

The Entertainment Merchants Association (EMA)

Welcome to *Inside EMA*...

Released quarterly, *Inside EMA* highlights the current activities and core responsibilities of your Association.

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Video Retailers of the Year Announced at 2006 Convention

EMA announced the recipients of the 2006 Video Retailer of the Year awards during the opening session of VSDA's *Home Entertainment 2006* in July. These awards are given annually to recognize successful retailing of home video software.

"The 2006 Video Retailer of the Year awards program recognizes companies that have prospered in the face of changing trends and formats by innovating ways to best serve customers," said Bo Andersen, President of the EMA. "These retailers are among the very best at serving their customers and are a credit to the spirit that drives the industry."

This year's award recipients are:

Entertainment Specialist (selected from merchants that specialize in the retailing of entertainment hardware and software.)

Circuit City, Richmond, VA



CC's Leigh Ann Moore

Non-Traditional Retailer (awarded to a retailer who employs unique business models for the rental or sale of DVDs.)

BMG Columbia House, New York, NY

Online Retailer (designated for a retailer that sells or rents DVDs online)

Amazon.com, Seattle, WA

Rental Specialist (honors a busi-

ness that specializes in renting DVDs among public companies or chains of 100 or more stores.)
Netflix, Los Gatos, CA



In addition, iDEA announced the following award recipients in the Independent video store category. (left to right in photo above)

Video Quest, Joliet, IL
Movie Merchants, Sonoma, CA
Backstage Video, Bridgewater, VA
Peoples Choice, Waukegan, IL
Video Zone, South Deerfield, MA
Digital Dogpound, Evansdale, IA

Government Affairs Activity

Defeating legislation that restricts the sale or rental of video games has been a top priority over the past couple years for EMA. Along with the ESA, we have been successful at fending off most of the state laws that have been introduced. However, a few have passed, forcing us to join in lawsuits to have them overturned. So far, with the Constitution on our side, our success rate has been 100%.



Recently, laws have passed in Minnesota, Louisiana, and Oklahoma. Here's an update on our litigation against each, as well as some good news from Illinois.

Litigation Activity

Minnesota (*ESA v. Hatch*)

In July, a federal district court

permanently enjoined enforcement of the Minnesota game law. Subsequently, the state of Minnesota filed a Notice of Appeal. The Appeal is in the U.S. Court of Appeals for the Eighth Circuit, which is expected to hear the case in December.

This law would have imposed a civil penalty on minors under the age of 17 who rent or purchase video games rated *M* or *AO*.

Louisiana (*ESA v. Foti*)

On August 24, a preliminary injunction, effective in the East Baton Rouge Parish, was issued against enforcement of the Louisiana video game law enacted in June. This law would ban the sale to minors of any computer or video game that includes depictions of violence that meet a three-part test for "offensiveness."

EMA and ESA have requested that the judge extend the injunction statewide, and have filed a

motion for summary judgment requesting that the judge make the injunction permanent.

Oklahoma (*EMA v. Henry*)

Along with ESA, EMA filed a motion for summary judgment in the legal challenge to the Oklahoma video game law enacted in June. A ruling on the motion is expected before the November 1 effective date of the act.

This law would ban the dissemination to minors of any computer or video game that depicts "inappropriate violence" (defined, in part, as material that include depictions that fall into any one of nine categories.)

Illinois (*ESA v. Blagojevich*)

The federal judge who oversaw the successful challenge by EMA and ESA to the video game restriction law passed in Illinois in 2005 ordered the State to reimburse the plaintiffs \$510,000 for legal fees and associated costs.

Legislative Activity

Current legislative activity is mostly quiet, with most state's bodies in recess.

Utah

The Judiciary Committee of the Utah House is considering a bill to be introduced next year, mirroring this year's Louisiana video game restriction bill. The committee indicated that it may vote on this bill in October.

Federal

A Lieberman/Clinton bill that would authorize a study on the impact of electronic media on the development of children has been approved by the Senate.

Also, a bill was introduced in the House making it an "unfair or deceptive" trade practice for a video game publisher to fail to disclose relevant game content to the ESRB with the intent of getting a less-restrictive rating than it would otherwise receive.

Home Entertainment Award Recipients Announced

Harry Potter and the Goblet of Fire, *Crash*, *Madagascar*, and *Madden NFL 06* carried the 2006 Home Entertainment Awards, winning two awards each. The Home Entertainment Awards, presented by the Entertainment Merchants Association in recognition of outstanding achievement in home video, were announced at VSDA's Home Entertainment 2006 convention in July.

