

MacGillivray Freeman Films, Inc.

(privately held)

CEO INTERVIEW

June 16, 2003

The Company ▶

MacGillivray Freeman Films, Inc. (MFF), the world's largest and most successful independent producer and distributor of large format (IMAX® format) motion pictures, creates films known for their artistry and compelling blend of education and entertainment.

The CEO ▶

Greg MacGillivray is Co-Founder and CEO of MacGillivray Freeman Films, Inc. Under his direction, MFF has produced 29 large format films including *Everest* and *To Fly!*, the two highest grossing large format films ever, and has earned two Academy Award® nominations. In 1998, *Everest* became the first large format film ever to break into the Top Ten Box Office chart published by *Daily Variety*.

In mainstream Hollywood, Stanley Kubrick selected MacGillivray to direct and photograph the panoramic opening and the US-location action scenes for *The Shining*. MacGillivray Freeman Films also filmed for both the Academy Award nominee *Jonathan Livingston Seagull* and Oscar-winning *Sentinels of Silence*.

Company Web Site ▶

www.macfreefilms.com

MacGillivray Freeman Films, Inc.: Top Grossing Films (through year-end 2002) ▶

Everest

Released: 1998

Gross box office receipts: \$120.6 MM

To Fly!

Released: 1976

Gross box office receipts: \$115.7 MM

The Living Sea

Released: 1995

Gross box office receipts: \$84.4 MM

Source: MFF

Kevin B. Skislock, senior entertainment analyst for Laguna Research Partners, recently interviewed Greg MacGillivray, Co-Founder and CEO of MacGillivray Freeman Films, Inc. (MFF), based in Laguna Beach, California. Kevin's interview with Greg focused on five key topics: the current state of the large format (IMAX® format) film industry, the "per film" business model at MFF, the creative process at MFF, the outlook for digital cinema, and the increased distribution of Hollywood feature films, such as The Matrix: Reloaded, via large format theatres.

Our interview took place at MFF's Villa Bella headquarters, perched above the Pacific Ocean, in Laguna Beach. Here is our conversation with Greg.

MACGILLIVRAY FREEMAN FILMS

Laguna Research Partners ▶ Thanks for taking time to speak with us today, Greg, and congratulations on a very successful 40 years of filmmaking.

Greg MacGillivray ▶ Thanks for your interest in MacGillivray Freeman Films. And, yes, it's been an exciting 40 years.

LRP ▶ MacGillivray Freeman's 1998 production of *Everest* recently became the highest grossing large format film ever, exceeding the Company's own *To Fly!*. Approaching five years in release, *Everest* still appears to be going strong...

Greg ▶ *Everest* continues to perform exceptionally well worldwide. Back in 1998, it was the first large format film ever to make the Top Ten Box Office chart compiled by *Daily Variety*. At last count, *Everest* was showing in 26 theatres around the world—the US, the UK, Germany, Sweden, Taiwan, South Africa, Poland, Malta, Columbia, the Netherlands—and will open soon in others. Most importantly, it's a gripping, very emotional true story that connects with people of

all cultures.

LRP ► I'd like to start, Greg, by talking about your goals as a filmmaker...

The most important thing to me right now is making films that enrich people's lives, films that stimulate a greater interest in the natural world, that make people more curious and want to learn more. In particular, my personal mission as a filmmaker is to educate the public about the importance of the ocean. It's a general goal, based on the feeling that the audience, particularly in North America, doesn't appreciate the ocean enough. Jacques Cousteau opened the door of the ocean to the public, and we're trying to open that door even wider. The secondary goal is to get young people interested in science and, particularly, marine biology as a career. So, my main push is to get our viewer to go onto the Internet, go to our Web site, go to other Web sites, open a book, and watch television shows related to the oceans. And if I stimulate them to do that, give them a sense of love of this environment, and how magnificent it is, what a wonder it is—and in *Coral Reef Adventure* the corals are so beautiful that it is easy to sell that—then I've met my goal. Then I feel good about my mission as a filmmaker.

