CHART BOOK

I've Seen This Movie A Thousand Times: Risk and the Hollywood Film Business

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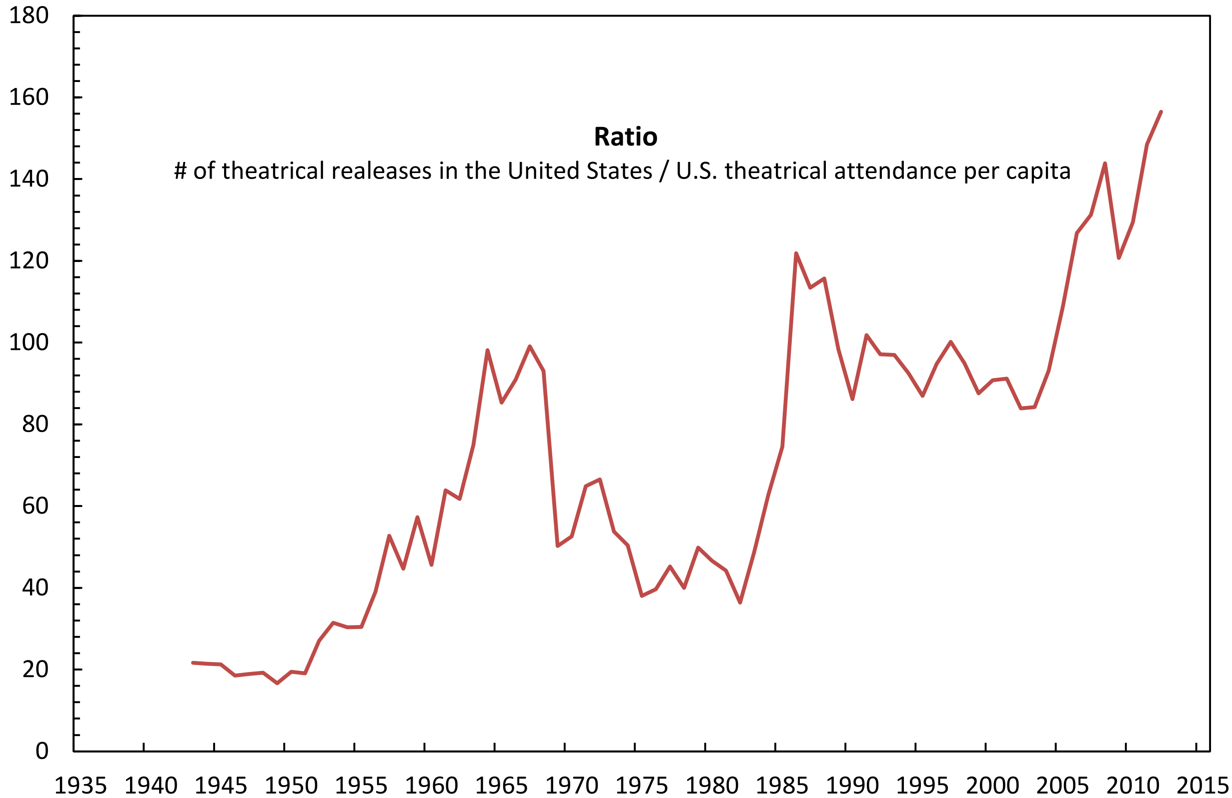

Figure 1 If the world of cinema was flat

Note: For 1943-1959, attendance per capita = (total box-office receipts/average ticket price)/U.S. population

Sources: Joel W. Finler, *The Hollywood Story,* 3rd ed. (New York: Wallflower Press, 2003) 376-377, for total releases and MPAA releases from 1933-2002; MPAA Theatrical Market Statistics for total releases and MPAA releases from 2003-2012. Joel Finler, Joel W. Finler, *The Hollywood Story,* 3rd ed. (New York: Wallflower Press, 2003) 376-377, for box-office receipts from 1943-1959; Bradley Schauer and David Bordwell, "Appendix: A Hollywood Timeline, 1960-2004," in *The Way Hollywood Tells It: Story and Style in Modern Movies* (Berkeley: University of California Press, 2006), 191–242, for total attendance 1960-2004; http://natoonline.org/data/admissions/ for attendance 2005-2012. Global Insight for total United States population.