Category	Title	Studio
Archival TV Series	<i>Six Feet Under, Seasons 3, 4, 5</i>	HBO Video
Current TV Series on DVD	<i>24, Season 4</i>	Twentieth Century Fox Home Entertainment
Children's Title	<i>Madagascar</i>	DreamWorks Home Entertainment
Direct-to-Video/Limited Release/Independent	<i>Half Light</i>	First Look Home Entertainment
Direct-to-Video/Limited Release/Major Studio	<i>Family Guy Presents Stewie Griffin:</i>	Twentieth Century Fox Home Entertainment
Documentary Title	<i>March of the Penguins</i>	Warner Home Video
DVD Extras from an Independent Studio	<i>Saw II</i>	Lionsgate
DVD Extras From a Major Studio	<i>Harry Potter and the Goblet of Fire SE</i>	Warner Home Video
Family Title From an Independent Studio	<i>The Prince and Me 2</i>	First Look Home Entertainment
Family Title From a Major Studio	<i>Madagascar</i>	DreamWorks Home Entertainment
Foreign Language	<i>House of Flying Daggers</i>	Sony Pictures Home Entertainment
Marketing Campaign From an Indie Studio	<i>Crash</i>	Lionsgate
Marketing Campaign From a Major Studio	<i>Wedding Crashers</i>	New Line Home Entertainment
Music DVD	<i>The Eagles: Farewell I Tour</i>	Rhino/Warner Strategic Marketing
Packaging From an Independent Studio	<i>Saw: Uncut Edition</i>	Lionsgate
Packaging From a Major Studio	<i>Sin City</i>	Buena Vista Home Entertainment
Rental Title From an Independent Studio	<i>The Prince and Me 2</i>	First Look Home Entertainment
Rental Title From a Major Studio	<i>Walk the Line</i>	Twentieth Century Fox Home Entertainment
Sell-thru Title From an Indie Studio	<i>Crash</i>	Lionsgate
Sell-Through Title From a Major Studio	<i>Harry Potter and the Goblet of Fire</i>	Warner Home Video
Sleeper of the Year	<i>Sideways</i>	Twentieth Century Fox Home Entertainment
Special Interest Title	<i>Dave Chappelle: For What It's Worth-</i>	Sony Pictures Home Entertainment
Adult Title	<i>Pirates</i>	Digital Playground
GameCube Game	<i>Madden NFL '06</i>	Electronic Arts
PlayStation 2 Video	<i>Madden NFL '06</i>	Electronic Arts
Xbox Video	<i>Halo 2 - Multiplayer Map Pack</i>	Microsoft Game Studios

EMA Supports Video Game Voters Network



Laws restricting the sale and rental of violent video games to minors are both unconstitutional and unnecessary, but critics of video games continue to propose legislation to punish retailers if they do sell or rent them.

EMA and the Entertainment Software Association (ESA) work together to oppose these proposed laws and are usually successful. It's important, however, that legislators hear from the citizens they represent who are opposed to

these measures.

That's why the ESA recently launched an important new grassroots political initiative, the Video Game Voters Network (VGVN), www.videogamevoters.org. The network is a place for voting-aged Americans who play computer and video games and others with a stake in preserving the video game industry to organize and defend against legislative threats to video games. VGVN educates its members about legislative and regula-

tory issues affecting the industry, helps them mobilize against unnecessary legislation, and offers them an easy way to register to vote.

EMA believes VGVN will be an effective tool in fighting ill-conceived anti-video game legislation.

We encourage you to visit their www.videogamevoters.org and join, and to help spread the word about VGVN to your company's employees and your company's customers.

EMA Launches Support For Hi Def Rollout

By this year's 4th Quarter, studios supporting both Blu-ray and HD DVD high definition disc formats anticipate wide distribution at retail. This means that retail field sales staff, store managers & clerks, will need enough information about these high definition formats, and hi def discs in general, to properly respond fully to customer questions and to support sales and rentals.

EMA will focus its support for this rollout by:

- Serving as an unbiased resource of high definition software information, wholly neutral as to format and individual studio preferences

- Developing tools to assist retailers of all sizes in educating their field sales staffs on high definition software.

