

STRATEGIC **PLAN**



DIRECTING THE FUTURE OF CINEMA



National Association of Theatre Owners

Advancing the Moviegoing Experience

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ADVANCING THE MOVIEGOING EXPERIENCE

ABOUT NATO

The National Association of Theatre Owners is the largest exhibition trade organization in the world, representing more than 33,000 movie screens in all 50 states, and additional cinemas in nearly 100 countries worldwide.

Headquartered in Washington, D.C., with a second office in North Hollywood, California, NATO represents its members in the heart of the nation's capital as well as the center of the entertainment industry. From these vantage points, NATO helps exhibition influence federal policy-making and work with movie distributors on all areas of mutual concern, from new technologies to legislation, marketing, and First Amendment issues.

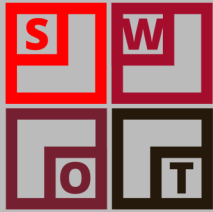
www.NATOonline.org

NATO WASHINGTON, DC

1705 N Street, NW
Washington, DC 20036 USA
+ 202 962 0054

NATO LOS ANGELES

4605 Lankershim Blvd.
Suite 180
North Hollywood, CA 91602 USA
+1 818 506 1778



NATO SWOT ANALYSIS



STRENGTH

- Membership: Singularity of Purpose
- Government Relations
- Convention: Revenues/Promotion
- Growing International Presence
- Healthy Financials
- Awesome Industry
- Price-Value Relationship
- Global Cinema Federation (GCF)
- Diversity of Membership (co. size)



WEAKNESS

- Big vs. Small Dynamic
- Concentration of Dues Revenues
- Regional Structure
- Communication to Members
- Diversity of Membership and Leadership (demographics)



OPPORTUNITY

- Movie Theft Prevention
- Strengthen Unified Voice
- Exhibitor Consolidation
- Data/Information Collection
- Cost Reductions
- Technology Standardization
- Product Access Improvement
- Alternative Content
- Exhibition Industry Globalization
- Industry Alliances



THREAT

- Shrinking Windows
- Competing Entertainment Platforms
- Hollywood Politics
- Exhibitor and Studio Consolidation
- Legislation/Regulation
- Movie Theft
- Physical and Cyber Threats
- High Profile Target
- Little Product Control



Our mission

A unified voice to empower and grow our industry.

Our vision

Ensure the cinema experience is available for future generations.

Our strategy



G

Grow

Lead NATO and the cinema industry to new heights by pursuing opportunities that drive exhibitor revenues, increase global collaboration, and diversify membership.



P

Promote

Lead efforts to protect the movie-going experience and cinemas from external threats, and advocate to advance the interests of exhibitors at all levels of government.



S

Serve

Increase member involvement by providing programs, services, and benefits that are valued by exhibitors as essential to their success.



GROW

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OBJECTIVE 01

Strengthen support for theatrical exhibition and windows

Promote exclusive theatrical exhibition as the best platform for new movies, and generally advocate for strong and sustainable windows policies.

○ Competition Law Compliance

To ensure compliance with antitrust laws, NATO will not take a position on what the theatrical exclusivity window should be or seek to negotiate window terms with studios on behalf of members.

○ Studio Collaboration

Urge studio partners to not undermine the current—and successful—system of releasing films in a sequential distribution window that encourages the public to see films in the optimum—and most profitable—exhibition arena: movie theaters.

○ Media and Content Creator Engagement

In concert with media engagement, participate in conferences, conventions, and film festivals to encourage content creators to support exclusive theatrical exhibition as the best showcase for their stories, and generally advocate for a robust windows policy.

○ Data Analysis and Distribution

Compile data on the length of exclusive theatrical release windows arranged by movie, studio, release period, and theatrical gross. Distribute global trends analyses to members, who can use the information for their own advocacy and business efforts.

NATO SURVEY: Studio relations and industry public relations remain important issues to NATO members.

