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## **JACK VALENTI ANNOUNCES RESIGNATION AFTER 38 YEARS AS HEAD OF MPAA/MPA**

Washington, D.C. - Jack Valenti today announced he will step down as President and Chief Executive Officer of the Motion Picture Association of America, Inc. (MPAA) and the Motion Picture Association (MPA).

Valenti said, "It's been a long run and a great adventure. I do love the movie industry. I wake each morning eager to be at work. But all things have an ending. So it is that I will depart the office of CEO of MPAA and MPA and pass over those leadership duties to my successor at a designated time. Meanwhile I will continue to supervise the voluntary rating system (along with the President of the National Association of Theatre Owners) which I designed in 1968."

By any standard it has been a long run. Valenti has served as the Chief Executive Officer of the MPAA/MPA for more than 38 years. He left his post in the White House as Special Assistant to President Lyndon Johnson in May, 1966 to become only the third person to head the MPAA since its founding in 1922. In the course of his stewardship of MPAA, there have been eight Presidents of the United States.

During that time, Valenti has presided over a sea change in the movie and television landscape. When he assumed leadership of MPAA, its Member Companies were mainly involved in a domestic operation centering on theatrical movies and TV programming. The international market had yet to soar to its current heights.

When Valenti came to the MPAA, Hollywood's major studios' worldwide revenues in 1967 were \$1.26 billion, of which international markets comprised 33% or \$418 million.

Since then, there has been exponential growth and upheaval, with the MPAA/MPA organization asserting itself as a global entertainment, cultural and economic phenomenon. In 2003, the MPAA's Member Companies' global revenues were some \$41.2 billion with international revenues at 40% or \$16.6 billion. American creative works today are received hospitably in just about every country in the world on all the continents.

Today American movies, TV programs, and home video including DVD, videocassettes, pay-per-view, satellite and cable delivery, are internationally omnipresent. The digital landscape, including the Internet, is the newest arena to be welcomed and explored by the American film industry.

Valenti has often remarked that the mandate of the MPAA can be summed up briefly: "To make sure the American movie and TV program can move freely and competitively around the world." In recent years, he has added, "and protected from theft in the

digital environment.”

When the movie industry was besieged in the late 1960s by assaults from both the public and the creative community in contradictory protests – many in the public demanding less violence and sensuality in films, while some writers, producers and directors were straining for more freedom – Valenti moved decisively.

First, he jettisoned the old Hays Code, constructed by Will Hays, a predecessor CEO of the MPAA, which was judged by Valenti to be censorship, and therefore unacceptable. Second, he created a revolutionary new design, a voluntary movie rating system, self-supporting and beyond the pressures of studios, producers, and others in and out of the movie industry.

To bring the rating system from words to paper to visible reality, he knew he had to engage and persuade the key players in the industry, especially theater owners, who became full partners in the system through their National Association of Theatre Owners (NATO). (Today the Chairman of MPAA and the President of NATO are the sole supervisors of the rating system). Moreover, Valenti reached out to an expansive canvass of other important leaders in countless meetings over a nine-month period. He met with the major studios, independent producers and their association, the creative guilds – Screen Actors Guild, Directors Guild of America, and Writers Guild of America – as well as religious organizations, Protestant, Catholic and Jewish, movie critics and public policy and children’s advocacy groups.

The goal of the Valenti plan was to give advance cautionary warnings to parents by rating each film so that parents could make their own decisions about what movies they wanted their children to see or not to see. It was to be totally voluntary. No producer or director had to submit their film for rating. There would be no compulsion of any kind. This early decision by Valenti was to be the prime reason why the rating system has withstood appeals to the courts by critics. If editing was to be done for a specific film, it would be the decision of the filmmakers and no one else. In short the screen would be free, but some movies would be restricted in viewing by children.

The new rating system was born on November 1, 1968. Since then it has gained steady and rising parental approval. As Valenti said: “Nothing lasts 35-plus years in this brutal, volatile marketplace unless it is offering some benefit to the people it aims to serve, in this case, parents.”

Under Valenti’s stewardship, the MPAA/MPA has constructed a small State Department, with a “diplomatic corps” of seasoned professionals installed in six offices all over the world (Brussels, New Delhi, Rio de Janeiro, Singapore, Toronto and Beijing), with sub-offices in other countries. Through these offices and in the headquarter sites in Washington and Los Angeles, Valenti and his colleagues direct a planet-wide strategy whose objective it is to keep markets open, lessen discrimination, conciliate and/or resist attempts to exile, shrink or hinder American participation in the world marketplace of cinema, television, cable, satellite delivery, pay-per-view, and soon-to-be Internet delivery, which has demanded a vigilance to combat the theft of valuable creative works throughout the world.

