

# THE *Hollywood* REPORTER®

Showtime goes mental with Spielberg. Story on page 3.

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## 'Potter' plot thickens b.o.

### Limato, ICM marriage is on the rocks

By Gregg Kilday



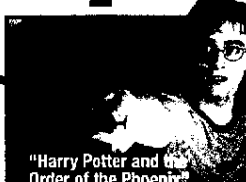
**Limato** Ed Limato, who has spent more than 30 years and two stints at ICM during a career in which he has become one of Hollywood's top talent agents, is in the process of negotiating his exit from the agency.

ICM said Friday that Limato is no longer serving as co-president, though it added that he remained at the company as a motion picture agent.

Limato's current status is in play, though, as the two sides battle over the terms of his separation in what could become an acrimonious dispute.

Although Limato has not made any decisions about his future, he has signaled his determination to

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### 'Potter' heads

How each installment of Warners' "Harry Potter" has fared

Film	Opening weekend	Theaters	Cume	Release date
Order of the Phoenix	\$77.4	4,285	—	7/11/07
Goblet of Fire	\$102.3	3,958	\$290.0	11/18/05
Prisoner of Azkaban	\$93.7	3,955	\$249.4	6/4/04
Chamber of Secrets	\$88.4	3,682	\$262.0	11/15/02
Sorcerer's Stone	\$90.3	3,672	\$317.6	11/16/01

Boxoffice in millions

Five-day total of \$140 mil is franchise best

By Gregg Kilday

With a few shakes of its magic wand, "Harry Potter and the Order of the Phoenix" mesmerized the North American box-office during the weekend: The PG-13 Warner Bros. Pictures release, playing in a super-wide 4,285 theaters, summoned up an estimated \$77.4 million. Since its Wednesday opening, it has levitated to a five-day total of an estimated \$140 million.

On the opposite end of the spec- See **BOXOFFICE** on page 18

### Barking about bytes

#### New contract swings on Internet

By Carl DiOrio

#### ANALYSIS

Some might expect the WGA and management negotiators to fight like cats and dogs in their big contract talks, which begin today, but informed consensus predicts the fur won't really start flying for some time.

The contract to be discussed

— covering film writers and primetime broadcast scribes — doesn't expire until Oct. 31. Many believe it highly unlikely that the WGA would call an immediate strike even then as its union actor and director colleagues don't go out of contract until July 2008.

With an eye on those time lines, it's possible to view the

See **WGA** on page 13



### VW bugged about NBC Uni marketing deal

By Gail Schiller

NEW YORK — Volkswagen's new Touareg 2 might steal the show near the end of Universal Pictures' upcoming "The Bourne Ultimatum" — it figures in a major chase scene — but some Volkswagen executives are disappointed with the overall marketing alliance that the carmaker struck with NBC Universal in May 2005.

While "Ultimatum," which bows Aug. 3, represents the 11th film placement for the car manufacturer, according to company sources, it is only the second that has met VW's expectations. The only other placement that has drawn applause from VW appeared in Universal's recent comedy "Knocked

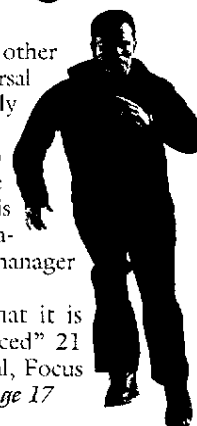
Up," which hit theaters June 1.

The VW sources said that all the other placements VW has had in Universal films have not been sufficiently memorable or significant.

"The placements we've had so far are not up to the standard we had expected when getting into this deal," said Martin Biswurm, international entertainment marketing manager at Volkswagen.

In response, Universal said that it is "proud" to have "successfully placed" 21 VW-brand vehicles in 17 Universal, Focus

See **VOLKSWAGEN** on page 17



### Sony aims for Crackle, pop from new site

By Carly Mayberry

Sony Pictures is turning its online acquisition Grouper into a ministudio that aims to move some of the best user-generated content onto movie and TV screens.

The initiative, which has users competing in ongoing contests for development and distribution deals, also involves changing Grouper's name to Crackle beginning today.

Described as a "streaming entertainment network," the site features branded channels where

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news

## Volkswagen

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and Rogue films totaling \$990 million in global boxoffice in the first two years of the companies' alliance.

"VW has been integrated into 56 Universal premieres and events and has had a brand presence on nearly 40 million Universal, Focus and Rogue DVDs globally," Universal said in a statement. "Universal has facilitated many successful collaborations between VW and filmmakers, resulting most recently in significant integration into 'The Bourne Ultimatum.'"

"In the first two years of the relationship, VW has leveraged 'King Kong' and 'The Bourne Ultimatum' to create significant global marketing campaigns. An average of one global campaign a year, especially at the beginning of such a large alliance, is, in our opinion, a fantastic track record."

When the deal was announced in January 2005, reports placed the cost to VW as \$200 million over five years, but that figure appears to have been exaggerated.

According to sources inside the company, VW expects to spend about \$40 million over the three-year term of the deal, with the option to extend its contract for another two years. Most of that \$40 million is being spent on cross-promotional marketing campaigns, an expenditure typical for advertisers tying into films. Fees being paid to Universal as part of the deal constitute a portion but not the majority of the estimated \$40 million, the sources said. And some of those fees are used by Universal for VW promotional activities like theme-park displays.