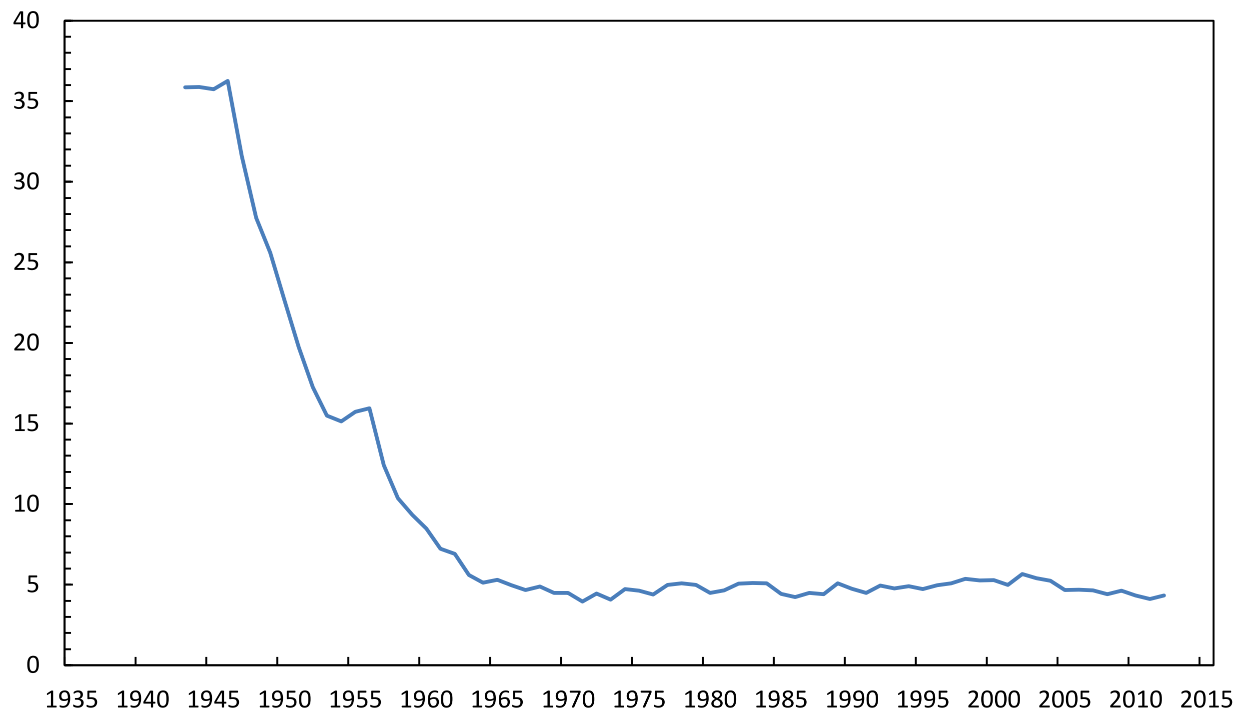

Figure 2 U.S. theatrical attendance per capita

Note: For 1943-1959, attendance per capita = (total box-office receipts/average ticket price)/U.S. population

Sources: Joel Finler, Joel W. Finler, *The Hollywood Story,* 3rd ed. (New York: Wallflower Press, 2003) 376-377, for box-office receipts from 1943-1959; Bradley Schauer and David Bordwell, "Appendix: A Hollywood Timeline, 1960-2004," in *The Way Hollywood Tells It: Story and Style in Modern Movies* (Berkeley: University of California Press, 2006), 191–242, for total attendance 1960-2004; http://natoonline.org/data/admissions/ for attendance 2005-2012. Global Insight for total United States population.