With the introduction of analog videocassettes in the late 1970’s, contrary to some

critics, Valenti never advocated any abolition of recording devices, rather he advocated a small levy on all blank videocassettes to be returned to copyright owners for partial compensation for theft of their films. That is the method now used throughout much of Europe.

Valenti predicted massive theft of American films. His prophecy was correct. Today the movie industry suffers from a revenue loss of some \$3.5 billion annually worldwide from analog and hard goods piracy.

In 1975, Valenti created an Anti-Piracy division, which has grown over the years. The mission of the division is to combat the rise in thievery all over the world. Three years ago, he organized a Digital Strategy Department, which concerns itself solely with the new magical technology that has such large potential for the dispatching movies safely and directly to homes of consumers.

In recent years, Valenti and his colleagues have devoted considerable time and energy in seeking ways for movies to enter the digital age without being infected by a huge invasion of thievery, or as Valenti described it, "Internet abuse" and illegal "runaway uploads and downloads." His belief has been that solutions to this potential peril for movies ought to emerge from (1) meetings with the Information Technology industry (computer makers), and the Consumer Electronics communities whose aim it is to forge a common defense against digital thievery. Such meetings have been in progress for several years; (2) technological research by the finest brains in universities, tech companies and other high-tech enterprises; and (3) public information and education through the media as well as working closely with universities and colleges to construct codes of conduct so that students availing themselves of high speed university broadband systems know the rules of the game.

Valenti has said that "the Internet is a handsome new delivery system which we welcome because it will allow us to transport our films in secure environment to family homes, offering consumers another option for watching movies." His high priority aim is to be able to protect movies with content encryption, digital rights management and other technological designs. This would allow thousands of films to be instantly available to consumers at their choice of time and titles, at reasonable, fair prices, to be defined as Valenti said, "by the consumer and no one else."

He went on to say, "We have to look two, three, four years down the road when this country will have many more millions of home equipped with broadband access than the some 17-plus million homes now so connected. Add to that, university campuses with state-of-the-art broadband systems, none faster, none better. With expanded broadband access, consumers would be benefited by having another option for viewing movies at their convenience in their homes. But the ease with which our movies can be pilfered now puts to hazard our future, unless we have in place sturdy protective clothing for valuable creative works. That is why we must begin now to save the future from thievery." Valenti believes that while there is no "single magic bullet," the movie industry will soon be able to design workable digital protection for movies.

Valenti takes personal pride in his efforts to establish what he calls "a rapport with the American creative community," which includes the Screen Actors Guild, the Directors Guild of America, the Writers Guild of America and the Producers Guild of America.

The DGA awarded him a rare prize, inducting him into the Guild as an Honorary Life Member, one of a tiny group of studio executives to be so honored, including Darryl Zanuck, Lew Wasserman, Barry Diller.

He has pursued that same rapport with the international creative community. He travels the world constantly meeting with not only with Presidents, Prime Ministers, Cabinet ministers to negotiate film trade agreements, but also with writers, directors, actors, producers, film executives and exhibitors in other countries, as he carries to them his message of "collaboration and cooperation," and the benefits of an open competitive marketplace. He has been conferred valuable awards from other nations, such as the prestigious Legion d'Honneur (the French Legion of Honor created by Napoleon in 1804) presented to him by the President of France.

About the current personnel of MPAA/MPA, Valenti said: "The greatest asset which I bequeath to my successor will be a cadre of professional, highly competent, effective executives who man our offices in this country and around the world. They are amply fortified with intelligence, experience and a superior knowledge of the entrails of our industry in all its forms. They are the men and women who do much of the work for which I am given credit. I am deeply grateful to all of them. My successor will be equally grateful when he gets to know and work with these exceptional people. They will be indispensable to my successor's success, as they most assuredly have been to mine."

"Finally," said Valenti, "I owe a huge debt to the MPAA/MPA Board of Directors. The men and women who lead the seven \* Member Companies of this Association have given unlimited support to me in the form of wise, prudent counsel. I am mighty grateful to them."

Note: Jack Valenti and his wife, Mary Margaret, reside in Washington, but he spends more than half of his time in California where the MPAA's largest office is located in Encino. He and his wife have three children: Courtenay, Executive Vice President of Film Production at Warner Bros.; John, in the venture capital business; and Alexandra, a screenwriter/director. The Valentis have two grandchildren, Wiley Willis Valenti Roberts and Lola Lorraine Valenti Roberts, the children of Courtenay and her husband, Patrick Roberts.

**\* The Walt Disney Company, Twentieth Century Fox, Metro-Goldwyn-Mayer, Paramount Pictures, Sony Pictures, NBC Universal Studios, Warner Bros.**

**About the MPAA:**

*The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C. Its members include Buena Vista Pictures Distribution, Metro-Goldwyn-Mayer Studios Inc., Paramount Pictures, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, NBC Universal Studios, and Warner Bros. Entertainment Inc.*

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