LRP ► Is it possible to measure your impact?

Greg ► Well, we're related to the museums that display our films, and they do maintain touch with the teachers and do get feedback. And, often times, teachers and even students will go onto our Web site and contact us directly by e-mail. So we know that we're being successful, and pretty widely successful.

We also do tests to see if the educational part of our mission is being met. Did people learn enough from *Dolphins*? Did they learn enough from *Coral Reef Adventure*? We do pre-viewing and post-viewing tests of the audience. We'll take a thousand people, give them a test, have them watch the movie, and then give them another test. And then we'll follow up three days later and talk with them on the phone to find out what they remember and whether the film inspired them to take any action, like reading a book on the ocean. We want to know what action or activity that film stimulated them to accomplish.

LRP ► You mentioned *Coral Reef Adventure*—we attended your recent West Coast premiere—a very compelling film in all the ways that you've mentioned...

Greg ► We worked really long and hard on the story. The film took over four years to make, and the amount of money we spent on the film—\$10 million—is the biggest budget that MacGillivray Freeman Films has ever had on a film. And it's the biggest risk that our small and independent company has ever taken. But we feel that the gamble is worth it, even if we don't break even, because of the good that it will do. We know that the film will go out to between 10 and 20 million people in IMAX® theatres, and then far more in videocassettes and on DVD and on television. So the overall impact of the film and all of its companion books and videos and such will be in the 30 to 50 million person range.

So, you're looking at a film that probably has the chance of affecting maybe 50 million people. More important than numbers, though, are the qualities of those who come to IMAX theatres. These people are interested in education. They're the movers and shakers. They're the people who are at the top economically, leaders in terms of making decisions, governmental decisions, industry decisions, and conservation decisions.

I always tell people that the current IMAX audience is probably only 15% of the population. And it's not any wider because these films are short, they're educational documentaries with a limited appeal, they have a high ticket price, and all of those things are somewhat confining.

I think I'm the luckiest guy in the world, because I'm able to push my mission to the exact right people. To the people who can make a difference.

LRP ▶ In general terms, Greg, how would you define your customer base, your audience?

Greg ▶ Our audience is defined by one thing. It's people who want to learn, people who want to enrich their lives. That's the reason that they like going to IMAX theatres, because it's a more challenging, more interactive way of watching a movie. You get more visually and aurally from the movie. You can choose where to look on the screen. You can experience the film more actively. And it's *real*, so you feel that you're learning and being enriched by something that's real rather than something that's phony.

So, the people who choose to see our films are, frankly, people who are making decisions in government, in industry, and that's exactly who I want to inform.

LRP ▶ And you're obviously having a great time doing it...

Greg ▶ I couldn't be more happy with what I'm doing. It's meaningful to me, in a way that, sometimes, work is not. It touches my heart, it's part of my soul.

LRP ▶ Regarding your goals as a filmmaker, Greg, what have you not yet done that you would still like to do?

Greg ▶ With each film we try to take greater steps in terms of our educational communications package. With *Coral Reef Adventure*, we were able to release over 20 standing exhibits—these are placed in the lobbies of 20 or 30 of the theatres showing the film—that educate and motivate kids. That's something new for us.

What I'm hoping to do in the future is to not only produce the educational films for the IMAX theatres, but also produce ancillary films for television, so that the project can be a multi-pronged educational release. These ancillary films could be on the National Geographic Channel [www.nationalgeographic.com/channel] or on the Discovery Channel [www.discovery.com], and there may be two or three shows on television plus the IMAX theatre film production. We could then take the 30 to 50 million people that we're impacting and maybe expand it to 70 million or 80 million.



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LRP ▶ You mentioned earlier, Greg, that your current film audience is probably about 15% of the population. Now that feature films such as the *Matrix* sequels are invading large format theatres, will that impact the size of your audience?

