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Becoming Legendary: Slate Financing and Hollywood Studio Partnership in Contemporary Filmmaking

In June 2005, Warner Bros. Pictures announced a multi-film co-financing and co-production agreement with Legendary Pictures, a new company backed by $500 million in private equity funding from corporate investors including divisions of Bank of America and AIG.[1] Slate financing, which involves an investment in a specified number of studio films ranging from a mere handful to dozens of pictures, was hardly a new phenomenon in Hollywood as several studios had these types of deals in place by 2005. But the sheer size of the Legendary deal—twenty five films—was certainly ambitious for a nascent firm. The first film released as part of this deal was *Batman Begins* (2005), a rebooting of Warner Bros.' film franchise. Although *Batman Begins* had a strong performance at the box office ($205 million in domestic theaters and $167 million in international theaters), it was not until two years later that the partnership between the two companies proved to be particularly fruitful. In those two ensuing years, *Superman Returns* (2006) performed moderately well at the box office with nearly $400 million worldwide, but its rumored $270 million negative cost and its rather tepid reception by both critics and fans hardly made it a standout. Out of the partnership's next five films—*Lady in the Water* (2006), *The Ant Bully* (2006), *Beerfest* (2006), *We Are Marshall* (2006), and *Trick 'r' Treat* (2006)[2]—not a single one grossed more than $75 million total worldwide at the box office. In 2007, though, *300* was a surprise hit at the box office and secured Legendary's footing in Hollywood (see Table 1 for a breakdown of Legendary's performance at the box office). Since then, Legendary has been a partner on several high-profile Warner Bros. films including *The Dark Knight*, *Inception*, *Watchmen*, *Clash of the Titans*, and *The Hangover* and its sequel.

In an interview with the *Wall Street Journal*, Legendary founder Thomas Tull likened his company's involvement in film production to an entrepreneurial endeavor, stating: "We treat each film like a start-up."[3] Tull's equation of filmmaking with Wall Street investment is particularly apt, as each film poses the potential for a great windfall or loss just as investing in a new business enterprise does for stockholders. As the production budgets of blockbuster pictures increasingly climb towards and even surpass $200 million, the studios are more in need of financing partners than ever. With money from some of the largest venture capital and investment firms operating in the United States, Legendary is a good example of the complex relationship that has developed between the studios and Wall Street. Slate financing deals like the one

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Title	Year	Estimated Budget (in millions)	Domestic Gross (in millions)	International Gross (in millions)	Total Gross (in millions)
Batman Begins	2005	$150	$205	$167	$372
Superman Returns	2006	$270	$200	$191	$391
Lady in the Water	2006	$70	$42	$31	$73
The Ant Bully	2006	$50	$28	$27	$55
Beerfest	2006	n/a	$19	$1	$20
We Are Marshall	2006	n/a	$44	n/a	$44
Trick 'r' Treat	2006	n/a	n/a	n/a	n/a
300	2007	$65	$211	$246	$457
10,000 BC	2008	$105	$95	$175	$270
The Dark Knight	2008	$185	$533	$469	$1,002
Watchmen	2009	$130	$108	$78	$186
Observe and Report	2009	$18	$24	$3	$27
The Hangover	2009	$35	$277	$190	$467
Ninja Assassin	2009	$40	$38	$23	$61
Where the Wild Things Are	2009	$100	$77	$23	$100
Clash of the Titans	2010	$125	$163	$330	$493
Jonah Hex	2010	$47	$11	Less than $1	$11
Inception	2010	$160	$293	$533	$826
The Town	2010	$37	$92	$62	$154
Due Date	2010	$65	$101	$11	$122
Sucker Punch	2011	$82	$36	$53	$89
The Hangover Part II	2011	$80	$254	$327	$581

Table 1: Legendary Pictures' Box Office Performance (based on figures from BoxOffice Mojo).

between Legendary and Warner Bros. allow the studios tremendous advantages in the marketplace. Warner Bros. risks less of its own money to finance high-profile, high-budget films with this partnership and maintains a standard distribution fee (typically, between 10 and 20% of a film's box office revenues), recoups print and advertising (P&A) costs, and pays out residuals and gross points. After these initial costs are deducted, the remaining box office revenues are then split with its partner.[4] In many cases, slate financing deals also encompass money from revenue streams outside of the box office, including DVD and merchandise sales.

