GALACTIC ACADEMY

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Executive Summary

The founders of Wonder Animation, Inc. recognize: (1) Stereoscopic 3D movies are now the best selling films in the industry; (2) the costs to produce animation, including Stereoscopic 3D, have never been lower; and (3) the demand for Stereoscopic 3D has never been higher – demand is greater than available content.

- The Middle 60% Box Office Average (minus 20% high and low) for 3D Family Animation is $364.4M (2000-2010).

- Wonder Animation has completed its script and character development, which includes robot characters that cross all ethnic/racial boundaries.

- Wonder Animation is pursuing the “Parent Preference” niche, which is to say: Wonder identifies parents as the purchase-point decision makers for their families’ entertainment (kids 6-10) and that parents are most concerned about their kids’ performance in school and their ability to make (and keep) friends. Therefore, Wonder’s film “Galactic Academy” enjoys a main character that must rely on friendship loyalty to help him not just succeed in high school, but also become his school’s hero.

- Finally, Wonder is staffed by entertainment pioneers and accomplished business executives:
  - Head of Distribution & Board Director Omar Kaczmarczyk has created the first segmented rights transaction for the motion picture industry, and has been instrumental in the launch of many successful films and enterprises since the early 1970s, including the merger for Artisan Ent., which became Lionsgate.
  - Head of Production & Board Director Don Fox has created 11 large format (IMAX) family films since 1978, including the first 3D Animated Film: the 2003 theme-park attraction film “Robots of Mars”.
  - Head of Development & Board Director Chris Fure is former Business Development VP of TransGlobal Ventures and is the brainchild that brought together Don and Omar, developed the “Galactic Academy” story and business model , as well as recruited Wonder’s Board:
    - Board Director Dr. Eric Ball is the Oracle Corp. Treasurer.
    - Board Director Al Ovadia is the former Head of Licensing for Sony Pictures.
    - Board Director Dr. Victor nee is the former Chairman of TransGlobal Ventures and is the current developed of one of China’s largest Gov’t funds: the Putian Fund.
    - Board Advisor Dr. Sanford Rosenberg is the President of Media Research Associates.

“Galactic Academy” was developed for parents and is being produced by a team with a tremendous history of success. Moreover, it will promote an edu-tainment website (www.WonderDiscovery.com) that offers science knowledge and interactive electronic games.
Management

ERIC BALL, Ph.D.: Board Director

Eric is Vice President and Treasurer of Oracle Corporation, the world’s largest enterprise software company. Eric joined the company in May 2005 and leads a team of 23 in managing the company’s worldwide treasury operations, capital markets activity, investment portfolio, foreign exchange, corporate finance, stock services, and risk management. He also serves on the Board of Oracle Japan, a public company headquartered in Tokyo and listed on the Tokyo Stock Exchange.

Prior to joining Oracle, Eric spent four years as Assistant Treasurer of Flextronics International managing capital markets, corporate finance, insurance, leasing, and credit activity. He also acted as a point-of-contact in investor relations. Before Flextronics, he served at Cisco Systems Inc for two years where he and his team managed corporate finance, stock administration, credit exposures, and financial modeling. He also spent five years at Avery Dennison in the U.S. and England in a variety of corporate and operating financial roles. He began his corporate career in 1988 with six years at AT&T corporate headquarters in treasury and financial consulting roles.

Eric is a graduate of the University of Michigan and holds masters degrees in economics and finance from the University of Rochester, and a Ph.D. from Claremont’s Drucker-Ito School of Management. He has taught finance at Rochester, Rutgers, and USC. He was part of the treasury team at Cisco that won the 2000 Alexander Hamilton Award for overall excellence in treasury, and while at Flextronics was named in 2003 by Treasury & Risk Management magazine as one of the “Top 40 Under 40” in finance.

Eric brings Wonder significant financial knowledge and relationships for its launch and exit, as well as a reaffirming focus to make quality Family films for his young sons Spencer and Carter.
Al OVADIA: Board Director

Al served as Executive Vice President of Sony Pictures Consumer Products. During his tenure at Sony, he was responsible for the global merchandising and branding efforts for some of the most recognized properties in film and television, including *Men in Black*, *Spider-Man* and *Spider-Man 2* feature films, as well as animated films, *Open Season* and *Surf’s Up!* In addition, he worked closely with the Sony Television Animation Group on a number of TV series, including *Jackie Chan Adventures* and *It’s A Big, Big World*.

From 1988 to 1995, Al served as President, Licensing & Merchandising, for 20th Century Fox, where he oversaw worldwide licensing, promotion and product placement for all of the studio’s film, video and television properties, including the enormously successful series, *The Simpson's*. In addition, while at the company, he engineered the successful launch of internal video game company, Fox Interactive.

Al has served as EVP of Equity Marketing; President of News America Marketing and he has co-founded internet content syndication company, Mediacentrix. Also, Al began his career at NBC where he spent his last four years as VP of Network Creative Services. Al brings Wonder Animation expertise in brand strategy, global licensing and promotional management, as well as, TV, home entertainment, and emerging media distribution.

Beyond serving on the Wonder Animation Board, Al serves as President of Al Ovadia & Associates, Inc. (www.alovadia.com): a company he launched in March, 2005. Al Ovadia & Associates, Inc. has sold US and Canadian broadcast rights to several kid’s animated programs including *Galactik Football* to US-Hispanic Kid’s Network, *Sorpresa!*, *Huevocartoon* to Spanish Broadcaster Telemundo (US Only), and *Bernard* to Cartoon Network, YTV and Radio Canada. Al also brokered a deal to place music videos featuring the global phenomenon, *Crazy Frog*, exclusively on Cartoon Network-US. In addition, Al serves as CEO of SalesLife, Inc.: a video game simulation publisher.

Throughout his career, Al has won numerous awards for excellence in both licensing and promotion. He has also served for two terms as a member of the LIMA (Licensing Industry Merchandiser’s Association) Board of Directors.

As a Wonder Board member, Al will focus on guiding Wonder’s licensing strategy to be the company’s highest income stream, as well as building the Wonder brand to its greatest potential for an IPO or M/A exit.
VICTOR W. NEE, Ph.D.: Board Director

Victor has been appointed as advisor to more than 25 Government and Commercial organizations in the People’s Republic of China (PRC), including several PRC Ministries. Victor was asked to serve on the Wonder Animation Board after his dedicated service as Chairman of TransGlobal Ventures, where he also performed as an advisor to Xi’an Film Studios.

Victor remains active in investment and finance, where he works extensively in asset based securitizations. To this end, Victor developed and managed the Putian Fund: an entity that finances the combined commercial interest of the PRC Ministry of Post & Telecommunications and the PRC Ministry of Information.

Victor presently serves on the Board of several companies, including Capital Senior Living, Biomasters, MagneGas, PetroSun, Shannxi Foreign Economic University (China), Beijing Orient Electronics (China), and the Holley Group (China). Over the years, Victor has consulted various foreign government trade ministries and Fortune 500 companies, including American and European investment banks, to create international joint ventures for doing business in China.

Victor obtained his Ph.D. in Aerospace at Johns Hopkins University, and his Bachelor degree at the National Taiwan University. At the University of Massachusetts, Dartmouth, he established the Advance Technology Center, served as its first Director, and later served as the University’s Vice Chancellor. He accepted tenure at the University of Notre Dame, where he taught fluid mechanics and created the Applied Engineering Research Laboratory. At Notre Dame, Victor was elected twice by students for the Faculty Award (most inspiring Professor).