So while it is disappointed with the results of the deal, VW at least believes it didn't overpay for what

it has received so far from the pact. Universal declined comment on financial terms of the deal.

"What we've spent so far is commensurate with what we've received and what we expect to receive based on films in the pipeline," Biswurm said. "Until recently, the placements have been marginal. That weakness is a cause for our disappointment. We're still waiting for the big films to be able to activate around."

The main reason for the discrepancy in the numbers appears to be a contract stipulation that requires VW to spend marketing dollars only when Universal delivers a certain number and quality of placements. The widely reported \$200 million figure is based on a hypothetical sum VW would have had to spend over five years if Universal delivered the maximum number and quality of placements set in the contract. But even in that best-case scenario, the number still is too high, VW sources said. Another factor contributing to the inflated figure is that it was reported before the final deal was signed in May and all the terms were fleshed out, the sources said.

Among the Universal films in which VW vehicles have appeared so far are "Curious George," "The Fast and Furious: Tokyo Drift," "Knocked Up," "Inside Man," "Hot Fuzz," "Something New," "Accepted" and "Mr. Bean's Holiday." VW's largest marketing expenditure to date under the NBC Uni deal was for Peter Jackson's "King Kong," the one film in which it had no placement at all. At this point, it expects to have placements in five additional films in production, but sources said that VW is not committed to spend promotional dollars against any of them.

Biswurm attributed the lackluster placements not only to Univer-

## NBC Uni helps strong GE Q2

By Paul Bond

General Electric, the world's second-biggest company, reported a 10% increase in second-quarter income and executives praised the leadership at its NBC Universal unit for delivering its third consecutive quarter of positive earnings growth.

The company made \$5.4 billion, up from \$4.9 billion in

the same quarter a year ago, on revenue that rose 12% to a record \$42.3 billion.

GE's results matched expectations, and the company offered current-quarter guidance also about equal to what Wall Street expected.

Investors liked the news and drove the stock up 1.3% on Friday to \$39.50, giving the company a \$406.4 billion market

See GE on page 19

sal but to all of the studios' inability to persuade filmmakers to integrate brands in a big way.

"The influence of the studios today is not what it was 20 years ago, and we're somewhat disappointed by the lack of influence that the studios have in the filmmaking process," he said.

Indeed, it does appear that having a filmmaker on board often is the key to blockbuster roles for brands. In "Transformers," from Paramount Pictures and DreamWorks, director Michael Bay orchestrated starring roles for four GM vehicles as Autobot heroes after he spotted a Chevy Camaro concept car at an auto show and wanted it for the leading role of Bumblebee.

Despite the disappointment, Biswurm said that the Universal deal did put VW on the map in Hollywood. "Before we got into this deal, we were never active in film except for the occasional 'Herbie' film that would come along," he said. "But since we started this particular deal with Universal, we've had 10 placements of various lengths."

VW also has its vehicles in six

displays or attractions at Universal's theme parks in Hollywood and Orlando as part of the deal. It is able to use the theme parks for events and to offer free tickets as part of its international sweepstakes offerings. Another bonus is getting its vehicles placed at Universal premieres and receiving access to screenings for its employees and customers.

The deal, however, has not covered placements on TV series on NBC or its sister cable networks as initially reported. Although VW did have placements on USA Network's "Monk," it was not official part of the deal.

As for "Ultimatum," VW is basing the U.S. launch of its updated Touareg 2 model on the film, with a multimillion-dollar campaign including TV ads, print and online components. With a minor role for the VW Rabbit in the film, a number of European countries will be making that vehicle (known as the Golf everywhere except the U.S. and Canada) the focus of their cross-promotional campaigns. There also will be Touareg or Golf campaigns in South America and Asia.

## WGA

Continued from page 13—

critical issue for both sides," Counter said in the Wednesday briefing. "We'll be proposing a study (because) we think it's too early to understand the economic fundamentals of new media and how they interact with new media."

The guilds consider any suggestion of tabling the issue of new-media compensation during a study a nonstarter, he acknowledged, so management also has other proposals for hashing out a contract.

Yet that didn't stop Warner Bros. chairman and CEO Barry Meyer and other execs on hand for the briefing from floating an even more controversial proposal: The study would aim to replace current residual models with a plan that allows studios first to recoup production, marketing and distribution costs on film and TV projects before paying any residuals.

"We just feel the study should be done on the basis of profitability," Meyer said.

When it comes to new-media income, CBS Corp. chief Leslie Moonves stressed, "Right now, it's

a drop in the bucket."

One well-placed source said it's unlikely the studios would press their proposal for revising residual structures to the point of a strike.

"Do I believe they would shut down the town to change something that has been in existing for 20 years? No," the source observed. "But I do believe (studio execs) believe the current system is unfair to them, just as the writers believe they should get increased compensation for their work."

By contrast to the AMPTP presentation, WGA officials have tended to issue statements only when

forced by events and circumstances. Verrone and WGAW exec director David Young declined interview requests for this article.

But the WGA's Bowman succinctly characterized his feelings about reaching an agreement by Oct. 31.

"If management bargains in good faith, we will," he summarized before adding, "They know they have to give us something on the Internet."

A complete rebuff on Internet compensation could trigger the first major writers strike since 1988, many observers agree.