While there are a number of slate financing deals currently in effect in Hollywood, Legendary's position is hardly typical of other financing firms. In addition to supplying money, the company is heavily involved in the production aspect of filmmaking and has expanded its presence into other media including comic books and video games. Unlike many other slate financing deals, Legendary has also had access to a number of key studio franchises. The company is also creating its own projects outside of its partnership with Warner Bros. Recently, Legendary has reconfigured itself as a global company by securing significant financial investments from abroad and

Legendary Pictures logo

creating a subsidiary in China to make films geared particularly to the pan-Asian audience. Thus, while Legendary is an example of Wall Street's increased presence in financing Hollywood films, it is also a unique entity because of its expansion beyond just economic partnerships with a particular studio. Indeed, Legendary is starting to shift from functioning like an independent arm of a major media conglomerate to a more integrated and competitive independent studio on its own.

You Cannot "Bat a Thousand": The Proliferation of Slate Financing Deals

Because of the popularity of slate financing arrangements with the studios, Legendary is hardly the only such company operating in Hollywood. Between 2005 and 2008, it is estimated that $4 billion was invested in studio film slates via hedge funds, while another $8 billion came from private equity firms.[5] Slate financing in Hollywood, though, is still a relatively new phenomenon. Traditionally, studios have financed their productions through a combination of their own equity as well as bank loans for specific films.[6] In the late 1990s, banks and investment firms began structuring multi-film credit lines with the studios. Because these agreements resulted in pools of money rather than film-specific loans, these funds had a number of advantages. First, the funds covered the production of several films, so the failure of one or more films could be offset by several small successes or even one spectacular box office run. For investors, this strategy mitigates much of their risk. Second, because the investment was in a slate rather than just one film, there was less pre-production and production interference from investors regarding casting, location, and script choices. Third, it allows the studios to direct much of their own equity towards big-budget franchises—those that tend to rain in money from a variety of ancillaries—while using the investments from the funds to shore up the rest of the production slate necessary for the entire year.

Ryan Kavanaugh, Relativity Media's Chief Executive Officer, has led the way in terms of structuring Hollywood slate financing deals. The first agreement he brokered was a seventeen picture joint deal with Sony and Universal called Gun Hill Road that began in 2005 and was backed by $600 million in hedge fund investment dollars. A continuation of that deal was reached in 2006 for nineteen more pictures and $700 million, an extension appropriately called Gun Hill Road II.[7] Based on historical formulas measuring box office performances by actors, directors, writers, as well as other criteria, the firm chose its projects in which to invest from an initial pool selected by each studio. Gun Hill's slates were comprised of a variety of film genres, from Oscar-baiting dramas—*The Pursuit of Happyness* (2006), *All the King's Men* (2006)—to children's features—*Nanny McPhee* (2005), *Monster House* (2006)—to big budget action pictures—*Fun with Dick and Jane* (2005), *The Fast and the Furious: Tokyo Drift* (2006)—based on these established formulas. According to Kavanaugh, the variety of films ensures profitability: "That's why we are in the business of diversification. No one's going to bat a thousand, and there are going to be some films that lose money and some that lose significant money. But all in all, money will be made."[8] Importantly, neither Gun Hill fund had access to key franchises from Sony, particularly the *Spider-Man* films. In addition, both Hollywood studios maintained distribution and creative control over their films. Ultimately, Gun Hill Road proved to be a success for its investors. According to *Variety*, investors in the first fund saw profits of $150 million (a 13% return on investment) in the short-term, while an additional $25 million was expected several years later from ancillary payouts.[9] While Sony did not continue the partnership with Kavanaugh post-Gun Hill Road, Universal signed a four-year deal for a subsidiary of Relativity Media to co-finance 75% of the studio's slate through 2011, with both sides having the ability to nix certain titles from the agreement.[10]