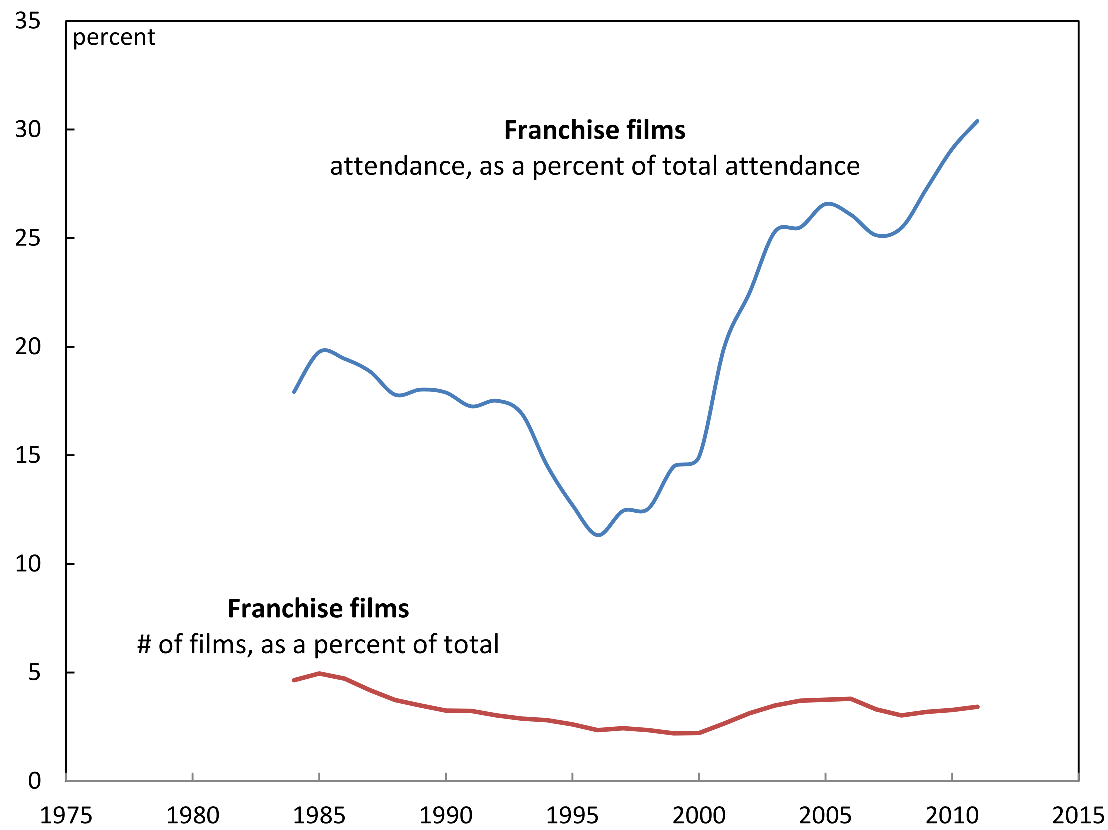

Figure 3 Movie Habits: Franchise Films

Attendance = total US gross revenues/average US ticket price.

Note: Series is a 5-year moving average.

Sources: www.boxofficemojo.com for yearly gross revenues of individual films: http://www.boxofficemojo.com/franchises/ for franchise films; National Association of Theatre Owners for average US ticket price (http://natoonline.org/data/ticket-price/). Global Insight for total United States population; Bradley Schauer and David Bordwell, "Appendix: A Hollywood Timeline, 1960-2004," in *The Way Hollywood Tells It: Story and Style in Modern Movies* (Berkeley: University of California Press, 2006), 191–242, for total attendance 1960-2004; http://natoonline.org/data/admissions/ for attendance 2005-2012.

