

GEORGE DAVID: Thank you, sir. Thank you.

EZRA DONER: Our next speaker is Ellen Eliasoph. She's now Senior of Counsel to the firm of Covington and Burling in Washington, D.C., and she was, for many years, a Warner representative in China and, in fact, head of Warner . . .

ELLEN ELIASOPH: President.

EZRA DONER: President of the . . . which entity was that?

ELLEN ELIASOPH: Warner Brothers Pictures China.

EZRA DONER: Warner Brothers Pictures China. So Ellen has exorbitant experience as an executive and as a lawyer, and dealing hands on. And I'll turn it over to you Ellen.

ELLEN ELIASOPH: Good. Okay. I'm going to give you the good news, and then the not-so-good news. The good news is embodied in this clip from *Survivor*, which Trish Middleton kindly brought. *Survivor* is broadcast by CBS, and produced by the Mark Burnett Company: we worked with them in China. Warner Brothers' joint venture studio in China worked with *Survivor* in China as their local partner, and we helped them set up the shoot, which turned out to be the only network reality TV show from abroad that's ever been shot in China, and the biggest foreign production ever in China. And I think they got very good quality for what they spent, as you'll see for yourself.

[VIDEO]

ELLEN ELIASOPH: Can you show the first . . . the clip after that, which is the introduction, or do you think . . . well, it's showing anyway. We'll just let this play out. This is actually where they shot.

[VIDEO]

ELLEN ELIASOPH: So how many people know who won?

UNKNOWN MALE: Gay Mormon flight attendant.

ELLEN ELIASOPH: The gay Mormon flight attendant. Yes. It was amazing. We were so honored to work with these guys, and it took a year for us to help them scout thirteen locations in China. To find a place in China where the scenery is beautiful, where you can feed yourself from the environment, and where there's no people is almost impossible, which is why we scouted for so long.

Anyway, I am not going to go through my whole written presentation

because it's quite detailed. What I wanted to say, though, is that listening to the other three speakers, three things stood out. One was that Hunt stated that in Abu Dhabi they view film as part of culture. Another thing was that we learned that the box office in India is almost \$2 billion a year. The box office in China is less than \$500 million a year. And seeing the slides that said, "Jordan Invites You to Create," made me feel like now I understand why I have so little hair left, because it is everything that the other countries are doing to try to welcome filmmakers that is, by contrast, very difficult to do in China, for one major reason: which is that China still hasn't decided whether film is part of culture or whether film is something else. And if you look at a recent notice that came out from the government with respect to censorship guidelines in China, you will see what they think film is about. "In order to thoroughly implement the policy adopted at the seventeenth National Party Congress of promoting the active development and flourishing of socialist culture". It goes on and on about all these different working precepts: "Adhere to the policies for the people and for socialism, and let 100 flowers bloom. Maintain the principle of sticking close to the masses, to socialism and to reality. Maintain a correct creative direction. Consistently maintain the priority of protecting the healthy development of young people and the interests of society. Further the flourishing of creativity. Strengthen management. Purify the movie screens. Provide to the great masses healthy, beneficial, copious and very spiritual nourishment. And create a film environment which is ever more harmonious and ever more green". Now, there are some things in there that sound really encouraging, but the fact is that this is very didactic and ideological in nature. And what you find as a filmmaker going into China is that you're navigating through an orientation which is trying to nudge you into a particular direction, which they view as the "correct creative direction". The *Survivor* crew was very, very lucky. They were shooting a reality show in China, and you can't have a "correct creative direction" when you're shooting reality. I mean, we actually know that there's a lot of creativity that goes into this, but because it wasn't fiction, because it wasn't feature material, it was easier to explain that you just needed to shoot and get the tapes out, and we needed to edit them and broadcast them, and that was fine. But that was what's called "a production services agreement" or an "assisted production" in China. And I'll just go through very quickly because I think we want to have time for questions, but the total box office in 2007 in China was only \$455 million U.S. dollars. That includes all films released, and they even count Hong Kong movies' box office, in there. So it's really a very small amount given the size of the country and the high ticket prices: incidentally, because if the ticket prices