Studio Relations (92%) 

Industry PR (69%) 



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OBJECTIVE 02

Shape the future of theatrical exhibition to ensure a strong and sustainable industry

Collaborate with exhibitors, studios, the creative community, and other key stakeholders to promote actions that will enhance exhibitor revenue streams and maintain cinemas as the premier venues for movies, alternative content, and other events.

○ Industry Promotion

Represent NATO and the exhibition industry through interaction with media and Wall Street analysts. Engage the creative community to promote moviegoing. Maintain ongoing program of materials for member use, including video endorsements from the creative community for use on social media.

○ 12-Month Release Calendar

Advocate for a balanced and sensible release calendar that drives movie-going attendance every month of the year.

○ Product Diversity

Serve an increasingly diverse audience by advocating for an industry-wide film slate that promotes the full spectrum of content and creators—including family films, foreign films, and under-represented demographics in front of and behind the camera.

○ Alternative Content and Events

Collaborate with stakeholders to expand development and access to alternative content and events for exhibitors. Capture data and develop resources to help exhibitors best utilize screens and auditoriums for alternative content and events.

NATO SURVEY: 90% of respondents said they are members of NATO because of the association's leadership on industry and studio relations.



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OBJECTIVE 03

Serve as the conduit for collaboration and information sharing on trends and advancements in technologies that advance the movie-going experience

Explore existing and emerging cinema technologies to ensure they achieve the highest standards and provide the greatest benefits to exhibitors.

○ Innovation and Technology Knowledge Sharing

Collaborate with members of the NATO Technology Committee and industry partners to monitor and discuss existing and emerging technologies. Create a forum where exhibitors can learn how to take advantage of developments and mitigate challenges brought by technology developments.

○ Targeted Standardization

When necessary and where appropriate, advocate for standards based on member and industry stakeholder consensus to ensure that technologies have optimal impact to advance the movie-going experience. Any advocacy on standards, however, should always be respectful of the need for innovation in a competitive marketplace.

○ In-Theater Innovations

Focus industry promotion on ambitious theater upgrade campaigns, including cutting-edge projection and sound technologies, premium large format screens, menu overhauls, luxury seating, and other advancements.

NATO MEMBER SURVEY: Exhibitors of all sizes say NATO's leadership on technology issues is mission critical.





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OBJECTIVE 04

Broaden and diversify NATO membership

Actively engage under-represented demographics to diversify membership and volunteer leadership, and communicate NATO's value proposition to the full range of current and potential members.

Membership Expansion

Create a strategy to attract and retain an ever-growing, engaged, and more diverse membership base. Emphasize recruitment of non-member cinemas who attend CinemaCon.

Membership Diversity

Establish a committee to identify and institute best practices to build and retain a membership of diverse and under-represented groups, including exhibition companies owned and/or operated by women and minorities. Develop and implement programs and tools to optimize diversity and inclusion throughout the exhibition industry.

Leadership Development

Cultivate and mentor exhibitors from the full spectrum of the membership to broaden pools of prospective association leaders. Encourage members to designate an increased number of young, female, and/or minority staff to Advisory Board and Committee positions.

Young Exhibitors

Engage the Young Members Committee through dynamic programming that encourages participation by young exhibitors who can help lead the development of new initiatives that advance NATO.

NATO SURVEY: Overall membership satisfaction received high marks.

90%

Q: How SATISFIED have you been with your membership in NATO?





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OBJECTIVE 05

Expand NATO as a global industry leader and increase worldwide industry coordination

As the cinema industry enters a new and exciting era of globalization, build on NATO's diverse international membership to give exhibitors a strong voice that speaks on behalf of the global cinema community through worldwide collaborations and partnerships.

○ Global Education and Advocacy

Collaborate with the Global Cinema Federation to (1) educate exhibitors with greater international information collection; and (2) advocate on behalf of exhibitors on issues that promote industry growth throughout the world.

○ Knowledge Sharing

Participate in global meetings and forums to foster improved communications and information sharing. Learn from global experiences and transfer that knowledge throughout the industry.