EMA's High Definition Disc Resource Center (available at www.entmerch.org/hi_def_dvd_resources.html) is a repository for up-to-date and archived news stories and also includes EMA's retailer briefing materials, *High Definition Disc Media 101 – A Non-Technical Primer* and *High Definition Video Discs – a Retailer's Update*. The site also provides links to other great documents such as Digital Digest's *High Definition DVD FAQ*, and to DEG's up-to-date listing of high definition software titles, by studio and by

release date.

Most recently, a basic FAQ for retail store clerks, in tri-fold format, has been developed and added to our web-based Resource Center for members to print and copy.

EMA will soon release a short online self-study course that retailers will be able to deploy to store clerks. This course will also be available on disc and in PowerPoint format for staff training sessions.

We're convinced that the more informed a sales staff becomes – the more they'll sell and rent, and the sooner consumers will adopt high definition as their preferred format.



Industry PSAs Screen on In-Store Monitors

Through creation of in-store PSAs, EMA is reaching millions of consumers with anti-piracy and entertainment ratings messages. These PSAs are available to both members and non-members.

As part of our annual Entertainment Ratings and Labeling Awareness Month initiative in June, EMA partnered with ScreenPlay, Inc to produce an edgy, animated PSA that reminded consumers about the movie and video game rating and music labeling systems to as-

sist them in determining what movies, music, and video games are appropriate for their children, in much the same way that they would read food and beverage labels for the families' groceries. This year's PSA ran in over 13,000 storefronts including Blockbuster, Comp USA, Hastings, Fred Meyer, Movie Gallery, and stores operated by ScreenPlay's Screen Smart subscribers and Video Buyers Group members.

EMA held its second anti-piracy

PSA contest announcing the top three winners at the July convention. The styles of the three winning spots vary, with two using humor to get their message across. These 30-40 second spots are available to all retailers and were sent to the studios, independent suppliers and other entertainment trade organizations last month. Over 7,000 storefronts are currently running one or more of these spots, with new locations added every month.

EMA Congratulates
Dane Boedigheimer
 Creator of
*"Good Stealing
 and Bad Stealing"*
 Winner of 2nd Annual
 Project: FAIR
 Competition for Anti-
 Piracy PSA's.

Loss Prevention Committee "Back to Life" and Expanded

EMA's Loss Prevention Committee, with members including Circuit City, Target, Hastings, Movie Gallery, and Toys R Us, will hold its first meeting since the merger of VSDA and IEMA. This Committee's charter will expand to include both DVD and electronic game software.

In their first conference call, led by Committee Co-Chair Phil Foussekis (AVP/Loss Prevention, Circuit City), the members cited entertainment

media, both games and DVDs, as among the highest shrink categories in their stores. Retailers lose well over a half billion dollars each year to inventory shrink of DVDs and electronic games!

Movie Gallery SVP/Loss Prevention Phil Kitchens adds that, "a brain-trust of Loss Prevention executives dedicating and concentrating efforts on the entertainment software category will undoubtedly result in

action items that'll eventually reduce shrink and grow industry sales and profits."

On October 24, committee members will meet in Universal City, California to initiate brainstorming sessions related to EAS and source tagging, packaging, merchandising, and other security elements.





iema

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Inside EMA

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Video Industry Directors Appoint New Members and Elects Officers

Your association is led and governed by a single Board of Directors representing both the video game industry and the video industry.

While one single Board has been formed, each set of Industry Directors will meet individually to discuss industry-specific issues.

The Video Industry Directors of the EMA Board met in July and appointed three new members:

- **redbox** (represented by Gregg Kaplan, CEO)
- **Target** (represented by Tracey Koller, Senior Buyer)
- **Video Station** (represented by Ken Dorrance, owner).

In addition, four companies were reappointed:

- **Giant Eagle** (represented by Chuck Porter, Director)
- **Movie Gallery** (represented by Bo Loyd, EVP & CMO)
- **Rentrak** (represented by Marty Graham, President/PPT Division)
- **Video Place** (represented by Kathy Slocum)

Representing **Amazon.com**, Greg Hart, VP/DVD, Software, Video Games, has replaced Amazon's Matt Yeatts on the Board.



Amazon's Greg Hart

At the same meeting, the Board elected its 2006 / 2007 officer slate.

Chairman
Bob Geistman
Ingram Entertainment

Vice-Chairman
Marty Graham
Rentrak Corporation

Treasurer
Leigh Ann Moore
Circuit City

Secretary
Chuck Porter
Giant Eagle

Tom Warren, past 4-term Chairman of the Board and 2005/6 Vice-Chairman was appointed as an ex-officio member of the Director's Executive Committee.