in India are sixty cents, well the ticket prices in China are between \$3 and \$8. And so you'd think that, gee, there must be 1.3 billion people in China, but there's really only about 200 million people in China who can afford to go see movies in cinemas at that level of expense. Moreover, there are virtually no ancillary revenues in China. That's a situation that's similar to India. There are also no state subsidies or tax breaks for production. So there's no soft money in China. It's very "hard": hard to get. And banks won't lend directly to PRC productions because of the uncertainties of the legal system. You don't really know what you're going to get if you're a banker. If somebody has presold distribution rights for outside of China they'll take a security interest in that, but other than that they will not lend directly. The dilemma is that if you structure something as a co-production it's viewed by the Film Bureau as a Chinese copyright, and, it can automatically be released in the domestic market (subject, of course, to final censorship approval). However, the version that is approved by the Film Bureau for release in the domestic market is the only version that's permitted to be released anywhere in the world. And so, essentially, you are giving the Film Bureau final cut on your movie for the whole world, and that's a very, very big thing to give. There's an import system, but only twenty films are allowed in on a revenue-sharing basis each year, and so the likelihood is that if you shoot a movie in China, you may not be able to get it in because you're competing with the *Harry Potters* or the *Da Vinci Codes* or whatever it is because the Chinese import company wants to bring in the blockbusters that will generate as much box office as possible for China. There's a box office chart here: I mean, you'd think that \$455 million sounds like a small amount, but look at 2004. The total box office was \$203 million. And in 2001, I think it was, the total box office was only \$120 million. So, I mean, you see growth here, and there has been a movement towards growth, but you also know that there's always a swing of pendulum back in the other direction. Right now we're in one of those phases. And you can read this in your spare time, but essentially, it's what I said in the first line, which is that China's film industry is transitioning from a didactic orientation to commercialization. And so you never know when you go in if you're going to be lucky and find yourself in a phase where they're feeling more experimental rather than a phase where they're tightening. Right now, because of all of the concerns about the Olympics, it's a very hard time to get a shooting permit in China. So a lot of filmmakers, including us and clients I represent, are holding our scripts for now, and we're going to submit after the Olympics. Now there's a whole bunch of information here about how to do a coproduction in China, and also examples of successful assisted

productions like *Kill Bill*, *Mission Impossible 3*, *Survivor*, and *The Kite Runner*, which were shot in China under production services deals, but which were never intended for release in China. And I think that those movies are good examples of the kind of quality you can get for a very reasonable price if you bring a production into China, and you shoot there. And it's just, I mean, the endless variety of scenery, which Trish is well aware of because she saw all the pictures from all of the scouts. And I don't think there's any place in the world that offers what China does from the point of view of different locations that are every type of terrain imaginable, all sorts of interesting architecture, it's just extraordinary. I can't think of any country that has that kind of diversity except maybe the United States. Then all of the rest of this here is examples of how you set up co-productions, what you need and how you need to approach it. *The Painted Veil*, which we were very proud of, was a co-production, which meant that the Chinese Film Bureau had the final cut on the movie. And *Mummy 3* is actually a co-production as well. So it'll be interesting to see how that comes out. There is a go-to organization called the China Film Co-production Corporation. They do try to be helpful. And, again, though, they're subject to what the Film Bureau requires and what the government requires at any given time. And I put in a lot of things about what types of documentation you need to have, etc. Again, there's a lot of know-how that goes into this because there's what the rules say, but then there's what experience actually demonstrates, and how you present things, how you position things, and you how you get them approved. All of that requires a lot of hands-on work, and you can't just go in and out, and expect that things will go smoothly. So I think I'll end there because we only have five minutes left before the lunch break. Thank you.