Greg ▶ What we found with the Disney offerings, theatres tell us, is that this new audience comes, but doesn't necessarily come again. For example, with *Fantasia 2000*, Disney grossed about \$80 million in large format—approximately 10 million people—with that film. *Beauty and the Beast* and *The Lion King* each successively went down by a factor of roughly 40%. And the reason that happened, I think, is that the animated large format experience wasn't sufficiently unique to the public to make it worth the time, trouble and ticket price. Some theatre owners feel that this lack of “specialness” of the film itself will impact the success of other Hollywood films in large format. And box office results for live-action fiction brought to the IMAX screen appear to be inconclusive at this point. *The Matrix Reloaded: The IMAX Experience*, generated a per-screen average of about \$18,000 in its first weekend of release in IMAX theatres. This was better than the first weekend numbers generated by the IMAX re-release of *Apollo 13*—about \$11,000 per screen—but not as good as what *Star Wars - Attack of the Clones* generated in its first weekend in IMAX theatres—about \$25,000 per screen.

LRP ▶ In general, what do you think about the broader phenomenon that the *Matrix* large format releases represent?

Greg ▶ Honestly, I don't really know. I'm concerned about it. I think that there are potential negatives and positives. It has the chance of encouraging people to see more films in large format. It also has the chance of confusing people as to what a large format film is. I don't really know. I think we won't know until *Matrix* has been shown.

I feel that what we do at MacGillivray Freeman is radically different from what Hollywood does. What we're trying to do is improve the large format non-fiction entertainment attraction which has been the strength of large format for the past strong years. If you look at the grosses of large format non-fiction films like *Everest*, *To Fly!*, and *The Living Sea* which are currently said to be the top three grossing films in large format—and a film like *Space Station* which is non-fiction and is the biggest grossing recent IMAX-produced large format film—it leads me to think that the real strength of large format is in non-fiction, reality-type movies that give the audience that “you are there” sensation. Visiting places, whether they be in outer space with *Space Station*, or the top of Mount Everest, or the bottom of the coral reefs, the audience ends up getting an experience that is so vivid and memorable that it really sticks with them.

And that's what I love about doing large format films. It's a unique area of filmmaking independent of Hollywood. Our creations are so different from Hollywood films, so different from television films. Making large format films requires a unique cinematic understanding. Believe me, over the past 27 years I've made every mistake possible in large format. Because it's not easy to do, it naturally makes it more enjoyable to me. I'm not following in the



In 1998, MacGillivray Freeman Films launched a landmark plan to release 10 large format theatre documentaries. Each *Great Adventure Film*® is intended to take audiences on cinematic journeys to extraordinary places, encountering people, cultures, and environments never before experienced. To date, this film series has included *Everest* (1998), *Dolphins* (2000), *Journey Into Amazing Caves* (2001), and *Coral Reef Adventure* (2003).

In the view of Laguna Research Partners, this “branded” approach to motion picture production design and marketing is typical of the cutting edge innovation that has made MacGillivray Freeman Films the creative leader of the large format film industry.

footsteps of too many others and, so, I've got to try new things on my own. A lot of what large format filmmakers do is being done for the first time.

LRP ▶ You're the CEO of a very successful film production company. What is it, Greg, that drives you personally?

Every film I make, I try to do better than my last. I love testing myself, pushing our filmmaking skills. I try to spend a lot of time on each one of the films. I try to make certain that the films are appealing to every age group, every ethnic group, both genders... everyone. But, there are always things that I know that I can do better. And that's what pushes me forward. Also, I'm really encouraged by my mission.

While financial aspects are very important and each of our films is profitable, what ultimately makes them successful is their quality. That's what drives me. Our company is financially and structurally sound. We don't have any debt. We have our own film investment funds and we have great partners that also share our goals. Essentially, we're a little studio with our own experienced departments in film concept development, film financing, film production, film post-production, film marketing, and then film distribution. Even ancillary products like film-related books and CDs are all done here.

