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EIDC Issues First Overview of Pilot Production Activity and Economic Impact

L.A. Dominates, but NYC Incentives Begin to Take Hold

Hollywood, Calif. – May 4, 2005 – Production trucks were a familiar sight throughout Los Angeles during the just-wrapped TV pilot production season, which industry sources are calling one of their busiest. As the initial episode of a proposed television series, many pilots are shot, but only a few gain a slot on a network's lineup. In late May, the networks select the shows that that will go on to be aired during the fall, or as next-year's mid-season replacements.

In order to gauge the size and economic impact of this season's activity, Entertainment Industry Development Corporation (EIDC) has conducted its first overview of pilot production based on an industry-wide survey of production companies. The survey tracked production activity, including the number of pilots and where they were produced. In addition, EIDC has evaluated the data to provide an estimate of the economic activity generated by pilot production.

EIDC has confirmed that, to date, at least 131 television pilots were produced during the 2005 production season. Recent changes to the programming landscape expanded this year's season to nearly five months -- from December through mid-April (pilot production traditionally began in February). Those changes include a rise in original programming by cable networks, an overall shift away from reruns in favor of mid-season replacement shows and a trend toward year-round original programming and production.

In turn, the economic impact of pilot production has swelled. According to industry sources, the average pilot directly employs about 150 people and costs \$4 million for a one-hour drama, and \$2 million for a half-hour comedy or other genre episode. Based on EIDC's survey results, the

program mix for the 2005 pilot season favored half-hour episodic series over hour-long dramas, 57% to 41%. The pilots produced during the 2005 production season total more than 90 hours of programming. Using the per episode cost estimates listed above, the 90 hours of programming translates into a total of about \$364 million in pilot production spending.

EIDC estimates that about 90 percent (118) of the pilots tracked in the 2005 survey were shot in Los Angeles, with half of the remainder (7) shot in New York City. That translates into an economic infusion into the Los Angeles economy of more than \$309 million. But EIDC President Steve MacDonald says that estimate represents just part of the economic picture.

“During pilot season, overall TV production activity intensifies, as pilots are produced concurrently with already-established programs,” said MacDonald. “And pilots are costly to produce because as new programs, most have to be developed from the ground up, which makes them more labor and material-intensive compared to ongoing episodic series. They also rely more heavily on location production.”

Pilots helped buoy otherwise sagging TV production during the first quarter of 2005, according to EIDC figures. Although overall production (including motion pictures, television programs, commercials, music videos, etc.) finished the quarter 2% ahead of last year’s record-setting pace, television slumped 6% overall. Nonetheless, it remained nearly 100% over its 10 year average due to the strength in pilot production. By the end of the first quarter, pilots accounted for almost 33% of all location television production.

“It appears that overall production was helped by a bumper crop of pilots this quarter,” said MacDonald. A summary of overall on-location production activity permitted by EIDC for the first quarter of 2005 is included below.

The estimated \$309 million spent on pilot production in Los Angeles does not include the sustained economic impact of pilots that are picked up by the networks for all or part of the typical 22-episode TV season. Once picked up, most shows are produced in the same location as their pilot episodes. Television production has a huge impact on the Los Angeles economy. According to industry estimates, the one hour dramas currently shooting in Los Angeles alone account for \$1.5 billion.

MacDonald stressed the importance of retaining TV pilot production in Los Angeles given the growing efforts by other regions, most notably New York City, to lure production. “This is the first television pilot season in which New York has hosted a significant amount of production. It’s clear that aggressive financial incentives are helping drive TV production to New York, as they have driven feature films to Illinois, Louisiana and New Mexico.”

MacDonald added that each time a pilot is produced outside of Los Angeles, the region forfeits millions in economic activity, with direct losses to industries ranging from retail apparel to food service. "Even one lost opportunity for Los Angeles hurts."

About the Entertainment Industry Development Corporation (EIDC)

EIDC is a private, one-of-a-kind 501c(4) nonprofit corporation working on behalf of film, television and commercial producers, Los Angeles area residents and local government to sustain Los Angeles' position as the global leader in media production. EIDC is not a government agency, but holds contracts with several cities and other government agencies to facilitate filming. It is funded solely by the permit processing fees paid by production companies.

Permitted Production Days by Type Calendar Year 2004-2005

	TV		FEATURES		COMMERCIAL		MUSIC		OTHER		TOTAL		% CHANGE
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	04-05
January	1034	1174	718	1094	567	697	96	94	866	1341	3,281	4,400	34.11%
February	1474	1380	487	599	868	726	148	119	1901	1874	4,878	4,698	-3.69%
March	2466	2121	549	497	644	621	102	101	1948	1715	5,709	5,055	-11.46%
TOTAL (YTD)	4,974	4,675	1,754	2,190	2,079	2,044	346	314	4,715	4,930	13,868	14,153	2.06%

Numbers represent permitted days of location filming in the City of Los Angeles and unincorporated Los Angeles County, as well as the Cities of West Hollywood, Diamond Bar, and South Gate, the Angeles National Forest, and at more than 800 facilities operated by the Los Angeles Unified School District.