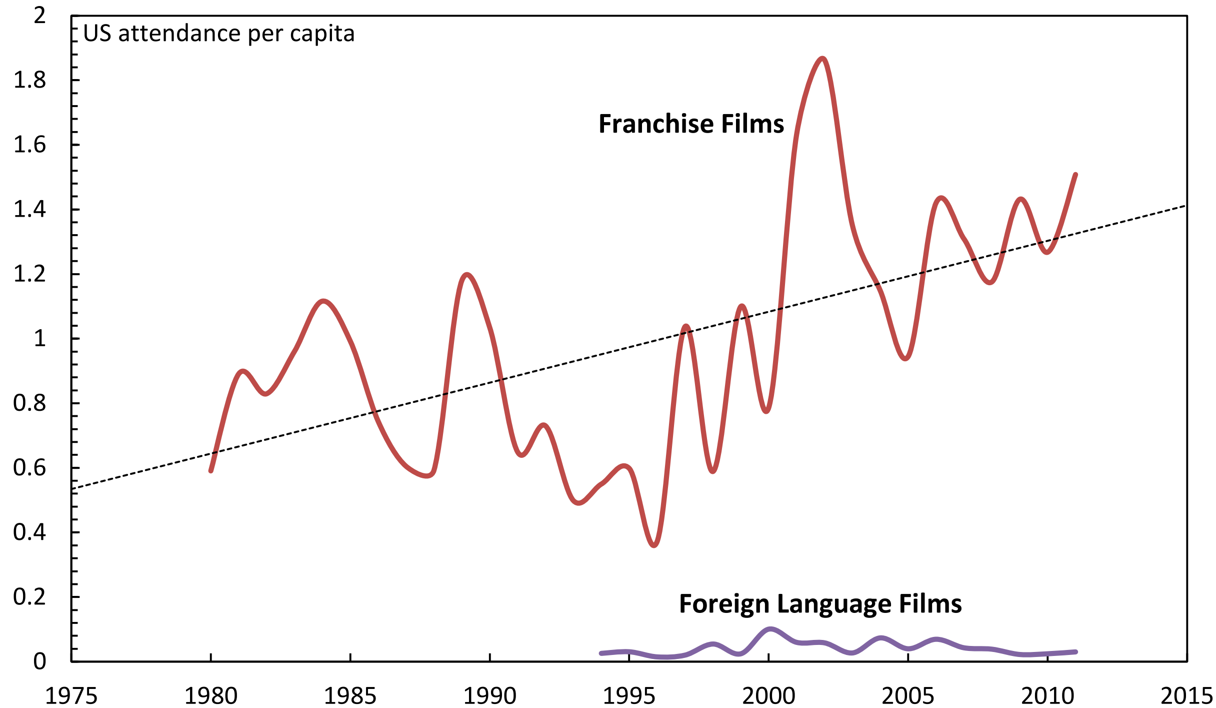

Figure 4 US Attendance per capita: Franchise Films versus Foreign Language Films

Attendance = total US gross revenues/average US ticket price.

Sources: www.boxofficemojo.com for yearly gross revenues of individual films: http://www.boxofficemojo.com/franchises/ for franchise films and http://www.boxofficemojo.com/genres/chart/?id=foreign.htm for foreign language; National Association of Theatre Owners for average US ticket price (http://natoonline.org/data/ticket-price/). Global Insight for total United States population.

