

# Captain America, Nick Fury Help Marvel With \$525 Million

By Geneva Whitmarsh  
Daily Journal Staff Writer

When Marvel Enterprises Inc. sold the movie rights to its "Spider-Man" comics to Sony Pictures, it agreed to a small percentage of the film's profits for its billion-dollar property.

Determined to increase profit margins this time around, Marvel announced Sept. 6 that, with the help of Los Angeles-based Liner Yankelevitz Sunshine & Regenstreif, it had secured the \$525 million in financing needed to transform 10 of its comic-book properties into popcorn-munching spectacles.

"The way this is structured, the only assets are the theatrical motion picture rights to 10 characters," said Josh Grode, partner at Liner Yankelevitz. "That is a very unique structure for a deal like this, and we actually raised in excess of what we had hoped."

Among the Marvel superheroes headed for the silver screen in the next two years are Captain America, the freedom-fighting super-soldier who carries a red, white and blue shield, and Nick Fury, an American version of James Bond who gains extraordinary longevity from an "infinity formula" drug.

Superheroes The Avengers, Black Panther, Ant-Man, Cloak & Dagger, Dr. Strange, Hawkeye, Power Pack and Shang-Chi will follow.

The seven-year debt facility was arranged by Merrill Lynch and Pierce, Fenner & Smith and will be loaned to MVL Film Finance, an indirect Marvel subsidiary set up to protect the lenders' investment should Marvel ever declare bankruptcy.

Under the conditions of the deal it has with its lenders and Paramount Pictures, Marvel will fund the early development, including scriptwriting, of each film, then be reimbursed as each movie is green-lighted by Marvel Studios.

Rights to some characters could transfer to the lenders in as soon as five



Courtesy of Marvel

Captain America, the freedom-fighting super-soldier who carries a red, white and blue shield, is one of the Marvel Enterprises superheroes headed for the silver screen in the next two years as a result of a financing deal.

years if Marvel's film plans go awry.

But Avi Arad, Marvel chairman and chief executive officer, said he is confident that will not be the case.

Last week, Arad began assigning writers to each of the 10 projects, with release of the movies to start within the next two years.

Though he has a wish list, Arad's not sure which movie will be released first.

"No character before its time. The scripts will dictate which is first," he said. "I cannot wait to tell Captain America's story. It's a doozy of a story."

For Marvel, the new studio is the latest step since its emergence from Chapter 11 bankruptcy protection in 1998 to extend its business beyond traditional comic-book publishing.

The company now makes most of its profit from licensing its characters for toys, video games and movies. Licensing its properties has limited the company's risk, but it also has limited its potential profits.

Franchises like "Spider-Man," "Men in Black," and "X-Men" have spawned hugely successful sequels. "Spider-Man 2," for example, grossed \$784 million at box offices worldwide.

Although Marvel said it has done extremely well from its partnership with Sony Pictures, a unit of Sony Corp. of Japan, analysts estimated that it received just 5 percent of Sony's share of the box-office revenue and just over 1 percent of the DVD pie.

Marvel won a better deal on the merchandising side after it sued Sony and improved the terms to a 75/25 revenue split with Sony from a 50/50 split.

Now, after film costs, distribution and marketing fees and interest, Marvel gets the profits from box-office receipts, home video sales, television rights, soundtrack sales and merchandise.

Although Marvel did OK with its licensing deals, "it was nothing like being at the top of the food chain, like we are now," Arad said.