Outside of the United States, Victor has been appointed as Honorary Professor at Taiwan University, Academia Sinica in Taiwan, Shanghai Hwadong University, FuJian Normal University, and the Chengdu Electronic University in China. Moreover, Victor has been invited to lecture in Europe, South America, Japan and China.

Victor is listed in "American Men of Science" and is also a member of "American Federation of Musicians". He has published 54 professional papers, owns 52 patents, and has served as an advisor the United States Environmental Protection Agency.

Victor brings Wonder significant relations in China with PRC Gov’t financiers/distributors, as well as with global finance firms.
ANTONIO TASCA, MSc., Ph.D.: Board Advisor

Antonio ("Tony") Tasca is currently the Executive Director of Skopelos Ventures (Palo Alto, CA), a social entrepreneurial advisory firm. He is currently on assignment in Riyadh, Saudi Arabia. And, he also serves on the Board of Directors of three start-ups firms – one each in the US, UK, and Spain, and he teaches as an adjunct professor at a leading European business school.

Prior to Skopelos, he was a Chief for the Zain Group (Dubai, UAE), a multi-national company with operations in 25 Middle East and African countries. Prior to Zain he was Chairman of Louis Allen Worldwide (Foster City, CA), an international consultancy with partners in Europe, Latin America, Asia and the Middle East.

Tony holds a MSc from HEC Paris, and a Ph.D. from the Union Institute & University. He has also completed the Executive Program in Management at the University of California at Los Angeles, the Consulting and Coaching for Change Program sponsored by Oxford University and HEC Paris, the Graduate Student Professional Development Program sponsored by the National Training Laboratories, Washington, D.C., and he earned his BSc in Industrial Relations from San Jose State University.

Tony brings his considerable international finance network to Wonder, including investor relations in Dubai, Cairo, Riyadh, and Silicon Valley.
SANFORD ROSENBERG, Ph.D.: Board Advisor

The President of MRA, Dr. Sanford (“Sandy”) Rosenberg has twenty five years of experience in working with film, video, and emerging technologies. He has consulted on a variety of media projects including film, television, games, and the web. These have included B2B, C2B and C2C web-based projects. His particular focus has been on the issues of privacy, security, identity, community, and personalization on the Internet.

Sandy specializes in qualitative knowledge-based research, examining the relationship between language, story, structure, symbol, image, emotion, and the user experience, in any media. He has extensive background as an Executive Coach and in business development, particularly in the Entertainment industry. Sandy is also a licensed psychotherapist, as well as an educator, and researcher in the area of symbolic processes, social psychology, and Psychographics.

He is often called upon to lecture on topics ranging from the independent movie business to the structure of moving story, to archetypal psychology, media and the Self. Recently, he presented at the Digital Indies Conference on the Internet, Privacy, Intimacy, and Community.

Member of American Psychological Association and Association for the Study of Sleep and Dreams.

Sandy also serves on a number of boards, and has acted as an advisor to both for-profit and non-profit organizations.

Sandy is a founding partner of Front Street Productions/Front Street Pictures, producer of six films including "We Don't Live Here Anymore," with Naomi Watts, Mark Ruffalo, Laura Dern, and Peter Krause, winner of the screenwriting award at Sundance and released by Warner Indies in the summer of 2004 and "The Deal," with Selma Blair and Christian Slater, released in the summer of 2005.

Sandy brings his detailed media and psychographic trend analysis to Wonder, as well as his litany of industry relations.
OMAR KACZMARZYK: Head of Distribution

Omar has 40 years experience in the film industry, having consulted over 140 international co-productions and independent films worldwide. He has served in executive, financial, and distributor capacities with an invaluable knowledge of the worldwide film market for optimum management of intellectual properties. And, Omar originated the film distribution concept of segmented rights sales that is now the industry standard.

Since the 1980s, Omar has been internationally recognized as a pioneer of innovative motion picture licensing strategies. Working in Zurich with producer Alexander Salkind, he assembled twenty feature films for distribution in the emerging worldwide video market. From 1980 to 1983, this package generated over $20 million dollars in this new, secondary distribution channel for films that is now such a major part of the movie business. These moneys helped finance Salkind’s Superman and Superman II, the biggest independent movie productions to date. Omar then implemented presale rights licensing for Superman III, Supergirl, and Santa Claus: The Movie starring Dudley Moore. His video sale of the Warner Brothers’ theatrical release of Supergirl to International Video Entertainment (IVE) made industry headlines as the first “studio” segmented video deal.

In 1984, for Salkind’s Santa Claus, Omar challenged industry leaders with his newly developed segmented rights licensing system, creating a record breaking three-way distribution deal between Tristar, Viacom, and Media Home Entertainment. Considered revolutionary at the time, these segmented rights deals are now the accepted industry distribution sales practice for all of the members of the MPAA, IFTA, and FIAPF.

Arriving in Los Angeles in 1985, Omar consulted with several prominent producers and distributors. He developed foreign distribution operations for Scotti Brothers Pictures, advised Harvey Weinstein at Miramax on foreign sales operations, and created the financing and distribution marketing operations for Noble Entertainment. He again created a record breaking sale for the USA rights to Tarak Ben Amara’s ‘PIRATES’, directed by Roman Polanski.

And as an advisor to Fries Entertainment, Omar expedited an equity investment for the $10 million dollar film Screamers with Peter Weller, based on the Philip K. Dick story, “Second Variety.” With his excellent relationship with Credit Lyonnais, he assisted the financially troubled IVE. He facilitated Carolco’s merger with IVE, creating Carolco/LIVE Entertainment, which became Artisan Entertainment, which is now Lion’s Gate.

Omar sees the global sales potential of “Galactic Academy” (a film with characters that cross all ethnic boundaries), as well as “Hard Drop” (a multi-ethnic cast that supports the Multi-Environment Race Craft – a universally appealing race vehicle). Omar will help ensure that Wonder films reach the greatest possible audience.
DON FOX: Head of Production

Don is a graduate of UCLA film school (BA), USC film school (MFA) and the American Film Institute (post-Grad), where he first developed his skills for Stereoscopic 3D film. So far, Don has successfully created and produced 11 special format films for companies such as IMAX, Iwerks and MGM. To this end, millions of people from around the world have seen his films, and they are currently playing in numerous special venue theaters worldwide.

Drawing on this experience, Don designed and implemented a digital studio capable of producing digitally animated feature films and special effects. With a keen interest and talent for creating children's animated product, Don continues to develop exciting and imaginative family-oriented film properties.

Don's most recent 3D special format project was "Robots of Mars - the Ride", which is currently being released through nWave to theme-parks worldwide. Moreover, Don's expertise in special format films is well-known: he has received two “Outstanding Achievement” awards from the Themed Entertainment Association for his work in this field -- these special format film industry awards are similar in stature to the Academy Awards. Don has also completed the new large format version of “Robots of Mars - 3D Adventure” a stereoscopic, 3D attraction film, which is also being distributed by nWave to theme parks and IMAX theaters throughout the world.

It is from Don’s “Robots of Mars” characters and digital library from which he and Chris Fure developed “Galactic Academy” for the feature film audience.
CHRIS FURE: Head of Development

Chris is the Producer for Midland Production Corp. Chris conceived the Wonder Animation film production strategy and business plan to bring the veteran Special Format film-maker (est. 1978) into the Standard Format (Feature) film space. Chris then recruited Wonder’s management for the Wonder Animation launch.