○ Data Tracking and Analysis

Implement globally unified data tracking methods to increase understanding of global markets and identify trends.

DID YOU KNOW? NATO represents more than 65,000 screens in nearly 100 countries.





PROMOTE

Lead efforts to protect the movie-going experience and cinemas from external threats, and advocate to advance the interests of exhibitors at all levels of government.

OBJECTIVE 01

Advocate for government policies that protect and advance the industry

Proactively address legislative and regulatory federal policy matters impacting exhibitors. Mobilize NATO'S nation-wide grassroots network to engage decision-makers and achieve favorable outcomes for the industry. Partner with other industries and coalitions to advance legislative priorities.

○ **Advocacy Strategy Development**

Work with the Government Relations Committee to identify NATO's priorities, develop strategies to advance the industry's agenda, and advise the NATO Executive Board on new legislative policy positions that require Board approval.

○ **Advocacy Leadership**

Advocate before Congress and regulatory agencies on priority issues.

○ **Federal Lawmaker Relationships**

Continue developing relationships with key Congressional committees. Expand network of contacts among Congressional staff.

○ **Member Advocacy**

Cultivate member advocacy champions (grasstops) for direct and grassroots lobbying, as well as subject matter experts within the NATO membership. Engage member network for lobbying through email campaigns, in-person meetings, phone calls, and direct outreach to Congressional staff.

○ **Capitol Hill Fly-Ins**

Hold annual Capitol Hill fly-ins to bring members in front of Congress to conduct targeted lobbying on specific issues.

○ **State and Local Relationships**

Identify key states and cities where members can become better engaged at the local level. Hold three roundtables annually with candidates and elected officials to discuss government relations issues.

○ **Member Updates**

Conduct regular outreach to inform members (1) on how they can become part of the legislative process; (2) about NATO public policy positions; and (3) how current and new laws and regulations impact their operations.

○ **State & Local Advocacy Restructuring**

Convene member task force to develop model that will garner greater support for state and local advocacy initiatives.

NATO MEMBER SURVEY: Nearly 80% of respondents rated Government Relations as an essential or high priority for NATO, and 90% were satisfied with the association's advocacy efforts.



PROMOTE

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OBJECTIVE 02

Facilitate cyber and physical threat information and intelligence sharing

Serve as the central hub for sharing information and actionable intelligence regarding cyber and physical security. Develop programs, partnerships, and resources to help NATO and its members implement threat mitigation strategies and tactical capabilities.

- **Members Alerts**
Share information, as appropriate, about possible suspicious activity with relevant cinemas.
- **Federal Agency Liaisons**
Maintain regular contact with the U.S. Department of Homeland Security and Federal Bureau of Investigation. Ensure that NATO is represented at Sports and Entertainment Venue Working Group meetings and other DHS and FBI-hosted briefings. Ensure one or more NATO staff have a security clearance allowing access to classified information.
- **Awareness**
Encourage all cinemas to remain vigilant, to stay in close touch with local law enforcement, and to notify them immediately of any suspicious activity.
- **Member Security Contacts**
Encourage all domestic exhibition companies to designate a security contact and provide 24/7 contact information to NATO. Aim to increase number of security contacts by 5% each year.
- **Member Security Briefings**
At least once a year, hold a private “members only” (no media) security briefing featuring presenters from DHS, FBI, and/or other security professionals at CinemaCon and/or the NATO Annual Meeting.
- **Member Security Guidance**
Provide the NATO Crisis Management Handbook to help member companies prepare for and manage events that threaten physical security.
- **CinemaCon Security Plans**
Annually review physical security plans for CinemaCon and coordinate plans and execution with the Caesars Palace and Colosseum security teams.
- **Cybersecurity Resources**
Serve as the platform for sharing information on how to (1) allocate resources to address cyber-risk issues; (2) identify legal considerations related to cybersecurity; (3) develop a cybersecurity framework; (4) improve company cyber communications between executives, employees, and IT staff; and (5) select cyber-liability insurance policies.
- **NATO Cybersecurity Framework**
Develop an enterprise-wide information security framework based on accepted practices and standards that will serve as the basis for managing and mitigating cybersecurity threats to the association.