Through Relativity Capital, Kavanaugh has set up a number of other slate financing deals with Hollywood studios. In addition to the Gun Hill Road funds and the Universal production slate, he set up a $525 million credit line between Marvel Entertainment and a division of Merrill Lynch in 2005. He also structured a six picture deal between Virtual Studios and Warner Bros. that same year for another $525 million.[11] As with the previous deals, fund managers had no creative control over production or distribution capabilities in these slate agreements. While the Virtual deal looked like a winning slate—it included *The Good German* (2006), which starred George Clooney and was directed by Steven Soderbergh; *Blood Diamond* (2006) which starred Leonardo DiCaprio; *300*; *V for Vendetta* (2006) written and produced by the Wachowski brothers; *The Assassination of Jesse James by the Coward Robert Ford* (2007) which starred Brad Pitt; and a remake of a 1970s disaster picture, *Poseidon* (2006)—it proved to be a failure. When *Poseidon* opened poorly at the domestic box office (just $22 million in its debut) and continued to underwhelm both domestically and internationally, Virtual was estimated to have lost $30 million for its investors.[12] Fund head Benjamin Waisbren exited his position within days of the opening of that film. With the small number of films in its slate, Virtual had little room to absorb the costs of that high-profile failure, which cost over $160 million to produce but only grossed $180 million worldwide.

Through a similar setup as Relativity and its Gun Hill Road funds, Kingdom Films set up an agreement with Disney to co-finance the studio's next 32 live-action films starting in 2005. Disney excluded its highly successful animated films from the agreement. Like Virtual Studios, the Kingdom Films agreement seemed to suffer growing pains. While the first film as part of the agreement, *Flightplan* (2005), performed well at the box office ($90 million domestic and $134 million internationally), the film hardly lent itself to multiple revenue streams. Three years later, Kingdom Films sued Disney for excluding certain franchise titles such as the *Pirates of the Caribbean* films, *High School Musical 3: Senior Year* (2008) and *Hannah Montana: The Movie* (2009) from their agreement. Notable about the majority of slate financing deals is that the studios often kept their financing partners out of key franchises, choosing not to share profits on potential big revenue generators across media platforms.

In addition to lawsuits, slate financing deals have been plagued by recent economic problems. In 2008 as the world economy slowed down and several national markets entered recession, banks began to freeze credit. While established deals were not affected, studios searching for new agreements met resistance. As DreamWorks was moving to independence in 2008 after several years within Viacom, the company had trouble finding equity partners to raise the capital necessary to bankroll its initial slate of pictures.[13] Similarly, MGM ran into problems as early as 2007 raising money for its slate of films, even though the deal would include the 23rd James Bond film.[14] Indeed, while some slate financing deals have proven successful for investors, the current state of the economy has made the film business seem particularly risky, especially when so few of the big revenue generating franchises are on the table in these deals. Legendary's success as a slate financing company in this current environment has much to do with the access it has had to key Warner Bros. franchises.

Investing in Marquee Franchises: Legendary's Place in Hollywood

Thomas Tull's childhood interest in video games and comic books is often mentioned as the foundation for Legendary. Trade articles have routinely labeled Tull as a "fanboy" or a "geek," an individual who understands and relates to the highly lucrative audience who is often first in line for films based on these properties, spends a lot of money on assorted related merchandise, and waxes extensively about these properties before, during, and long after their release, especially online.[15] Before he founded Legendary, though, Tull had had very little interaction with Hollywood. In 1996, he helped craft the deal to launch Red Storm Entertainment, a company created to spinoff Tom Clancy novels into video games.[16] In the years between the Red Storm and Legendary deals, Tull spent years building up chains of coin laundry and car repair shops, founding and expanding Tax Services of America and heading the venture capital firm Southeast Interactive Technology Funds before becoming the president of The Convex Group, a firm that invested in new media projects such as HowStuffWorks.com.[17] After a discussion about film financing with MGM President Chris McGurk at an event in 2003, Tull left his position with The Convex Group to establish initial funding for Legendary.[18] After eighteen months, he was finally able to announce a production and financing deal with Warner Bros. in June 2005.

The Comics section of the Legendary website

Although new to the film industry, Tull made sure to hire a number of key individuals with extensive backgrounds in Hollywood as part of Legendary's initial team.[19] Chris Lee, former President of TriStar Pictures, was the new company's first President. Scott Mednick, who had been the President and Chief Executive Officer of Mandalay Branded Entertainment and had two decades of marketing experience in the business, stepped in as the firm's Chief Marketing Officer. Finally, Larry Clark, who had been the Chief Financial Officer for Creative Arts Agency (CAA), was put in charge of Legendary's finances. In a press release about the Legendary deal, Warner Bros. President and Chief Operating Officer Alan Horn emphasized that "we welcome the partnership of a skilled, knowledgeable team who can help us manage our risk as we continue to develop and produce top-quality filmed entertainment for the global marketplace."[20] With this team in place, executives at the company stressed that Legendary was not simply a financing partner for a Hollywood studio; it was also an operating company, meaning that it would be actively involved in all aspects of production from greenlighting ideas to casting key roles, and from budgeting to marketing.[21]