Chris began his entertainment career in 1990 as the foreign licensor of Megatone Records and then as a producer/licensor for TouchTone Productions. In 1994, Chris launched his own entity Fure Dumont Productions and produced SISTA SISTA for RCA-BMG/Iceberg Records, Hamburg (1994-97). After he and his partners’ successfully placed their act on the 1997 MICHAEL JACKSON “History Tour” (Germany), Chris exited to manage the entertainment holdings of TransGlobal Asset Management. Capitalizing on his TransGlobal Vice President position, Chris developed the business plan to launch TransGlobal Ventures (“TGV”) and, thus, was named a partner, as well as the new entity’s Vice President of Business Development.

During his tenure with TGV, Chris developed/executed many business strategies for its technology producer clients, including a plan for Manex Entertainment and its Academy Award winning visual effects unit to create a strategic production outsource relationship in China. Shortly thereafter, Chris developed the plan for Midland Production Corp. to leverage its 3D digital library and 30-year (11 Special Format film) track-record to become an animated feature film producer – as this idea echoed Midland CEO Don Fox’ ambitions, Chris was named Midland’s producer.

Chris graduated from University of California, Berkeley and holds a MBA from the New York Institute of Technology. Beyond Wonder’s film production strategy and business plan, Chris developed the 3D Animated film properties “Galactic Academy” and “Hard Drop” for Wonder, as well as the website strategy for WonderDiscovery.com.
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1. Animation Studio Description

1.1 Mission

Wonder Animation’s mission is to build a low-cost Stereoscopic 3D Animation Studio with distribution that produces high-quality feature films, which appeal to both kids and parents.

Wonder recognizes that the Family Animated Film market is unique, not only because it is the highest grossing film market with a $364.4 average box office, but because the purchase-point is dominated by parents. In other words, parents tend to take their kids to movies they prefer as family outings and as rewards for good behavior. And, parents tend to purchase DVDs to be used as a “time-out”, which occupies their kids’ time, when parents perform chores, or simply need a break for themselves.

Therefore, Wonder realizes that, since such film tickets and DVDs are purchased by parents (not the kids themselves because pre-teens tend not to have income), and are played over and over in the home (as many as 30-50 times during a child’s adolescence), the best selling films are those that offer stories that parents want their kids to see.

To this end, Wonder’s focus group study of parents with 6-10 year old children has identified that parents prefer stories about perseverance and redemption, which inspires children to become stronger (more focused and confident) people, who make good (smart and healthy) decisions. And, further, such study has identified that parents see their children’s sense of personal responsibility (including school performance) and their ability to get along with peers as their primary concern.

Therefore, Wonder Animation developed “Galactic Academy”, since (1) the high school setting is best for inspiring kids to do better in school, (2) the film’s Astronomy theme is best for inspiring kids to become interested in science – a primary driver for good school performance, (3) the story’s moral theme about its hero’s perseverance and redemption will resonate with kids to prove that success in school and life is not easy, but is possible when pursued with a focused flexible effort, and (4) recognizing that (a) little boys love action, the story involves a hero that is the champion of his rocket-board team, and that (b) little girls love relationships, the story involves a heroine that is trying to make sense of her impressions of the hero and his nemesis, who each seek to win her heart.
1.2 Background

Dr. Eric Ball, Dr. Victor Nee, and Chris Fure are launching Wonder Animation through the alignment of a 33-year veteran filmmaker (Don Fox, CEO of Midland Production Corp.), the founder of a 37-year veteran producer/distributor (Omar Kaczmarczyk, Founder of LongTale Int’l), and the Founder of a brand management/licensing firm (Al Ovadia & Associates) – Al is the former Head of Licensing for Sony Pictures and 20th Century Fox.

Midland Production Corp. was founded in 1978 by Don Fox. The company’s focus at the time was to exploit the burgeoning theme-park attraction film market: films that, when combined with moving seats and other sensory devices, create a virtual roller-coaster. As a result, Midland launched eleven production companies that produced eleven special format films:

"Escape to Planet Earth"
"Alpha One Cowboy"
"Questor"
"Deep Earth Exploration"
"Smash Factory"
"Mission: Bermuda Triangle"
"Fun House Express"
"Crashendo"
"Wild Arctic"
"Haunted Highway"
"Robots of Mars"

"Robots of Mars"
Such films were produced for release by Busch Entertainment, IMAX, SimEx/Iwerks, among others, and have been featured in theme-parks around the world, including world-famous venues such as the Luxor and MGM Grand Hotel in Las Vegas. Note: Busch Ent. applied for and won two “Outstanding Achievement” awards by the Themed Entertainment Association (the equivalent of the “Academy Award” in the theme-park attraction film industry) for both of the films that Midland production companies produced for Busch Entertainment: “Wild Arctic” and “Mission: Bermuda Triangle”. Moreover, Midland companies continue to harvest revenue from its films: three of which have been in continuous play for over ten years: “Fun House Express”, “Smash Factory” and “Crashendo”.

For the company’s 30th Anniversary, Don Fox decided to change Midland’s focus to become a feature film producer. This decision was made not only because Don had honed his film production techniques for the larger effort, but because Don recognized that the theme-park attraction film market was consolidating under studio control – a pattern that was/is driving-out independent producers. Moreover, Don recognized that Stereoscopic 3D Animation was going to be the next “big thing”, due to the inevitable (and increasing) replacement of standard film projectors with digital film projectors – only digital projectors are capable of affordably showing Stereoscopic 3D.

Therefore, as Don was an early pioneer of Stereoscopic 3D production during his graduate work at the American Film Institute and as he most recently perfected his skills during the Stereoscopic 3D production of the theme-park attraction film “Robots of Mars”, Don decided that the time was right to leverage his “Robots of Mars” digital library to offset the risk of a Stereoscopic 3D Animated feature film production. Therefore, Don recruited business developer Chris Fure, who contributed the content and business plan for “Galactic Academy” as a Wonder Animation production.
LongTale LLC is an intellectual property asset management services provider located in Los Angeles, USA. LongTale manages worldwide marketing, distribution, and collection of revenues from the licensing of rights to intellectual properties in all formats for release to theatrical, television, home video/DVD, videogames, cell phones, Internet, and other media.

“LongTale International is where motion pictures play forever,” says Founder and Managing Director Omar Kaczmarczyk. “We are building a distribution model that absorbs new revenue streams from all over the globe that will generate wealth into the far distant future. We are a digital democracy where every viewer is counted.”

Kaczmarczyk Filmography (1990s-2000s)

*Galactic Academy* (2011) (producer) in pre-production

*Blood* (2011) (producer) in pre-production

*Low Grounds* (2009) (producer) in pre-production

*God Lives In the Himalayas* (2008) (executive producer)

*Ninja Knights* (2008) (producer)

*Bandits* (2008) (producer)

*South India Fables* (2008) (series executive producer)

*George & The Dragon* (2004) (executive producer)


*The Lost World* (1998) (executive producer)


*Boogeyman: The Return* (1994) (V) (executive producer)

*In Between* (1991) (executive producer) (producer)

*Pale Blood* (1990) (producer)
Al Ovadia & Associates, Inc. is a global entertainment licensing and production resource company whose principal focus is in the areas of distribution, entertainment licensing, third-party promotions, retail development, creative services, marketing and publicity.

The Company’s President, Al Ovadia, has been credited with spearheading some of the industry's most successful licensing campaigns in history including the global launch of The Simpson’s and the enormously successful campaigns for Columbia Pictures’ Spider-Man and Spider-Man 2 motion pictures. All three projects received LIMA's coveted prize of Property of the Year.

Since its launch in January of 2005, Al Ovadia & Associates, Inc. has quickly become a resource for both domestic and international production companies providing a one-stop shop for both broadcast sales and licensing. To this end, Al Ovadia brings Wonder the expertise to position its brand and maximize its licensing for optimal shareholder value.
1.3 Objectives

Wonder Animation’s objectives for “Galactic Academy” are:

A. Create best-selling feature film that kids love and parents support.
B. Brand the “Parent Niche” 3D Animated film space before it endures competing films.
C. Release films that can harvest significant merchandise.
D. Launch a franchise that can be exited through a major studio.