Being able to control the quality and the inspirational message with everything that we do, that's important to me.

LRP ▶ Let's talk about the creative process here at MacGillivray Freeman Films. How do you decide which films you're going to make?

Greg ▶ Well, the primary considerations are whether the story and the subject, the topic, work in the large format and benefit from the large format. Those are probably the two most important things.

Another important consideration—this is from a marketing standpoint—is whether the subject and title are appealing to our unique audience.

We have to answer those two questions. So we end up maybe rejecting a film that might not appeal to the 15% of the population that comes to see our films. For instance a film that might have a lot of violence in it. Or, perhaps, a film that doesn't have much in the way of education to it. We would reject those because they wouldn't appeal to our core audience. That doesn't mean you have to limit yourself creatively.

LRP ▶ How does the creative process for a large format film compare with the creative process for a feature film?

Greg ▶ I storyboard almost every sequence of every film. You want to know how the composition works from one scene to the next. This is particularly true for large format, because the screen is enormous and the audience will actually look around at different places on the screen. If you're making quick cuts—trying to tell a visual story quickly—you want to have one shot lead to the next shot with the audience looking at the same spot. And we design that all out.

We actually started doing that kind of design and editing when we did our first large format film, *To Fly!*. We learned in our research period how important eye movement is to the large format experience, and we designed that film with eye movement in mind. Instead of having the audience aggravated, exhausted or frustrated by the experience, they were enjoying it. It was a very smooth viewing experience.

LRP ▶ Hollywood is on a "period piece" binge right now. *Gladiator* did well and a sequel is now being written. Two *Alexander the Great* projects are working their way towards release. The list goes on. Would history work well in large format?

Greg ▶ We've done historical re-creations in our films and there's always been something of an off-putting element to it. And the reason is that it's really hard for an audience member to let oneself "go" when watching a large format re-creation. It's difficult to get to that "I'm part of this moment" feeling when your brain is telling you, "No, no, this happened two hundred years ago." So you lose part of the value, part of the strength, of the large format experience, that *participatory* aspect of the large format experience, when you do historical re-creation.

LRP ▶ Let's talk about the business model that you're implementing here at MacGillivray Freeman. It might be best to look at that model on a "per film" basis...

Greg ▶ Sure. Let's take films like *Everest*, *To Fly!*, and *The Living Sea* that have generated gross box office receipts in the \$85 million or greater range. The most commonly held impression—and it's a myth—is that we get a big cut of that. And we don't. Typically, film producers get between 15% and 20% of that gross box office figure. The reason that they don't get any more is because the museums actually buy the movie prints outright, they do most of the advertising, *and* they have to pay for the theatre. They had to invest in the original purchase or construction of their theatre, not to mention the theatre's on-going upkeep. So, they keep 80% to 85% of the box office.

So we take the remaining let's say 20%. On *Everest*, we'd wind up with roughly \$20 million. Well, that has to pay for the movie. The movie was about \$7 million. Then we have to pay for all of the marketing and educational materials which, in the case of *Everest*, were about \$6.0 million and were partially funded by sponsors, and then interest on our investment. So we end up with a reasonable profit that let's us reinvest in new films. And that's our most successful film ever.

People ask me, "Well, why does the museum keep so much?" And I tell them that really it's a supply and demand situation. We can't force the price up any, because they have other films that they could run. Films that might be sponsored by a company, or films offered by other film producers. So, we've got to keep our price within certain parameters. The second point is that they don't make huge profit on their end either, because of all the operating costs, marketing costs, and print costs.

LRP ▶ Do you sell the print to the museum at cost?

Greg ▶ Yes, absolutely at cost. And we sell the marketing materials at cost. And then they pay for ads in local newspapers, on radio stations and on television.

LRP ▶ So, as you said, there's not a lot of profit for MacGillivray Freeman...

