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L.A. On-Location Entertainment Production Growth Slows in 2005

Films Remain Far Below Highs; Other Locales Surge, Says FilmL.A.

Los Angeles -- January 30, 2006 -- On-location entertainment production figures for Los Angeles during 2005 were a dull sequel to 2004's dramatic growth, according to year-end data released today by FilmL.A., Inc. (formerly EIDC). The non-profit's annual tally of Los Angeles motion picture, television and commercial on-location production days marked a slowdown to just 4 percent annual growth, compared to the 19 percent spike in 2004. Once again, television led all other categories, but with growth dropping to just under 3 percent; far shy of the 27 percent surge in 2004.

FilmL.A. President Steve MacDonald noted that while rising demand for entertainment content is fueling increased production around the world, L.A.'s significant slowdown in growth is an indication that production is being lost to other regions.

"A four percent annual rise in production should not be interpreted as a sign of L.A.'s competitive success," said MacDonald. "Other jurisdictions, such as New York City, are celebrating dramatic growth in production activity thanks to very aggressive incentive programs. We're concerned L.A. isn't capturing its share."

MacDonald pointed out that in just the past few years, 20 states in the U.S. along with an increasing number of locales around the globe have begun to offer economic and other incentives to lure entertainment production.

In 2005, the number of on-location production days coordinated by FilmL.A. totaled 54,876, up just 2,168 days over the previous year. Feature film production increased 811 days to 9,518, a

level well below the 1996 peak of 13,980 (L.A. film production experienced seven straight years of decline from 1997-2003). Television once again led all other categories with 18,740 days, an increase of only 483 days over the 2004 total, despite expanded production for original cable programming and 2005's very successful pilot season. Commercials continued on a steady growth path since a large drop-off in 2000. The increase of 280 production days achieved in 2005 brought the category to a total of 6,983 permitted production days.

As FilmL.A. first reported last year, television has replaced feature films as the primary driver of on-location production in the Los Angeles region. While that remains the case, MacDonald notes the "reality" of assessing the economic impact.

"Reality TV continues to make up a significant portion, about 30 percent, of all on-location television production in L.A.," he said. "These shows have budgets that are generally smaller than those of scripted programs, so they employ fewer production resources; whether it's talent, crews, sets or locations. The end result is a lower economic impact."

Looking ahead, MacDonald notes that early reports to FilmL.A. from industry sources indicate fewer TV pilots will be produced in 2006 compared to 2005. "Last year's strong pilot season really helped boost the local economy, so the drop anticipated this year is likely to be felt."

The year-end figures reported by FilmL.A. represent the number of permitted days of on-location production in the City of Los Angeles, Diamond Bar, South Gate and West Hollywood, unincorporated areas of Los Angeles County, the Angeles National Forest and more than 800 facilities operated by Los Angeles Unified School District (LAUSD). They do not include production that occurs only on sound stages or in surrounding cities. Figures are based on permit applications handled by FilmL.A., Inc., which account for more than 80% of on-location shooting in Los Angeles County.

About FilmL.A., Inc.

Founded in 1995, FilmL.A., Inc. (formerly Entertainment Industry Development Corporation - EIDC) is a private, one-of-a-kind nonprofit corporation that works on behalf of film, television and commercial producers, Los Angeles-area residents and local government to sustain the Los Angeles region's status as the global leader in media production. More information about FilmL.A. is available at www.filmlainc.com.