The market for boys (age 6-14) is $50 billion, which is the largest children’s market and is the primary focus for Disney. Wonder believes it can compete effectively in this market by not only producing films that kids love and parents support with “Galactic Academy” that serves the 6-10 age group and “Hard Drop” that serves the 10-14 age group, but also by employing significant cost saving techniques, such as motion capture data recording and outsourcing to high-quality/low-cost foreign service providers.

Presently, as the 3D market is expanding by more than 100% per year, a unique opportunity exists for the relatively few Stereoscopic 3D producers that exist. It is inevitable that all future animated films will be produced in Stereoscopic 3D, since standard (flat) films are a natural bi-product of 3D production – you get both for the price of one. Therefore, there has never been a better time for Wonder to exercise its Stereoscopic 3D expertise than right now.

Also, merchandise license sales are the greatest potential-growth revenue stream if a film not only performs well in theaters, but also on DVD and TV. This is only true for films with unique and easily-adaptable-to-toy/game characters and props (i.e. vehicles), which parents support. As an example, the first three “Star Wars” films set box office records with nearly a billion dollars in theatrical sales, but Lucasarts’ merchandise licensing earned more than $10 billion – note: Wonder does not forecast a 10:1 merchandise earning, but rather a conservative <1:1 ratio. This earning is assured due to the film’s focus on both kids and parents: as with box-office and DVD sales, parents are the primary purchase decision makers for their pre-teen children’s toys, games, apparel and other potential film merchandise.

Terrellian Dunes, water color
1.4 Strategy

Wonder Animation recognizes the following:

- 3D Animated Family film market averages $364.4M.

  www.boxofficemojo.com

  3D Family Animation (2005-10)

  $ 1,063.2  Toy Story 3 (2010)
  $ 886.7  Ice Age: Dawn/Dinosaurs (2009)
  $ 731.3  Up (2009)
  $ 750.2  Shrek Forever After (2010)
  $ 527.9  Despicable Me (2010)
  $ 558.4  Tangled (2010)
  $ 494.9  How to Train Your Dragon (2010)
  $ 381.5  Monsters vs. Aliens (2009)
  $ 325.2  A Christmas Carol (2009)
  $ 319.5  Megamind (2010)
  $ 314.4  Chicken Little (2005)
  $ 310.0  Bolt (2008)
  $ 243.0  Cloudy w/ Meatballs (2009)
  $ 169.3  Meet the Robinsons (2007)
  $ 140.2  Monster House (2006)
  $ 140.1  Legend of the Guardians (2010)
  $ 49.5  Alpha and Omega (2010)
  $ 41.7  Fly Me to the Moon (2008)

  $ 364.4  Million: Average

  - A contrast to the average earning for all films, which is only $65.4M.

- 3D Animated Family films have become nearly a $4B market in 2010, and are on pace to grow again in 2011.

  Reuters reports that the Stereoscopic 3D Animated feature film market has out-grown traditional/flat Animated feature films in 2009.
• Stereoscopic 3D now enjoys the most Box Office sales ever made from a film with the release of “Avatar”: in less than 7 weeks, it has already grossed more than $1.8B (http://boxofficemojo.com/movies/?id=avatar.htm).

• Walt Disney Co. estimates the market for boys aged 6-14 is $50 billion per year.

• Studio Daily reports that the current Stereoscopic 3D market of ~3,000 cinemas will expand to over 5,000 from the current order Cinemark has placed with RealD.

Wonder sees the key drivers behind its “Galactic Academy” release are:

• Growth of the Stereoscopic 3D market.
• Increasing demand for Stereoscopic 3D Family content.
• Increase in remote access to Stereoscopic 3D cinemas.
• Increasing demand for producers capable of producing Stereoscopic 3D content.
• Adoption of digital projectors by cinemas (Stereoscopic 3D can only be played on a digital projector – the lowest operating cost projector available).

And, Wonder sees the key elements of its “Galactic Academy” production strategy are:

• Motion Capture Data Recording for bi-ped character animation.
• Foreign Outsource animation for sets, props, and non-bi-ped characters.
• Original characters, sets and props for merchandise/spin-off media license.
• Large Format 3D production that can be reformatted to other standard formats.
• Alignment with global brand sponsor (i.e. Encyclopedia Britannica).
• Family storyline that does not contain violent or sexual content.
• Family storyline that contains moral themes (i.e. “personal responsibility”).

Switch & Beamer, watercolor
2. Film Description

2.1 “Galactic Academy” Summary

Log-line: with help from his friends, failing high school rocket-board champ turns around his grades and becomes school hero.

Target Audience: Families with 6-10 year old children.
Galactic Academy Rocket-board team champion Switch has failed his Astronomy exam and, thus, is thrown off his team. When his love interest (Electra) reminds him that he can choose his own destiny, Switch decides to get serious about his studies. He then convinces Professor Spellman to let him do an extra credit assignment for the upcoming summer Astro Meet. Switch’s assignment is to check-out a campus Time Flyer and catalog the Universe: Big Bang to End of Milky Way.

However, Switch’s rival Flair seizes the opportunity to win Electra’s heart by promoting his own achievements on the Astro Meet Quiz team and by dimming her expectations of Switch. Here, to bolster his position at both the Astro Meet and with Electra, Flair develops an elaborate plan to cheat during the Quiz team competition and to steal Switch’s completed assignment before it is turned-in. Note: due to Flair’s mischaracterization of Switch, Electra misinterprets a poorly timed call to Switch and loses interest. Thus, she decides to date Flair.

Switch then has Beamer track down the chip that stores his assignment like a blood hound. After an epic chase sequence, Beamer leads Switch to Flair, who is sitting with Electra. The confrontation exposes Flair as a cheater to Astro Meet officials and restores Switch’s credibility with Electra. Switch is, thus, able to present his assignment at the Astro Meet, where he achieves top honors and dedicates the award to Electra for inspiring his best effort.

MAIN CHARACTERS

Switch: Student and Rocket-board team champ at Galactic Academy. He’s bright, but a bit careless: which explains how he failed his Astronomy final exam. However, he’s quick-witted, charismatic, and has a supportive circle of friends.

Beamer: Switch’s Robot dog with a single wheel for legs. He’s Switch’s truest friend, and the friend of anyone who wants to play ball. Beamer (who was built by Switch) has many gadgets, including an automatic ball dispenser, and a video device for recording. He is also a blood-hound who catches the scent that saves the day.

Spellman: Switch’s Astronomy professor. Beyond teaching Astronomy, Dr. Spellman is also the leader of Galactic Academy’s participation in the annual Astro Meet. Thus, Spellman recruits the best representatives for the annual Quiz Team, Lab Expo, and other events, including the Newbot Pavilion presentation: Switch’s assignment.

Electra: Female Robot and Love Interest for Switch. She’s a model “straight A” student, and is Switch’s moral compass. She inspires Switch to give his best effort by conveying the moral theme of the story: “you only get out what you put in”.

Rusty: Large Robot student who’s one of Switch’s best friends. He’s laid-back (a bit of a “slacker”), confident with the ladies, and a great surfer. Thus, he pressures Switch to show up for their planned summer beach trip to the Terrellian Dunes.

Bean: Skinny Robot student who’s another best friend of Switch. He’s a meticulous planner whose skills are overlooked due to his social awkwardness. He’s nervous around his love interest (Trix) and, thus, is eager to take (poor) dating advice from Rusty.