Greg ▶ We end up with a small margin. Is it a good investment for your normal "get rich quick" investor? The answer is no. Is it a good investment for someone who has a good heart, and wants to invest in ecologically sound, conservation related, educational productions that are family oriented? Yes. The returns are modest, but fairly well assured. We've had people invest in our films and be very happy because of the intangible elements. Our investors know that financially, these films don't have a lot of "blue sky". But, at some levels, other values become more meaningful to people. For me, as the primary investor, those intangibles more than make up for the modest financial return.

Our films have this unique value to our investors. Because the films change peoples minds and hearts about important topics, and in many cases motivate people to act, our investors are, in effect, stimulating positive change in the world. To an investor with a net worth of hundreds of millions, or even billions, nothing is more important than actually seeing your money positively change people's ideas and actions - - in his/her lifetime. This is one major reason that I invest in our films. It's also a reason people like George Harrison and Sting have provided their creative support and, in essence, have invested in our films. These films have meaning, mission and they stimulate change. What could be better?



Everest, released by MacGillivray Freeman Films in 1998, is the most commercially successful large format film of all time, having generated gross box office receipts of \$120.6 million through December 2002.

In the photo at left, a “frame grab” from the award winning film, *Jamling Tenzing Norgay* (in red) and *Araceli Segarra* (in yellow) reach the summit of Mount Everest, 29,035 feet, or approximately 5.4 miles, above sea level.

LRP ► It might make sense at this point to introduce the issue of digital cinema. What will digital cinema do to the art form—the capture, distribution and display of large format “films”—and how will it impact your “per film” financial equation?

Greg ► I’m keeping myself on top of every digital development. We were the first large format producers to use computer assisted photography, for “Speed” in 1984, and we’ve tried very hard to keep up with the digital revolution. Currently, what excites me most is the filmmaker’s ability to digitally create without many of the limitations which have been so constricting in the past, particularly in large-format. I have been contemplating ways to use digital compositing in our historical sequences, to give more education and feeling for the past to our audience. And, there are ways I’m exploring to use digital projection in a more interactive, participatory way to enhance the attraction and marketing “sizzle” of our films. I’m really excited about the filmmaking potentials opened up by the digital imaging world. I’m also absolutely intrigued and in favor of digital capture and digital release using digital cameras and projectors... as long as the quality is better than what we’ve got today with film. So far, every cinematographer and most directors in Hollywood will say that digital capture isn’t quite there, digital projection isn’t quite there. That it doesn’t equal 35 [35-millimeter film] yet.

The Hollywood artistic and creative community is saying, “Let’s push for better quality standards before we make the big shift.” And I totally support that. Meanwhile, the business types are saying, “Yeah, who cares - - we can save so much money on prints!” But I think showmanship is important, that we should have better than 35mm quality before we make that shift. That improvement might only take a year or two, so let’s wait until it really happens.

One way to compare digital image quality with film image quality, I’m told, is in pixel count. Right now, the pixel count is somewhere around one to two million pixels per frame. Thirty-five millimeter equates to somewhere between six and ten million pixels per frame. The IMAX format equates to somewhere between 70 and 100 million pixels per frame.

The engineers have not solved all the problems yet with capture, storage, transmission and display considerations. The ones and zeroes need to be stored somewhere. And you’ve got to somehow, via satellites or fiber optics, get

them to the theatre. Then you've got to somehow get them up onto the screen with lamp houses that are sufficient to throw an image that is bright and colorful. There are all kinds of other technical issues such as chroma values that you see on a movie screen. So far, the color ranges generated by digital are far more limited than film by a significant factor. I can watch a film that's been shot in digital and see that the digital production doesn't have quite as many shades to a sunset. Film will give me better pinks, for instance. So, there's that differential but they're going to solve *that* problem, too.

I'm just hoping that once the shift is finally made in the 35-millimeter market, that the audience gets the quality that it really wants and deserves.

LRP ► And how about digital capture?