EZRA DONER: Ellen, before I open the floor to questions I do want to ask about the experience of foreign producers with film services agreements in China. Is it a good experience, and what are some of the countries you'll be competitive with filming in China?

ELLEN ELIASOPH: I think it depends who your partner is in China because there's not a great deal of transparency in terms of what goes on behind the scenes, and what the real cost is of renting equipment and where the money is flowing. I think the *Survivor* team did it right. They brought in . . . how many people did you bring in? About one-hundred and forty people, right?

TRISH MIDDLETON: Two-hundred and fifty, two-hundred and seventy-five.

ELLEN ELIASOPH: Okay. Even more. They brought in their very seasoned, very experienced team of producers who had already shot in

fourteen different locations all over the world, and they essentially replicated the way they work, they just replicated it in China. And even then there were issues about fees for locations, and the degree to which the people who said they owned the locations really did own and control the locations, and we had to spend quite a bit of time as their partner, actually, beating back a bunch of people who came with their hands out. And so it's not straightforward or easy, but once you're in there and you have it going you get value for money. And I would imagine that it can be one of the most cost effective places in the world to shoot, actually.

EZRA DONER: Thank you.

JAY DOUGHERTY: I'd like to make a comment. I just want to say that, if I'm understanding Ellen correctly, there are really two ways that one can make films in China these days, which is an assisted production or co-production.

ELLEN ELIASOPH: Right.

JAY DOUGHERTY: And the co-production isn't subject to quotas, and is entitled to a larger share of box office.

ELLEN ELIASOPH: Correct.

JAY DOUGHERTY: But it has final cut with the Chinese organization.

ELLEN ELIASOPH: Correct. Right.

JAY DOUGHERTY: And in an assisted production there are quota limitations on the number of films, but there's no final cuts, and . . .

ELLEN ELIASOPH: You do need a shooting permit, and you do submit at the end generally to show what you've shot. Although *Survivor* didn't have to do that, which was really a breakthrough, but I don't think that they would allow that for a feature film. But when you submit, unless there's something egregiously different from what the shooting permit provided for, you'll be able to take your film and release it anywhere in the world. But, again, if you want to release it in China you have to present it to the Film Bureau for screening and censorship as an import movie. So the version of *Mission Impossible 3* that was released in China was very, very different from the version that was released in the rest of the world because they did what they do with any import movie, which is that they said, "If you want to release your movie here, here are the cuts, and you have to make them for China," but, of course, they didn't have to make them for the rest of the world, so that's a big difference.

JAY DOUGHERTY: And in that situation of an assisted production is there normally a Chinese partner basically?

ELLEN ELIASOPH: There has to be a Chinese partner. You can't

shoot anything in China without a Chinese partner because the Chinese partner is the interface with the Film Bureau, and is the party that is on the hook and whose reputation is on the line for any of these productions. And I don't think they're going to give that up anytime in the near future.

JAY DOUGHERTY: And then the other aspect of the assisted productions is that unlike the co-productions where they're entitled to around up to maybe 40 percent of box office, the assisted productions are limited to 13 to 17 percent box office.

ELLEN ELIASOPH: Any import movies are limited to 13 percent on a sliding scale that goes up to 17 percent, but there's never been an import movie except for *Transformers* that's gotten up to 17 percent, because you have to generate huge box office in China in order to get that higher percentage. So, yes, essentially, with an assisted production, bringing it back in you'd probably end up with about 13 or 14 percent film rental.

JAY DOUGHERTY: Thank you.

EZRA DONER: Any questions?

UNKNOWN MALE: I had a question for Hunt. Relative to the financing of the theme park complex in Abu Dhabi and certainly in a sense that that representative of U.S. media conglomerates and foreign theme parks, my assumption would be there that because there is so much wealth in Abu Dhabi that the line share of the investment comes out of Abu Dhabi, and from Warner's standpoint it may almost be a licensing kind of a thing.

HUNT LOWRY: It is.

EZRA DONER: Could you tell us about the kinds of deals that are being done?