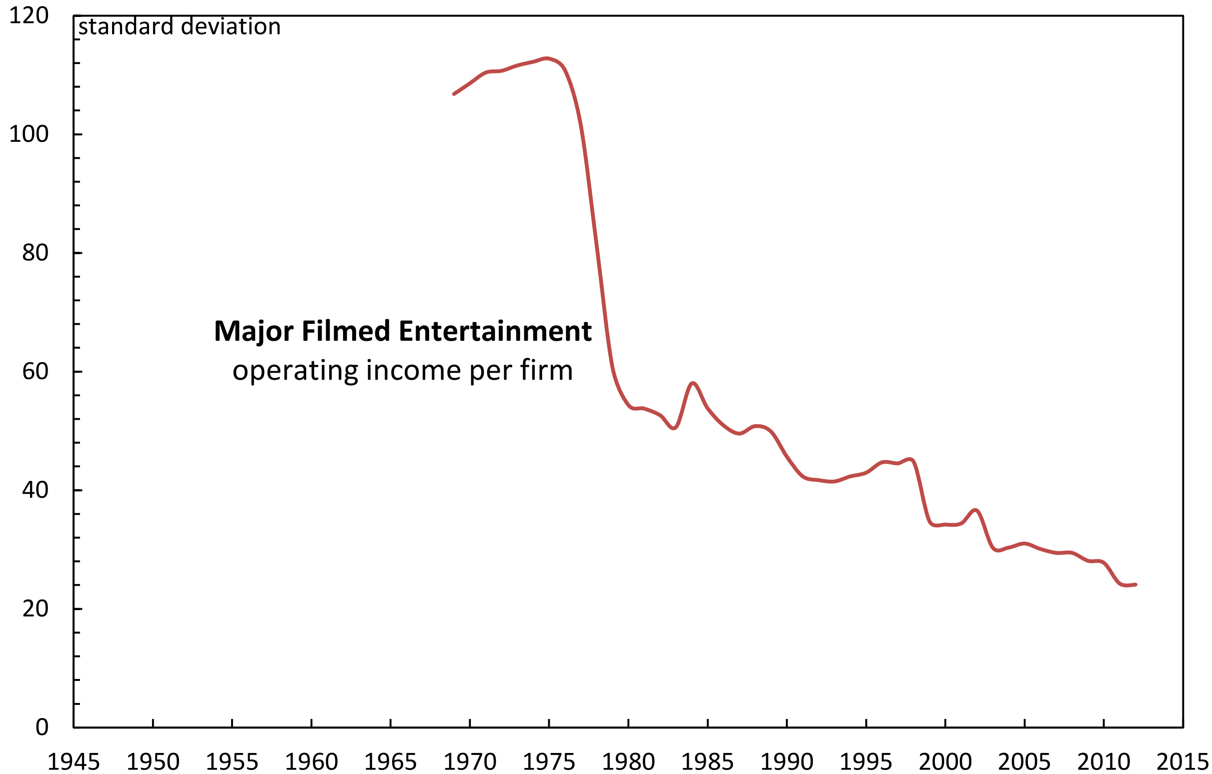

Figure 5 Risk: Volatility of Earnings

Note: the series looks at long term trends. (1) The rate of change for each year is a rate of change from a 5-year moving average. (2) The standard deviation is a moving 15-year standard deviation (e.g., 1990 = standard deviation of the rates of changes from 1976 to 1990).

Source: COMPUSTAT through WRDS for operating income of Major Filmed Entertainment, 1963-1992. Annual reports of Disney, News Corp, Viacom, Sony, Time Warner (Management's Discussion of Business Operations for information on their filmed entertainment interests) for operating income of Major Filmed Entertainment, 1993-2011.

Capitalization Formula

$$K = \frac{EE \times H}{\delta \times r_c}$$

Film	Box-Office Gross Revenues	Opening Theatres
Top Gun	$176,786,701	1,028
Crocodile Dundee	$174,803,506	879
Platoon	$138,530,565	6
The Karate Kid Part II	$115,103,979	1,323
Star Trek IV: The Voyage Home	$109,713,132	1,349
Back to School	$91,258,000	1,605
Aliens	$85,160,248	1,437
The Golden Child	$79,817,937	1,667
…	…	…

Table 1 **Films Released in 1986: Ranked by Box-Office Gross Revenues**
Source: www.boxofficemojo.com for US theatrical gross revenues and opening theatres.

Film	Box-Office Gross Revenues	Opening Theatres
Cobra	$49,042,224	2,131
Police Academy 3: Back in Training	$43,579,163	1,788
Raw Deal	$16,209,459	1,731
The Delta Force	$17,768,900	1,720
The Golden Child	$79,817,937	1,667
Friday the 13th Part VI	$19,472,057	1,610
Back to School	$91,258,000	1,605
Poltergeist II: The Other Side	$40,996,665	1,596
…	…	…

Table 2 **Films Released in 1986: Ranked by Opening Theatres**
Source: www.boxofficemojo.com for US theatrical gross revenues and opening theatres.