Greg ► So far, they haven't developed a camera that can capture 60 to 70 million pixels per frame and be field-operational. They will, eventually. It's doubtful, though, that it will be affordable for large format use except in a studio situation. And you'll still wind up using film for a lot of your shooting. Even, in large format, 50 years from now. There are only about 20 or 30 large format cameras in the world. Is it going to make financial sense for someone to build only 20 to 30 large format digital capture cameras? Probably not. In the electronics industry, their business plan is to sell millions of copies, not just 20 or 30.

So, in terms of capture, I can see the day coming rather soon when we'll use digital capture in a studio situation. But we'll still hike a film camera to the top of Mount Everest. We'll still put a film camera in an underwater case and mount it on a kayak, because I'm told that the size of storage and the power needed for these digital capture cameras is not going to be reduced that significantly in the next five to seven years.

Right now, we're utilizing digital imagery in all kinds of things like animation, titles, the creation of trailers. This involves converting our film-originated images, with all of that pixel information on film, to the digital domain, and then outputting onto film again. And that will be continuing to happen at a more rapid pace.

LRP ► And how about digital projection of large format films?

Greg ► Digital projection on domes or 60-foot high screens is something else. I don't know if it will happen. And I say that because there are 300 large format theatres already in existence, already with analog projectors, and those projectors are worth a million dollars each. Is there the economy of scale to replace those million dollar projectors with digital projectors that might cost half a million dollars each? Who's going to pay for that? And, is that new digital projector going to be that much better to justify the switch? The elimination of large format print costs alone will not justify the switch. Large format theatres currently spend about \$100,000 each year on prints. If those theatres decided not to do prints any more, they would have to buy a digital storage unit, a digital projector, a lamp house, and they'd have to have it all installed. It's going to cost them \$500,000 for the projector and the lamp house, plus \$200,000 for the storage unit and installation. That comes to—this is just a rough guess—\$700,000. That's seven years of expenses for prints, and that's just to break even.

LRP ► Will digital projection enable the display of longer feature length films on large format screens?

Greg ► Well, actually, the length of a film is not that big of a deal. *Star Wars - Attack of the Clones* was edited down to roughly two hours or so for large format screens, but you can go longer than that now. It's just a matter of scale. That's a mechanical issue. It's not an insurmountable physical limitation.

LRP ► So, in general, it doesn't sound like you expect digital cinema to have a significant impact on large format capture, distribution or display within the next five years...



“...The most important thing to me right now is making films that enrich people’s lives, films that stimulate a greater interest in the natural world, that make people more curious and want to learn more. In particular, my personal mission as a filmmaker is to educate the public about the importance of the ocean.”

The photo to the left is a “frame grab” from MacGillivray Freeman Films’ recently released *Coral Reef Adventure*.

Greg ▶ That’s right. I think that any significant large format digital capture or projection impact will come beyond the five-year time frame.

LRP ▶ Beyond digital projection, Greg, what exciting things are happening for MacGillivray Freeman Films on the technology front?

Greg ▶ We’re now looking at doing our first large format 3D film, *Greece: Secrets of the Past*. And that excites me technologically, because I feel that we could do an excellent *creative* job with 3D. Not that that hasn’t happened before, but we would take a slightly different approach to utilizing 3D.

LRP ▶ 3D is notoriously dangerous territory creatively. What separates good 3D films from bad 3D films?

Greg ▶ Though the audience somewhat treats it as a gimmick—wearing the glasses is something of a chore for people and they never quite forget about them as they’re watching a film—we definitely want the 3D to fit the subject, the story that we’re telling. So we write the story very cautiously, and when we finish the movie, we will test it to make sure that we’re utilizing the 3D properly and smoothly. What I would hope to do with 3D is to make the glasses “invisible” to the user, to engage an audience so much in the story that the glasses are forgotten.

If people get into the story, and don’t just think, “Wow, that’s popping out at me,” then I’ve accomplished my goal.

LRP ▶ From a cinematographers standpoint, are there special challenges to getting the most out of 3D? Or do you not know yet?