HUNT LOWRY: Sure. Warner Brothers is not in a theme park business. I mean, even there as far as ownership. Their theme park in Australia is owned by Village Roadshow. Their park in Madrid is owned there. So that the theme park is a licensed agreement, as is the themed hotel. The theaters, the film, the video, they're investors in all of that. So the film is fifty-fifty. The video is fifty-fifty. Warner Brothers is also investing a certain amount. It's sliding. It may be 51 percent, it may be less on the movie theaters.

EZRA DONER: I do want to ask that people who have questions to identify themselves. And you are?

KEN SILVERMAN: My name is Ken Silverman and I've been involved in India media and entertainment for about decade, and represent the Tata Group here as a strategic advisor, as well as working with the government of Maharashtra to develop a theme park in Mumbai.

EZRA DONER: Thank you. Yes?

RICHARD JEFFERY: Richard Jeffrey, movie director and producer. I think there may be . . . I know there are a few of media creative folks here who actually make this stuff, and my question is we're hearing a lot about the major studio (inaudible) . . . with major government. What opportunities exist in each of these areas that have been discussed or mid level opportunities for the creative entrepreneur to engage with the local entities to come out with a win-win for both? Anyone?

EZRA DONER: Well, let me steer that question. (Inaudible) . . . some of the co-productions and what the character is to scale, and whether they're more similar to independent productions or studio productions.

LOKESH DHAR: I think from an investment point of view what we realized is that we've been successful with the kind of films that we've done in India, and we have a decent sense of what works there. And we want to translate that to other markets. And that was one of the reasons why we entered into coproduction arrangements with Fox. Now, that was also because we wanted a foot in the door. And now we are getting into 100 percent financing in the U.S.. So just like any other studio here we are also reviewing scripts. We are developing films. As I mentioned earlier, we are developing a film for just getting into production next . . . I mean, it's already into production. It's going into principal photography next month in Austin, and that's an independent English film. It has nothing to do with India in terms of the language or the characters, or anything. We are developing it because I think our standpoint is we feel that for us to scale up in the motion picture environment we need to go into other geographies and produce it. I mean, yesterday I met the film commissioner of Mexico, and she said that we want to do something, and we are doing something in July in Mexico to promote India-Mexico because we have such cultural similarities. So, nothing has been formally done as such from the government in India. I can't speak of other nations, but from a corporate standpoint we are looking at independent producers, directors and writers because we've understood a little bit of the studio system as well.

EZRA DONER: When we started this panel I asked people how many film commissioners there are and how many executives, agents. I forgot to ask filmmakers. Yes. Okay. Yes, Gary.

GARY CONCOFF: Gary Concoff, motion picture lawyer involved in a lot of finance deals. Let me ask Ellen. Clients of mine, producers, have been approached or have approached in two different situations, wealthy Chinese entrepreneurs interested in financing films to be shot in China. In both of those cases trying to determine the extent of limitations

of the kind you were talking about has been rather murky. Is it true that nonetheless even if finance out of China were shooting in China privately that the principles you're talking about would fly?

ELLEN ELIASOPH: If it's financed from outside of China . . .

GARY CONCOFF: No, financed from within China.

ELLEN ELIASOPH: Oh, then the principles will apply unless the Chinese financier agrees to give up the right to distribute the movie in China because

GARY CONCOFF: In other words, the same rules apply in the cases I've dealt with (overtalking)

ELLEN ELIASOPH: Right. Sorry? It was . . . ?

GARY CONCOFF: (Inaudible) . . . that being the case.

ELLEN ELIASOPH: Well, here's . . . the financial equation works like this, if a financier comes from inside of China and says, "I want to invest in your movie," then you need to say, "Well, okay, but we don't think we necessarily want to structure it as a co-production because we're not sure if we want to submit our movie for final edit." So then they may say, "Oh, but if I can't get the right to release the money in China . . . how am I going to recoup my investment?" So if you can say to the Chinese financier, "No problem, you can recoup as a net profit participant from the rest of world, and they're willing to agree to that, that's fine."