DJ: Robot student who has a carousel CD player instead of a vocal box. He communicates by spinning different songs. As a result, he’s the comic relief who captures the mood of every situation.

Lurnix: Round Robot administrator. He’s the head of Galactic Academy and, thus, is most concerned with GA’s reputation. He puts tremendous pressure on Dr. Spellman to field a strong team for the Astro Meet and to, further, beat GA’s arch rival: Constellation High.

Trix & Jules: Electra’s best friends (also robots), who accompany the gang to the Terrellian Dunes and, thus, serve as extras in Switch’s film. Bean pines for Trix, and Jules is dating Rusty.
Flair: Member of the Astro Meet quiz team and the ultimate villain – he’s popular, voted most likely to succeed and, thus, believes he can get away with anything.

THEMES

Main Theme: “You only get out what you put in” – an encouragement for kids to study hard

Main Message: Hero’s philosophy is to “Live life to the fullest” and, thus, he seeks a life where he is in control of his own fate.

Sub-Theme: “Good plans make things work” – an encouragement for kids to prepare well.

Sub-Message: Hero’s friend learns “It’s best to be yourself”, allowing him to find confidence in speaking to his love interest.
2.2 Techniques

Wonder will launch with the Astronomy themed “Galactic Academy” film because Don Fox came up with a proprietary technique to turn static 2D Hubble Space Telescope images into dynamic 3D sets. In other words, Don came up with a method that can turn a flat digital image photographed by Hubble into a fully navigable set that perfectly blends with the GA Production’s animation. This is a break-through technology that can easily qualify “Galactic Academy” for a technical Academy Award.

Wonder will use motion capture data recording to animate all its bi-ped (two-legged) characters, as such produces perfect fluidity and proportion, without time consuming hand CGI. In other words, non-name actors will portray the film’s character movements on a color-stage, where they wear a special (joint-reference) stage-color suit. The data from the reference points can then be translated easily to the animated models, allowing them to move with perfect flow and perspective.

Wonder will continue its robot character/world theme from “Robots of Mars” for “Galactic Academy” because robot characters are not only the best ambassadors of science for the story, but also because (1) they cross all racial/ethnic lines for worldwide release, (2) they are easy to reproduce as merchandise in the form of toys, games and other media, and (3) they are inexpensive to animate – robot parts are interchangeable and, thus, more than 70 original characters can be constructed from 12 unique male and 8 unique female models.
3. Industry Analysis

3.1 Animated Film

Animated Family films constitute the largest market in the motion picture industry. They average over $364.48M in box office sales per title, which beats the average box officer performance by all films by ~4:1.

DreamWorks release of “Monsters vs. Aliens” marks the first time that Stereoscopic 3D Animation is outselling standard (flat) Animation. Therefore, Stereoscopic 3D Animated films are now being produced in record numbers and their ability to be shown in traditional theaters has no limit in the future, as all upgraded projectors are digital and, thus, are capable of showing 3D – note: digital hard-drive projectors are far less expensive and far easier to maintain than analog reel projectors.

Finally, Animated films enjoy far greater DVD and merchandise sales over live-action films. This is because their original characters have no physical limit in the animated space and, thus, can best play to a child’s imagination – this creates a demand for kids to see over and over again.

3.2 Market Needs

The theatrical market not only demands more Stereoscopic 3D Animated films, but it also demands more large format films: films that can play in IMAX theaters, including the lucrative Science/Center Museum niche market ($40.8M average earning).

Therefore, recognizing that the natural bi-product of a Stereoscopic 3D film is a 2D film (instead of printing both left and right perspectives, you just print one) and that the natural bi-product of a large format film is a standard format film (like with television adaptation, the larger image can be edited to only show the slimmer image), Wonder has decided to produce its films as a large format Stereoscopic 3D Animated film to satisfy four market needs:

- 3D Large Format Animated Film
- 2D Large Format Animated Film
- 3D Standard Format Animated Film
- 2D Standard Format Animated Film

On this note, “Galactic Academy” can be made for any screen format.
4. Marketing

4.1 Target

Wonder Animation has targeted the largest market for Animated film: Family films that appeal to 6-14 year old children. This market is estimated by Disney to be over $50 billion.

Wonder plans to be competitive in this market by producing films that enjoy Parent Preference.

Moreover, Wonder plans to cast its net as wide as possible for a worldwide release by portraying characters that cross all ethnic/cultural bounds and whom embody technology (robots in “Galactic Academy”). On this note, Wonder realizes that parents see robots as good ambassadors of science, but also that kids see robots as gadget role-models; similarly, futuristic society will have to rely more heavily on science and have a mastery of technical gadgets – never before have kids been raised with access to (and a love of) so many technical gadgets.

Wonder will target boys with its exciting visuals, including rocket-boards, time flyers, and prank humor, but the production team will also target girls with relationship issues, career ambition, and right-from-wrong determination. Of course, Wonder believes both genders will respond to both targeted stimuli, as well as the extraordinary never-before-seen space images that “Galactic Academy” will enjoy.

4.2 Promotion

For “Presented by” sponsorship credit, Encyclopedia Britannica (EB) has offered a $7M release promotion for “Galactic Academy”: 100,000 annual subscriptions, which enjoy a fair-market value of $69.95, to be given away to the first 100,000 families who attend “Galactic Academy” at a Science/Center Museum. Therefore, the first 200 Science Center/Museums that rent the film will get to give-away 500 subscriptions ($35,000 value) to their first 500 family attendants. This guarantees significant performance by the film in the market, which averages $40.8M. Moreover, EB is willing to promote their sponsorship to their 20M registered users, as well as make the “Galactic Academy” site available to their 85M annual unique visitors.

4.3 Cross-Promotion

Wonder Animation films will cross-promote its site WonderDiscovery.com. WonderDiscovery is being developed as an edu-tainment site for elementary school children that will include both science education materials that supplement Wonder Animation film themes, as well as interactive games.

In co-operation with Encyclopedia Britannica (EB), Wonder will donate its DVDs to the 600,000+ US public elementary schools, along with an EB study guide that offers grade-specific material for 2-6 grade. EB will add links for further information to its study guide. Therefore, Wonder Animation will invite school teachers to show its DVDs and lead a study guide discussion, as well as assign study guide homework. In the homework, kids will be invited to log-on to WonderDiscovery.com for free to complete their assignment, as well as play its interactive games. For kids who wish to continue to play the games and learn more, a subscription will be required.
The interactive games will also be made available as mobile apps for the Apple iPhone/iPad and Google Android markets. The nature of the games will be to accumulate points with correct answers and fastest times to win free WonderDiscovery.com subscriptions or any other digital/package offered by EB. The first batch of games will have level of difficulty and type of challenges, which would allow users to purchase more games as add-on packs, while accumulating more points. Players will be encouraged to also engage in co-op gaming with friends, where points can be shared.

4.4 Star

Unlike live-action film production, Stars can be aligned without much expense. Where live-action film production can require a Star to be on-set for months at a time, where they must endure life in a trailer as they wait for their cue to perform a single scene on a meticulously prepared/lighted set (often just getting to a single scene a day), animated film is far less intrusive and is far more efficient: it is simply voice-over work that can be performed in any recording studio, where-ever the star happens to be, and it can occur when-ever the Star has the time. Moreover, the Star can complete all their effort in a single 4-hour sitting or two.

In this light, the Star will read from their script, while watching the film’s animatic: a slide-show of the film that has been illustrated by graphic artists. The reading will also follow (or rather “dub over”) pre-recorded place-holder tracks, which were pre-recorded by an interim cast member. Therefore, a Star can go from one scene to the next at their preferred pace and, thus, often finish their entire effort in a single day.