Greg ▶ No, no, there are. Absolutely. We’ve done a tremendous amount of research into 3D. We’ve actually had *two* 3D projects that we’ve completely researched, written and had partly funded, but didn’t go to final funding. Not only have we done our homework into how to do a proper 3D movie—not that there wouldn’t be a tremendous amount of prep involved for *Greece*—I feel that we’ve got a good feel for what to design into a 3D film to give us a

“seamless” movie. The use of aerial shots, the use of foreground, trying to compose images that will give the audience a sense of experience. It’s a whole different way of making a movie. As a director, as a production designer, we’ve got to pretty much throw away what we’ve learned before and go off in a new direction.

LRP ▶ And what would the use of 3D do to your production budget? Some large format 3D productions have come in at \$12 million to \$15 million...

Greg ▶ Well, this one would probably be about \$9 million to \$10 million. I think that we’d be able to keep it right around there.

LRP ▶ What would your release date be for your first 3D production?

Greg ▶ If we do *Greece* in 3D, it will probably be released in 2005.

LRP ▶ I’d like to wrap up, Greg, with an overview of the large format industry. And I’d like to focus, if we could, on growth...

Greg ▶ The industry has been growing steadily over the past 33 years, and continues to do so today. The one differential for our small company is that, with Hollywood’s incursion, whether it be the large format releases of *Apollo 13*, *Star Wars*, or the Disney product, some of our attendance and our film’s screen times have been taken over by those Hollywood films. Though most of the Hollywood films only play in commercially operated theatres—the Regals, the Cinemarks—they occasionally play in the museum theatres. The Hollywood films play in nearly 100% of the commercial theatres and in about 5% of the museum theatres. For us, it’s just the opposite. We play in 100% of the museum theatres, and 5% to 20% of the commercial theatres. So, the Hollywood entry to our business has caused us a small business drop.

LRP ▶ Are large format releases of Hollywood feature films adding to the MacGillivray Freeman audience?

Greg ▶ Not in any sizable way. Our business is primarily the museum theatre world. As the museum theatre numbers continue to grow, that impacts us positively. Today, that growth is at about 5% per year. That’s essentially our market, and that’s the strength of the large format industry. We’ve been told that year-in, year-out, about 75% to 80% of the total large format attendance comes to the institutional, educationally-based or tourism-related theatres, not the strictly megaplex theatres.

LRP ▶ And is there still room for growth in that market?

Greg ▶ Oh, yes. Absolutely. Every museum in the world wants a large format theatre. And that’s because it’s a very strong traffic generator for them. They all want it. They’re all trying to raise money in capital campaigns to build it. They’re all negotiating with IMAX Corporation and other suppliers to help them get it.

The commercial large format screen base is growing, but primarily in foreign countries. And those theatres are playing almost evenly the educational and the Hollywood fiction films. Like Prague, for example, they opened with *Everest*, and they’re booking *The Living Sea*, and many of our other films. And they’re doing extremely well, even though they’re in a commercially operating cinema, not a museum. The same thing is true in Berlin and other substantial international markets.

LRP ▶ Thanks, Greg.

Greg ▶ My pleasure. Thanks for stopping by.

Bio ▶ Greg MacGillivray

Greg MacGillivray is Co-Founder and CEO of Laguna Beach, California-based MacGillivray Freeman Films, Inc., the world's largest and most successful independent producer of large format films. Charles Champlin, the respected former Arts Editor and Film Critic for the *Los Angeles Times*, described MacGillivray as a "poet of motion." MacGillivray's style of filmmaking, Champlin said, "captures the poetic and visual beauty inherent in bold and vigorous physical action."

MacGillivray's film career spans more than 40 years. As a cinematographer, he has shot an estimated two million feet of 70mm (large format) film, more than anyone in cinema history. For more than 25 years, MacGillivray Freeman Films has been dedicated to the creation of large format motion pictures. The Company's first IMAX® film, *To Fly!*, was co-produced and directed by MacGillivray and his partner, the late Jim Freeman, in 1976. In all, the Company has produced a total of 29 large format films including critically acclaimed titles such as *Coral Reef Adventure* (2003), *Dolphins* (2000), *Everest* (1998), and *The Living Sea* (1995).