GARY CONCOFF: Well, and that is the situation. In other words, in these cases the Chinese exploitation will not be significant as compared to worldwide.

ELLEN ELIASOPH: Correct. Exactly. And as long as everybody's clear on that, that's fine.

GARY CONCOFF: (inaudible).

ELLEN ELIASOPH: Yes.

JAY DOUGHERTY: More questions? Yes.

ROBERT: I'm Robert (inaudible) . . . for Newmarket Films. My question is for Ellen. Has the government in China put any pressure on the sovereign funds in terms of what their investments can be in U.S. film companies or in production from that perspective?

ELLEN ELIASOPH: Actually, no. The head of the CIC, Gao Xiqing, I know him very well. He's actually a Chinese lawyer who went to Duke and ended up being very prominent in the government, and he's spent his life in the legal/securities/banking area, but he has a lot of friends in the film industry. And I can tell you for sure that CIC has no intention right now of investing in the film industry anywhere. It's really low on their list of priorities, because they understand how tricky it is and how risky it is.

And they're looking for a well-defined return.

EZRA DONER: (Inaudible) . . . I have another question. How much of this applies to Hong Kong?

ELLEN ELIASOPH: Hong Kong movies also have to get script approvals if they want to shoot in China. If they want to shoot just in Hong Kong it doesn't apply at all because Hong Kong has a separate legal system from China. But most Hong Kong filmmakers these days see China as the big market in the backyard, and they would really love to be able to recoup some of their investment in the Mainland. And so there's always a conversation that takes place as to, "Well, if we're going to shoot in China how do we deal with the censorship issues?", because they're regarded as foreign filmmakers from the point of view of the Chinese censorship regime.

JAY DOUGHERTY: We'll take one more question, so that we allow time for lunch. Anyone else?

RICHARD: Just, actually, a response to a question. My name is Richard, writer, filmmaker. I'm also a film producer, and worked around the world also raising money, and running film companies. And an interesting notion has occurred to me in my work. I spent years running a film company in Russia. I've worked in China. I've worked in India and Korea, and other places. And it's common I've seen that as these industries emerge there is a real shortage not only of experienced talent in producing films, but really in telling stories. It's not that there aren't very good writers in all these places. Russia, what I remember, produces a great tradition of writers, but nobody knows how to write a properly structured screenplay. And it just strikes me that there's an opportunity here with so many talented writers in Los Angeles, not that . . . there's a gap, of course, in culture and language that has to be bridged, but the fundamentals of storytelling are the same everywhere. And so I guess I'm just positing an idea, and especially to the panel, that maybe there's . . . now, when I was running production in Russia I read 200 screenplays, some of them in Russian. My Russian's not that great. But I found one that actually was put into production. It was a very good one. (Inaudible) . . . and that was it.

LOKESH DHAR: I think what's happening when we see films here it's a different form of film in the U.S.. And in India, culturally, in other countries as well, it's a different form which works. And in India what we've noticed that there are a lot of great writers, and they've come up with scripts to us. They would be brilliant films in India, but they wouldn't do anything. And that's something which we faced as a challenge because now with the multiplex is growing in the urban areas, we can now have

experimental cinema, good scripts because most of the films in India also, I mean, traditionally they've been doing (inaudible) But I think there's a lot of cultural factors. It's not as if they don't have good writers, it's just the films are not being produced, those good scripts.

EZRA DONER: I want to thank our speakers very much.

JAY DOUGHERTY: As to the filmmakers I think they'll enjoy our next panel where we'll have a simulation of a producer dealing with some film commissioners to find out what's going to be offered to them in terms of production incentives. I've been asked to tell you that your lunch choice is on the back of your badge, if you don't remember what kind of sandwich you wanted. The sandwiches are all outside. Drinks are out there. Please get them and come back in, and then we'll start the next panel as soon as we can get everyone back in here.