Therefore, instead of paying a Star millions of dollars for 9-12 weeks or their time, we can simply pay them tens of thousands of dollars for a day or two, and yet get the same benefit of their Star power for film marketing.

Sought Cast:

Elijah Wood as “Switch”

Kirsten Dunst as “Electra”
4.5 Branding

Wonder Animation believes its largest growth potential comes from brand management. Such management will not only issue toy, game, apparel, and other general merchandise licenses for each film release, but it will also spin-off other media, such as comic books and novels, a televised series, and theme-park attractions.

By aligning Encyclopedia Britannica (EB) as a sponsor for “Galactic Academy”, Wonder becomes positioned to create a series of “Galactic Academy” films with themes that can be supported by the sponsor: EB has not only offered to promote “Galactic Academy” with $7M in promotional funding and exposure to its 20M registered website users, but it has also expressed interest to create a “Galactic Academy” themed study guide and (perhaps) other content that will target its 85M annual unique visitors. This constant promotion will ensure demand for future media and create an ever-green market for Wonder merchandise.
5. Operations

5.1 Product

Wonder Animation’s films target the Family market: an audience that constitutes the largest market for Stereoscopic 3D Animated feature films. Wonder differentiates itself from its competitors through its focus on creating both thrilling films for kids, but also character films that parents support: non-violent stories about “personal responsibility” and “friendship loyalty” that parents want their children to embrace.

The principal product we produce for our Distributor(s):

- Stereoscopic 3D Animated standard format feature films.
- Traditional/flat Animated standard format feature films.
- Stereoscopic 3D Animated large format feature films.
- Traditional/flat Animated large format feature films.
- Stereoscopic 3D Animated DVD format feature films.
- Traditional/flat Animated DVD format feature films.
- Stereoscopic 3D Animated television format feature films.
- Traditional/flat Animated television format feature films.
- Animated character models for electronic gaming.
- Animated character models for traditional/board gaming.
- Animated character models for toys.
- Animated character models for apparel.
- Animated character models for general merchandise.
- Animated character models for specialty merchandise.
- Animated character models for spin-off electronic media.
- Animated character models for spin-off print media.

*Time Flyer, Orion Nebula*
5.2 Production Plan

For “Galactic Academy” Wonder Animation will produce:

- Animatic (storyboard version of film with character voices)
- Character, Set and Prop Model-packs
- Bi-ped Character Motion Capture Data Recording
- Compositing and Rendering of fully Animated Shots
- Original Pop Music Composition & Recording (DJ Character)
- Post-Production Editing

Wonder’s Outsource Partners (and any subcontractors) will produce:

- Character, Set and Prop Models
- Non-bi-ped Character Animation
- Set and Prop Animation
- Some Animated Visual Effects (“key hole” shots, etc.)
- Original Symphonic Score Composition & Recording

Management offices will be located in Los Angeles for Omar Kaczmarczyk, and Production offices will be located in Berkeley for Don Fox, Chris Fure and the American Wonder Animation crew.

Regarding the American crew, Don and Chris will hire their team on a contract basis for each film production. This strategy saves cost because few positions are required for an entire production – i.e. graphic artists are not required for post-production, editors are not required for pre-production, etc.
6.  Conclusion

6.1  Value Proposition

Midland Production Corp. Executives Don Fox and Chris Fure have assigned their 3D animated content (digital library and fully developed screenplays), plus their production facility to Wonder Animation. Partnering with LongTale Int’l founder Omar Kaczmarczyk, the team is launching Wonder under the proven management of its Board, who has time and again produced product that has returned significant value for shareholders. Moreover, recruiting veteran studio executive and licensing mogul Al Ovadia, Wonder is assured of creating value through cost-effective production that finds the greatest possible market.

“Galactic Academy” targets the highest demand market (3D Family Animation) with the most finely honed marketing to its purchase-point decision-makers: parents.
7. Supplement

7.1 Press Releases

May 2011

**Wonder Animation Partner Sought in India**

Omar Kaczmarcyk – LOS ANGELES, CA: Next door to Pixar is a small Berkeley CA team that pioneered 3D CGI Animation in 2003 with the large format (IMAX) theme park attraction film “Robots of Mars” (www.RobotsOfMars.com), which has been seen by millions of kids. The team is headed by Don Fox: UCLA BA (Film), USC MFA (Film), and post-grad work at the coveted American Film Institute, where he specialized in 3D – Don’s team has produced eleven theme park attraction films since 1978.

In 2005, Don began speaking with Chris Fure, a business developer from TransGlobal Ventures. Don wanted to do a 3D feature based on his robot characters. Chris analyzed the market and determined that James Cameron’s production of “Avatar” in 3D would inevitably grow the stereoscopic market worldwide. Therefore, Chris and Don decided to put together a business plan for Wonder Animation (www.WonderAnimation.com).

Wonder Animation’s goal was to identify its market, create viable story content, find a promotional partner, and then build a team that would compete. This process began when Chris did a focus group study on families with kids 6-10: the wealthiest audience in the film market. Chris discovered three things: (1) kids 6-10 liked watching high school aged young adults; (2) parents were the primary decision makers for their family entertainment; and (3) parents felt the Animated Family market rarely spoke to how they wished to raise their children. Exploring this last sentiment, Chris found that parents wanted three things for their kids: (a) to do well in school; (b) to make lifelong friendships; and (c) to learn to pick themselves up after set backs. This was Chris’ “ah ha” moment, as he then defined the “Parent Preference Niche” for Wonder Animation.

Working with Don, Chris outlined a story for Don’s robot characters. It would take place at Galactic Academy: a high school for robots. The story would be developed as a franchise where each screenplay would carry a science theme to excite kids about learning in school. Moreover, the first story would focus on an athlete (a rocket-board champion) that was failing and, thus, needed to turn around his grade to not let down his friends on the Galactic Academy Rocket-Board team. Finally, Chris and Don chose the subject of Astronomy, as Don had worked out a technique that could take static 2D Hubble Space Telescope images and turn them into dynamic 3D sets – an amazing visual that Don was working on for his next IMAX theme park film. So, Chris came up with the idea of a Time Flyer that the hero could pilot to witness the Big Bang, and then go forward in time to see the formation of the stars, planets, and ultimately the demise of the Milky Way via its growing Black Hole at its galaxy core. Note: to make sure their science was right, Chris and Don brought aboard HRCO Astronomer Dr. James R. Forster as their Technical Advisor. Finally, the story was rounded out with comical characters who, like the hero, learned something about life/relationships by going through their personal ordeals.

So, after working with an established Family genre screenwriter/editor, Don and Chris produced a viable script. Their next step was finding a promotional partner. To this end, Chris conceived of a new marketing campaign that would create generational exposure for “Galactic Academy” and, thus, instantly turn the film into a franchise. In short, he proposed to donate five copies of the DVD and its companion Study Guide to every US public elementary school, with separate home-work assignments for grades 2-6, as well as a teacher-led discussion notes for each grade. Chris realized that if teachers chose to show the film as an introduction to Astronomy, he could inspire up to 4.7 million kids per year for a generation or more to follow the characters and Wonder Animation brand. Moreover, he could significantly increase Wonder’s DVD sales/rentals as parents would want to watch the film with their kids to help them with their homework – Chris realized that kids (unlike adults) enjoy seeing popular titles over and over again. Moreover, he realized that parents typically build home libraries of DVDs that they wouldn’t mind for their kids.
to see over and over again. So, with this strategy in place, Chris aligned Encyclopedia Britannica (EB), who was more than willing to create the needed Study Guide and offer links for more information – EB and Wonder share the same demographic, and EB.com has 20M registered users, which they offered as a promotional tool for “Galactic Academy”.

