Our theatrical releasing arm has released films with Hollywood heavyweights including Faye Dunaway, Brittany Murphy, Tom Arnold, Kevin Nealon, Jay Leno, Lee Majors, Eugene Levy, Steven Brand, Rade Serbedzja, and more.

The motion picture business is not an easy ride – it is a most challenging profession melding art, creativity and personality into mass appeal. But without a highly focused and shrewd business instinct, nothing will be accomplished. Recently a film maker who had been inactive for a decade -- his last film released ten years ago, told me that the system did not work. Well, it works for Dalton Pictures, LLC. So I asked him two simple questions: 1) What did you do for the two to three year period after your last production was in the can? and 2) How much P&A was put behind it?

His answers were revealing. Once his last production was in the can, he said "I spent three years trying to sell it." His short and sweet reply about P&A was "No money."

So I watched his film. It was quite good, one of those films that borders between indie and big budget. I believe the budget was several million dollars. My response to him was essentially this: "you are a film maker, not a film marketer." Why did he spend the entire budget on production? Because "I thought someone would pick it up," he said. Such blind faith would be amusing were it not so tragic. People win the lottery every week, but you do not wager your life savings on a lottery ticket and you should not wager your life's work on a one in fifty thousand chance that your film will be picked up by a Paramount and they write you a ten million dollar check. 1 in 10,000 chance.

The reason for his failure is because as a film maker he should have stuck to film making and not have attempted to reinvent himself as a film marketer after every production (imagine the stress!) What he should have been doing in those years was to make another film.

Astute industry people know this: Hollywood operates totally different from the Independent film world.

Hollywood is 85% marketing and 15% filmmaking. The Independent Film World is 99% filmmaking, 1% marketing. We should look at Hollywood to learn how the business really works, because they are the business and it does not hurt to take some of their success and turn it into your own.

They use a heavy handed pocket emptying approach to P&A, <u>because it is a successful business</u> <u>model</u>.

Rule Number One: Hold 35% of your budget in reserve for P&A.

Some might cite *The Blair Witch Project* or *Paranormal Activity* to dispute this. Wrong. They are the exceptions. And by definition, exceptions are RARE. For every rare indie film that is a massive hit there are failures aplenty. And consider this (which most people don't know): Those two exceptions (*The Blair Witch Project* and *Paranormal Activity*) had massive amounts of P&A placed behind them – so they followed the Hollywood business model – and it worked.

You can make the most beautiful film in the world, but, if nobody knows it is playing, there are empty seats. Theaters are businesses. They are unoccupied real estate if no one comes. And if that lasts for any period of time, they will fail just as quickly as that great film that nobody came to see. As a vacant apartment building needs tenants, the theatre must fill the seats.

The answer [for what, exactly – might repeat the premise or question here] is that a well thought out strategic marketing and branding plan, with adequate P&A funding, is the essential ingredient -- the formula for success. Like any other industry in the world, releasing a film requires funds to make things happen. So once again, folks, it's usually takes money.

<u>Dalton Pictures LLC offers single phase distribution and also hybrid distribution</u>. If you have an ancillary deal in place or an exotic foreign offering, but in order to fulfill a contract you must play on X amount of screens, we can provide the booking service -- and only the booking service. We can provide strategic marketing for film release. We have previously been hired to do nothing except negotiate a film with a major theater chain. Placement only -- that was our total involvement. To be successful at that we take our emotions out of it, and focus on selling that particular film to places where it will be seen. And it works. Yes, we are engaged in the creative process in making films. But few realize that creativity is not limited to artistic pursuits. There is no price tag on the value of being creative in structuring transactions and unconventional out-of-the-box arrangements to fill those seats – so people see that film – and that film is successful.

That said, here is what DPEC does:

- Theater Bookings, from 1 screen to 3500 screens
- Marketing / Advertising / Branding
- Film Event Planning
- Los Angeles and New York City premiers with red carpet
- Film Representation and Negotiation
- Industry networking / resources
- Script / Budget / Production Analysis
- DCP (DCI) creation, duplication, shipping

It is our goal to build a base of filmmakers sufficient to ensure a steady stream of content for DPEC to place in the pipeline. In this way we are completely different from any other distributor or releasing company, as we continue to work closely with our clients to aid them in securing their <u>next deal</u>. We design and create unique marketing and branding strategies for each company or filmmaker. Many filmmakers are genre specific, so we develop a custom branding and marketing platform for each, because a filmmaker that produces horror films will not and cannot be branded the same way a filmmaker that produces faith based children's movies would be branded and marketed.

Dalton Pictures has placed twenty-eight titles in national chain theaters including screens in Los Angeles and New York City within an eighteen month period.

<u>Distribution, Marketing, and Branding are the core business of Dalton Pictures</u>. These are the essential components for success in the industry, whether your production is large or small. The ability to network, and harness the synergy of multiple networks for strategic success is a necessity for us. It is our bread and butter, and if we weren't good at it you wouldn't be reading this now.