PROMOTE

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OBJECTIVE 03

Direct anti-piracy efforts to combat “camcording” in cinemas

Arm movie theater operators and their employees with information on identifying and preventing illegal recording of films in cinemas.

○ **MPAA and Studio Coordination**

Identify ways to improve NATO's relationship with MPAA as it relates to movie theft prevention. Involve MPAA in NATO Movie Theft Task Force meetings at CinemaCon to facilitate collaboration on industry-wide initiatives. Meet bi-annually with studio representatives to work in partnership on the industry's collective fight against movie theft.

○ **Movie Theft Task Force**

Collaborate with the Movie Theft Task Force, which is comprised of security experts from NATO's leading exhibition companies.

○ **Migration Mitigation**

Work with members and other stakeholders operating in international territories to address the migration of movie theft.

○ **Best Practices**

Through NATO and the Global Cinema Federation, work to gather global data on movie theft “best practices” to help prevent the illegal camcording of motion pictures in territories throughout the world.

○ **Piracy Hotspots**

Distribute a weekly “North American Camcord Source Report” alerting members to domestic hotspots. Issue bi-annual reports on domestic and international movie theft trends and data.

DID YOU KNOW? *Camcording in movie theaters is the source of more than 90% of all illegally copied movies.*



PROMOTE

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OBJECTIVE 04

Promote ratings education and compliance

Provide resources to help movie theaters enforce the voluntary ratings system, which serves to educate the public and give parents advance information about the content of movies exhibited in the United States to help them determine what's appropriate for their families.

○ Rating System Administration and Promotion

Work with MPAA to administer and promote the voluntary movie ratings system both as a useful guide for parents and as a successful deterrent to government censorship.

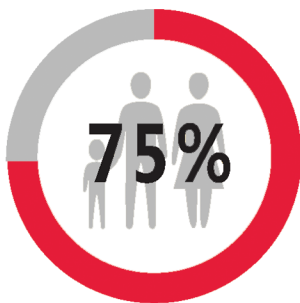
○ Appeals Board

Participate in the appeals process, which provides a check and balance by giving filmmakers the opportunity to seek a different rating.

○ Rating Compliance

Develop and distribute resource materials and training modules to assist members in their ratings compliance efforts.

MPAA SURVEY: According to a nationwide survey of parents:



75% find ratings to be very/fairly useful.



85% find rating descriptors to be very/fairly useful.



Serve

Provide programs, services, and benefits that are valued by exhibitors as essential to their success.

OBJECTIVE 1

CREATE RETURN ON INVESTMENT OF MEMBERSHIP

Increase membership development by being the most comprehensive, reliable, and accessible source of information and services for members.

Membership Support Materials

Update or create collateral marketing to communicate the benefits, services, and return on investment for members.

Service Infrastructure

Identify trends and opportunities in innovation, technology, and training to provide enhanced services to members at both the organizational and individual levels.

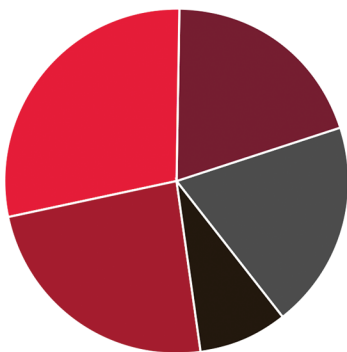
Networking Opportunities

Develop and enhance events, programs, and initiatives that create opportunities for members to meet and learn from other exhibitors and industry partners.

Member Communication

Enhance member communications on industry developments and opportunities through newsletters, website, presentations, etc.

NATO SURVEY: Rate your company's reasons for being a member of NATO.



90% Industry & Studio Relations

76% Government Relations

63% Member Resources/Services

61% Networking

27% CinemaCon Discounts



1705 N Street, NW
Washington, DC 20036 USA
+ 202 962 0054
nato@natodc.com
www.natoonline.org