So, when Chris and Don were ready to align their producer, they called me. Chris knew of my reputation as the pioneer of Segmented Rights licensing, as a leader in India Co-productions, and as the head of sales for the first DC Comics film franchise “Superman”; Chris also knew I have produced over 20 films and was beginning the production of my next: the DC Comics title “Blood”. Conversely, I knew of Don’s pioneer status for 3D CGI, as well as Chris’ development reputation at TransGlobal Ventures. So, I took a close look at “Galactic Academy”. As a parent, the script instantly spoke to me, and I immediately saw the promotional potential for Chris’ public school strategy with Encyclopedia Britannica. As a result, I have been promoting the film’s development at Cannes and am currently working to align their partner in India. ##

Contact: info@WonderAnimation.com

Quiz Team, watercolor
**Wonder Animation Welcomes Al Ovadia and Omar Kaczmarczyk**

Wonder Animation, Inc. has aligned Al Ovadia as a Board Director and Omar Kaczmarczyk as Head of Distribution. They join Head of Production Don Fox, and Head of Development Chris Fure, as well as Board Directors Dr. Eric Ball (Oracle Corp Treasurer) and Dr. Victor Nee (Putian Fund Developer).

Al is the former EVP of Sony Pictures Consumer Products, where he was responsible for global merchandising and branding for “Spider Man”, “Spider Man 2”, “Men in Black”, “Open Season”, among others. He was also the former President of 20th Century Fox Licensing & Merchandising, where he oversaw the studio’s worldwide licensing, promotion and product placement, as well as launched the video game company Fox Interactive. Presently, Al is launching children’s animated programming via his own entity Al Ovadia & Associates.

“As Wonder focuses on producing animated films with licensable properties, Al is an ideal Director,” says Wonder Head of Development Chris Fure. “Licensing has the greatest growth potential from a revenue perspective and, thus, there’s no one better able to realize it.”

Omar has 40 years of experience, involving 140 productions. As a distributor he pioneered Segmented Rights sales, which are now a standard in the industry. As a financier, he raised funds for Salkind’s “Superman” and “Superman II”. He also sold presale rights to fund “Superman III”, “Supergirl” and Salkind’s “Santa Claus: the Movie”. Omar also developed foreign distribution for Miramax, Scotti Brothers Pictures, and Noble Entertainment. Omar produced four films in 2008 and is currently producing the DC Comics title “Blood”, in addition to “Galactic Academy” with Wonder.

“Omar is key to offsetting risk for future Wonder film productions through foreign pre-sale,” says Wonder Head of Production Don Fox. “If all our future releases are produced on foreign pre-sales, Wonder’s shareholder risk is reduced to zero.”

“But both are welcome additions to the team, from both a profit and knowledge capture perspective,” says Wonder Board Director Dr. Eric Ball.

Wonder is producing “Galactic Academy” for kids 6-10, and “Hard Drop” for kids 10-14. Both properties have unique licensing potential and both can be easily franchised into multiple sequels.

Contact: info@WonderAnimation.com
"Galactic Academy" is ideally positioned for a 20-year run.
Disney Aiming to Crack Pre-Teen Boys Market

by: The Burell Report

May 20, 2000 | about stocks: DIS

The Walt Disney Company (DIS) wants a bigger piece of the action in the pre-teen boy market, so it hired an anthropologist to sort through the dresser drawers of a 12 year old.

Venturing into territory never before seen by human eyes, much less smelled by human noses other than his mother’s who—let’s face it—had no choice, Kelly Peña eventually found a Black Sabbath T-shirt scrunched into a corner on the top shelf.

When confronted with the artifact, the boy confided that “wearing it makes me feel like I’m going to an R-rated movie.”

Disney hopes these and other penetrating psychological insights into a most assuredly confused demographic can help it recreate a time when Davy Crockett drove millions of boy-dollars its way, while hopefully counteracting its reputation as a purveyor of girl-friendly fare like (ew!) Hannah Montana.

Early results of Peña’s work are apparent on Disney XD, a new cable channel and website featuring urban skateboard parks populated by unassuming, non-threatening boys, and on its TV hit “Aaron Stone,” where one character is quite average as a basketball player.

Peña had suggested to producers that today’s boys relate to characters that are trying to grow and improve themselves. “Winning isn’t nearly as important to boys as Hollywood thinks,” she told the New York Times.

Boys in the 6 to 14 age range drive $50 billion in global sales per year, according to market researchers, but it’s a tough market to crack, a fact to which News Corporation can attest after its Fox Kids Network failed famously in the late 1990s.

Despite Peña’s intrepid work to date, results have been modest. Disney XD has bumped its prime-time audience by 27% among kids between 6-14 years of age, but most of that has come from girls. Viewership among the boys is up 10%.

Just don’t tell that to the boys!

“Galactic Academy” targets 6-10 age kids
FOX SIGNALS EXHIBITORS IT WANTS TO KICK GLASSES

LAS VEGAS — Fox wants to draw a line in the digital sand. Like most other majors, the studio already has signed on to co-finance the rollout of digital projection systems in theaters worldwide. But Fox has quietly begun alerting exhibitors not to expect payments for costs associated with the use of special glasses when its 3-D pics play in digital auditoriums.

With digital installation payments running into the tens of millions, the additional cost of $1 million-plus per picture to pass out glasses to 3-D patrons might seem like a simple incremental and necessary expense. But the costs associated with the theaters’ digital-equipment rollout has come at a tough economic time for studio companies, and execs believe measures must be taken to prevent their partnership with exhibition from traveling down too slippery a slope. It’s unclear whether other studios will quickly follow Fox’s lead in rebuffing exhibitor calls for co-payments on the costs of 3-D glasses.

AMC chief Gerry Lopez — who’s attending his first ShoWest since his recent appointment to lead the nation’s second-largest theater chain — said he was disappointed to learn of the development.

“It would be disappointing if such a promising technology would devolve into that kind of discussion right now,” Lopez said. “More unites exhibition and distribution than separates us, and we should focus on that.”

In the short run, it’s possible that select distributors might be tempted to mimic Fox’s stance, while others will feel a need to accommodate theater operators.

For instance, it’s hard to imagine DreamWorks Animation and its distribution partners at Paramount playing hardball on the issue even as DWA chief Jeffrey Katzenberg exhorts exhibitors to hasten their rollout of 3-D technology. DWA just released the animated feature “Monsters vs. Aliens” in a mix of 2-D and 3-D venues, and its entire upcoming slate is tagged for 3-D productions.

But Fox also has a big 3-D title looming. On July 1, it will release the 3-D family adventure “Ice Age: Dawn of the Dinosaurs.”

“They should reconsider their position until we see how the 3-D rollout goes,” a distribution exec at one of Fox’s rival studios said.

At an afternoon session at ShoWest on Monday, Katzenberg offered a rave appraisal of his studio’s release of “Monsters.”

The 3-D animated feature rang up $59.3 million domestically from a mix of 2-D and 3-D screens. But in a sign that positive word-of-mouth from 3-D patrons spread through the weekend, those 2,000-plus screens accounted for 55% of the daily gross Friday, 56% on Saturday and 58% on Sunday.