MacGillivray has also made notable contributions to filmmaking in mainstream Hollywood. Stanley Kubrick, a producer and director famous for the artistic perfection of his films, selected MacGillivray to direct and photograph the panoramic opening and the US-location action scenes for *The Shining* (1980), starring Jack Nicholson. Also, MacGillivray Freeman filmed for both the Academy Award® nominee *Jonathan Livingston Seagull* (1973) and Oscar-winning *Sentinels of Silence* (1971).

In addition to his unparalleled reputation for large format film artistry, MacGillivray is also well known for his technical innovation in the area of large format filmmaking. Most notably, he initiated the development of three groundbreaking cameras for the IMAX® format: the high-speed (slow-motion) camera, the large format industry's first lightweight camera, and the "all-weather" large format camera used by MacGillivray Freeman Films during location shooting for the award-winning film *Everest*.

Recognition of MacGillivray Freeman's artistic and technical accomplishments includes a 2000 Academy Award® nomination for *Dolphins* (Best Documentary Short Subject) and a 1995 Academy Award nomination for *The Living Sea* (Best Documentary Short Subject). In 1998, the Company's gripping tale of climbing the world's tallest peak, *Everest*, became the first large-format film ever to reach the Top Ten Box Office chart published by *Daily Variety*. In 1996, the Company's IMAX® theatre classic, *To Fly!*, was selected by the US Library of Congress for inclusion in America's national film archives. The first large format film to receive this honor, *To Fly!* joined cinema greats such as *Gone With the Wind*, *Star Wars* and *Citizen Kane*. In 2001, Imax Corporation inducted *To Fly!* into the IMAX Hall of Fame.

MacGillivray Freeman Films currently has more than six films in various stages of development and production including *Greece: Secrets of the Past* (scheduled for release in 2004), *Ocean Planet* (2005) and *Space Journey* (2006).

Bio ▶ Kevin B. Skislock (skislock@LRPonline.net)



Kevin Skislock is founding partner and CEO of Laguna Research Partners LLC. He also serves as the firm's senior entertainment analyst.

Skislock has more than 28 years of experience as a Wall Street stock analyst. Nearly half of his career has been spent analyzing stocks for leading buy-side money managers including Citigroup and Wellington Management Company. On the sell-side of Wall Street, he has analyzed stocks for the institutional and retail investment clients of firms including a "research boutique" subsidiary of UBS PaineWebber, Inc. and RBC Dain Rauscher Inc.

Having served as a Director of Investment Research and Investment Strategy Committee member on the buy-side of Wall Street and a Director of Investment Research and Commitment Committee member on the sell-side, Skislock's expertise in business model analysis is widely respected. He often takes an active role in the creation and development of new business enterprises, serving as Director or Advisory Board member for cutting-edge start-ups.

Skislock has been recognized by *Institutional Investor* magazine in their "Best of the Buy-Side" rating of Wall Street's buy-side analysts. Since the founding of Laguna Research Partners in 1998, he has appeared on *NBC Nightly News with Tom Brokaw*, *CNBC's MarketWrap*, *CNBC's Business Center* and *The Wall Street Journal Report*. He has also appeared in a wide variety of print media sources including *Barron's*, *The Washington Post*, *Los Angeles Business Journal*, *Daily Variety*, *The Taipei Times* and *The Business Times of Singapore*, as well as online at *Bloomberg.com*, *CNN.com* and *MSNBC.com*.

Skislock holds a B.S. degree in Economics from Villanova University in Villanova, Pennsylvania. He earned his MBA degree at The University of Chicago.

Companies mentioned in this interview ▶

Imax Corporation (IMAX-NASDAQ)
Walt Disney Company, The (DIS-NYSE)

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