Ranked by Box-Office Gross Revenues
Spider-Man 3
Shrek the Third
Transformers
Pirates of the Caribbean: At World's…
Harry Potter and the Order…
I Am Legend
The Bourne Ultimatum
National Treasure: Book of Secrets
…

Ranked by Opening Theatres
Pirates of the Caribbean: At World's…
Harry Potter and the Order…
Spider-Man 3
Shrek the Third
Transformers
Fantastic Four: Rise of the Silver Surfer
Ratatouille
Bee Movie
…

Table 3 **Rankings in 2007**
Source: www.boxofficemojo.com for US theatrical gross revenues and opening theatres.

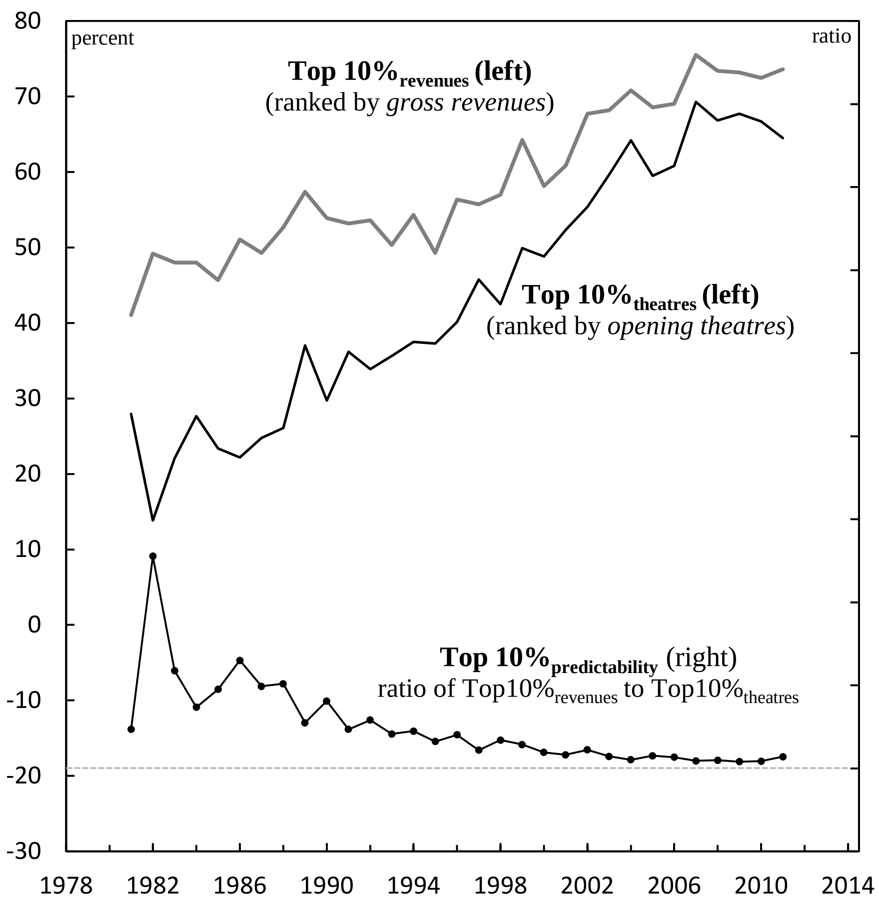

Figure 6 US Gross Theatre Revenues: The Share of the Top 10% of All Films

Note: Boxofficemojo.com provides, from 1981 to 2011, data for each film released in the United States. After grouping *every* film from 1981 to 2011 by their year of release, I sort each year twice: once to rank all films by their *gross revenues*, and another time by their *opening theatres*. Both times I measure the Top 10% share of the yearly total of US gross revenues. Each year, the measure of Top 10% is adjusted by the annual total of films released in the United States.

Note: The series that is sorted by opening theatres is not simply measuring opening weekend revenues. It measures total theatrical gross of each relevant film.

Source: www.boxofficemojo.com for number of films released per year, US theatrical gross revenues and opening theatres for each film, and the sum of all US theatrical gross revenues.