Exit surveys showed 38% of those who saw “Monsters” in 2-D had wanted to see it in 3-D but couldn’t because of sellouts and a lack of 3-D screens. •

*Production of a Stereoscopic 3D film creates a standard 2D (flat) film as a by-product – so both markets are covered in one production.*
Cinemark and Real D 3D Announce Exclusive 1,500 Screen Digital 3D Partnership

1,500 new RealD 3D screens to be installed; over 5,000 committed RealD screens is turning point in 3D

Press Release
July 2, 2008   Source: Studio Daily

Cinemark Holdings, Inc. and RealD 3D, the global leader in 3D, announced today that Cinemark will add up to 1,500 RealD 3D screens to its circuit, bringing RealD’s committed 3D platform to a game-changing 5,000 worldwide screens. Cinemark’s global deployment of its greatly expanded 3D platform, with RealD as exclusive digital 3D provider, comes as an unprecedented slate of top-tier 3D films is announced for 2009 and 2010. The parties expect to commence the roll-out upon completion of the Digital Cinema Implementation Partners (DCIP) initiative.

The consummation of the announced deal is subject to completion of definitive agreements and is contingent upon DCIP finalizing the necessary digital cinema conversion arrangements.

"Cinemark has always been committed to new, exciting, premium experiences for our cinema guests," said Alan Stock, CEO of Cinemark Holdings, Inc. "Our partnership with RealD 3D brings amazing 3D visuals to our screens in time for a roster of great 3D films from the leading talents in cinema."

"We are thrilled that Cinemark has chosen RealD to make this breakthrough commitment to 3D," said Michael Lewis, chairman and CEO of RealD. "Cinemark and RealD together can now bring a premium 3D experience to moviegoers throughout the United States and Latin America, who will truly have the 'best seat in town.' This expansion of our RealD 3D platform also means that RealD has passed the 5,000 screen milestone: a game-changing number for 3D and for the business of movies." 

"RealD is building a groundbreaking 3D platform which paves the way for the release of such films as our upcoming Journey to the Center of the Earth, which, in the 3D version, is the first live-action narrative 3D film ever released," said Dan Fellman, President Domestic Distribution, Warner Bros. Pictures. "The 5,000 screen milestone is a huge win for studios and exhibitors alike.

Current market of ~3,000 3D screens will increase to 5,000+ by time “GA” is released.
THE THIRD DEGREE: 3-D, EXHIBITION’S KILLER APPLICATION, GOES GLOBAL


The Princess Quay cinemas, which sit atop a scenic tri-level shopping complex in the Northern England town of Kingston Upon Hull, regularly play the hottest Hollywood movies — but their projectionists have never run a single foot of film through the sprockets of a projector.

The 11-screen complex was constructed from the ground up by Vue Cinemas, the third-largest exhibitor in the U.K., as a model for the future of exhibition in the post-film age. “It was 100% digital, no 35mm projectors running; we had a library server and everything,” says Mark de Quervain, sales and marketing director at Vue Entertainment, which also operates 66 theaters in the U.K. and one each in Portugal and Taiwan. “So it was pretty much the first digital multiplex in Europe.”

There were nay-sayers, he recalls, who warned it was too soon to go all digital. They argued theatrical trailers and some movies weren’t available in digital, which could cost them if a hot ticket came along that was available only on celluloid.

“It really was a good test to understand the staffing, training, the technical, how many films are available in digital, how many trailers can you get in digital and so on,” de Quervain says. “We had reported at last year’s (Cinema Expo International) that trailers were difficult to get a hold of in digital but it’s getting easier all the time.”

In rapid succession during the past year, major movie distributors including Disney, Fox, Sony and Warner Bros. have begun making most trailers and movies available in digital as well as film. As exhibitors gather in Amsterdam for Cinema Expo — which runs June 22-25 — there’s no more pressing question than when to convert to digital and how to pay for it.

So far, conversion of analog screens to digital in developed countries worldwide hasn’t happened as quickly as expected. Anthony Marcoly, president of sales and distribution at Walt Disney Studios Motion Pictures International, says most of the close to 2,500 digital screens outside the U.S. are one-offs in multiplexes specifically added to show 3-D movies.

As in the U.S., conversion to all digital presentation won’t occur until financing sources open, and that depends on the global credit crisis. That isn’t stopping aggregators from doing deals in Europe, Asia, Russia and elsewhere based on the U.S. model of “virtual print fees” paid by studios to pay back the cost over time. The money needed now has to be borrowed, and that has not been possible since last fall. So while multiplexes worldwide rush to offer 3-D on at least one or two screens per location, the existing theaters are still firmly in the analog world.

The U.K., where booming box-office is up more than 16% for the first quarter, is a good example. By global standards, it has been a leader in digital and 3-D but since the economic crisis hit, conversion there to 2-D digital “essentially, more or less, ground to a halt as I think it probably did in most territories at the tail end of the autumn of last year,” says Phil Clapp, CEO of the U.K.’s Cinema Exhibitors Assn.

That didn’t mean the end of all digital, though. “The focus in the recent past has been on installation of digital 3-D screens,” says Clapp, who projects that by year’s end there will be about 600 digital 3-D sites from a total of 3,600 screens in the U.K.

Disney alone, which will be showing “Up” in Amsterdam in 3-D, will offer 17 new 3-D movies during the next couple years, according to Daniel Frigo, executive vp and GM at Disney International, who says the booming U.K. box-office so far this year has been fueled by 3-D movies. “We had ‘Bolt’ recently released across Europe and what was fascinating was the box-office for 3-D was anywhere between 30% and 50% of the total take on far fewer prints. That was just tremendous.”
Exhibitors have taken notice. “Every multiplex in the U.K. will have a 3-D screen by Christmas,” predicts Martin Dowley, managing director of Digital Cinema Media, which provides preshow advertising to cinemas.

Dowley notes digital eliminates the cost to ship the cans of celluloid, makes it easier to offer advertisers last-minute content changes that can be beamed to theaters. He says their research shows U.K. audiences “are loving the 3-D experience,” and his company plans ads in 3-D as well. It’s not just happening in the U.K. or Western Europe. Across developing Eastern Europe, Russia, India and China there’s a theater building boom and they all are including one or two 3-D ready screens. The opening of new theaters is inevitably followed by a rise in box-office in that territory.

“We see 3-D worldwide grossing two and a half times the 2-D screens,” Disney’s Marcoly says. “That’s been the incremental factor (in digital conversion). Is that going to continue? We’ll see. But obviously right now from the consumer there’s a big appetite for 3-D.”

Imax CEO Richard Gelfond calls Europe “a key territory for us,” but says they have developments all over the world. They have two new Imax theaters opening in Austria and a joint venture in Japan to open their first Imax theaters outside of a museum. He says by the end of 2011, Imax will have 41 sites in China.

An Imax theater opened two years ago in Hong Kong is producing “excellent results,” according to Bob Vallone, director and GM of Lark International Multimedia, which operates as Studio City Cinemas and United Artists Cinemas and controls the city’s largest advance ticket vendor.

“When we open a new movie, Imax is huge,” says Vallone, who worked for UA for many years in the U.S. before relocating to Hong Kong. “It does 10%-15% of the total box-office for that particular movie at a premium price.”

Vallone says 3-D is also very popular, with 80% of patrons choosing 3-D over 2-D for DreamWorks’ “Monsters vs. Aliens” when given a choice.

The box-office has remained strong in Hong Kong despite the credit crunch, Vallone says, but they’ve felt a difference at the candy counter. “A lot has to do with the economy,” he adds. “People say they really still want to go to the movies but once there, they’re doing more sharing. They’re buying one popcorn instead of two and sharing. Most of our customers are young and a lot have been directly impacted by losing jobs or reduction of their jobs. There’s a definite impact on discretionary spending.”

Wonder Animation is in the right place at the right time, with focus on 3D.