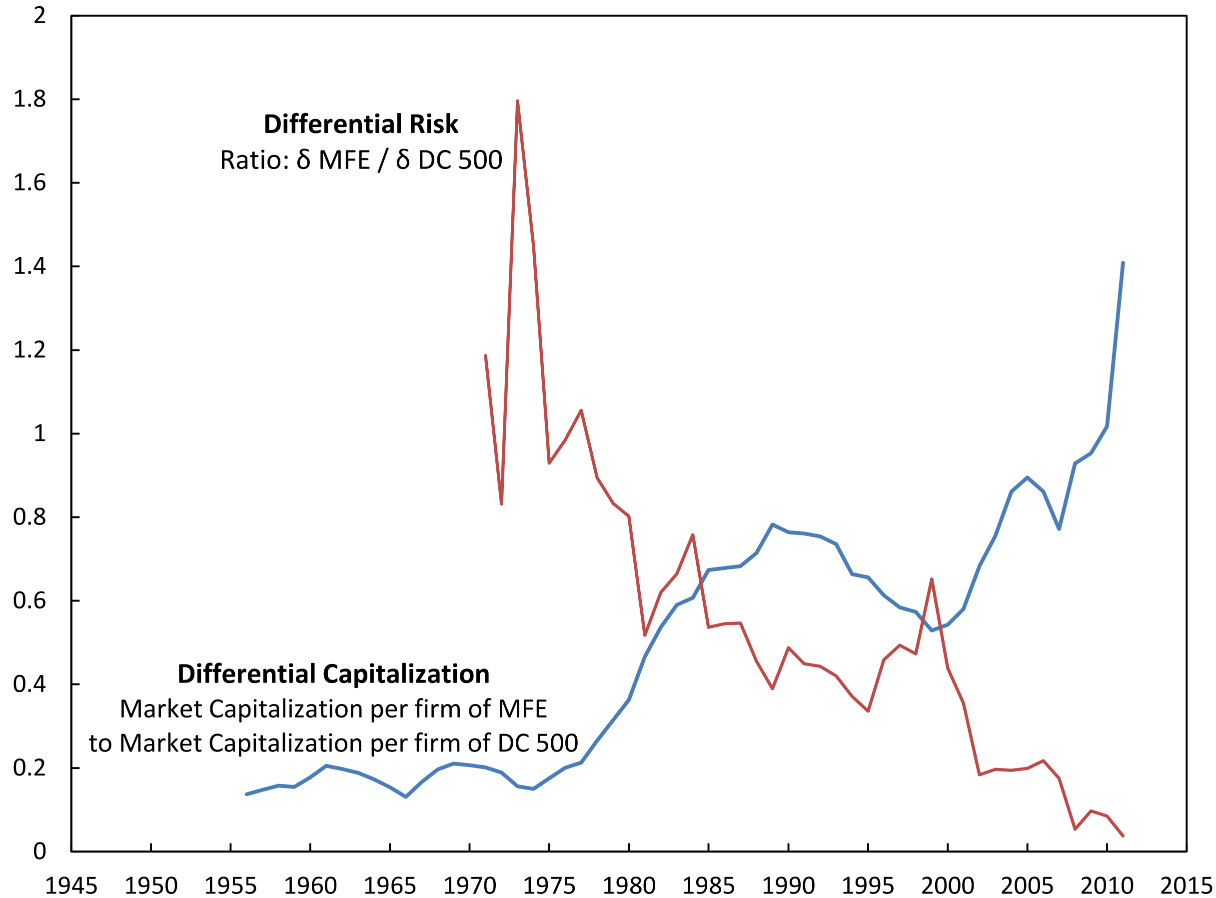

Figure 7 Degree of Confidence: Differential Risk and Differential Capitalization

Note: Both series are 5-year moving averages.

Source: COMPUSTAT through WRDS for common shares outstanding (CSHO) and Price (PRCC_F) of Major Filmed Entertainment, 1950-1992. COMPUSTAT through WRDS for operating income, common shares outstanding (CSHO) and Price (PRCC_F) of Dominant Capital 500, 1950-2011. Annual reports of Disney, News Corp, Viacom, Sony, Time Warner (Management's Discussion of Business Operations for information on their filmed entertainment interests) for operating income of Major Filmed Entertainment, 1993-2011.Global Financial Data for normal rate of return: USA 10-year Bond Constant maturity Yield (IGUSA10D).