Like other slate financing companies, Legendary's strategy was to invest across a portfolio of films to lessen investors' risk. Indeed, Tull stressed that investors had shares in Legendary the company, not in the films themselves or their ancillary streams.[22] Thus, the success of Legendary (and its investors) would not be based on the fate of one film at the box office, but would be spread across a spectrum of films and their (potential) revenues from related ancillary products. In choosing films in which to invest, Legendary was very clear: executives wanted access to tentpole pictures with multimedia capabilities, what Tull referred to as "marquee franchises."[23] Particularly, Legendary sought partnerships on films based on comic books and graphic novels. Tull stressed that the company's approach was about "treating the property with respect," maintaining a high degree of faithfulness to the source material, even if that meant an audience limiting R-rating as in the case of the adaptation of Alan Moore's graphic novel, *Watchmen*.[24] An essential aspect of the strategy was working with directors that came from an independent film background, or had experience with lower budget filmmaking—including Christopher Nolan, Bryan Singer, Spike Jonze, Zack Snyder, Louis LeTerrier, and Todd Phillips, among others—and establishing a longer term relationship. Tull emphasized in the press that the company was "very director-driven."[25]

In part, Legendary's focus on these directors is related to the company's stress on funding and producing marketable properties. Unlike many other slate deals with Hollywood studios, Legendary, at least initially, was also a partner in P&A costs which made the marketable aspects of each film that much more important to the company's fortunes.[26] Tull was outspoken about marketing costs in 2006 for two films that failed at the box office: *The Ant Bully*, an animated feature which had a negative cost of over $50 million but only earned $55 million worldwide at the box office; and *Lady in the Water*, a M. Night Shyamalandirected film with over $70 million in production costs but $72 million worldwide gross in theaters. Indeed, Tull discounted ineffective advertisements in newspapers and on billboards for both films: "It may seem like a paltry $2 million [of the budget] but this is money we need to make up."[27] One of the ways that the company ensures a healthy return on its marketing costs, though, is through splitting the revenues from the multiple revenue streams now available in contemporary filmmaking with the studio.[28] By pursuing the marquee franchises, these revenue streams include not only box office revenues and DVD sales but also money from licensing the films to television networks and merchandise sales. Although Warner Bros. has kept Legendary out of a few key franchises (most notably, the Harry Potter films), the production slate between the two companies has encompassed a number of highly marketable properties, unlike most slate financing deals. Based on the success of the first two years of collaboration, Warner Bros. and Legendary extended their agreement in 2007 for up to 45 films over five years with $1 billion in investment.[29] In a press release for the deal, Tull stressed that as a company, "We believe in our particular approach, in our partner Warner Bros. and in the longterm prospects of the industry and content ownership."[30]

The importance of content ownership was a large motivator for Legendary to expand its purview outside of its relationship with Warner Bros., however. In 2006, Legendary acquired the rights to make a big-screen adaptation of the 1970s television series *Kung Fu* while in March 2007, the company secured the rights to a script adapting John Milton's 17th century epic poem, *Paradise Lost*.[31] Perhaps to demonstrate how such an adaptation would be relevant in today's culture, producer Vincent Newman stressed big stars, budgets, effects and battle sequences in their version of the story. In Tull's view, Legendary picked up the project because "[I]f you get past the Milton of it all, and think about the greatest war that's ever been fought, the story itself is pretty compelling."[32] In press releases, the company has emphasized that the film adaptation will have a *Lord of the Rings* feel in its treatment. This is both a nod to the scale and tone of that series of films and an effort to capitalize on the incredible success of *Lord of the Rings* across multiple ancillary markets.

Since it picked up *Paradise Lost*, Legendary has continued to pursue potential blockbuster properties on its own. In 2008, the company attempted to acquire Epic Games, best known for its *Gears of War* game franchise. Although the deal never materialized, Legendary is co-producing and co-financing a film with New Line Cinema (a subsidiary of Time Warner) based on the best-selling game.[33] Continuing its focus on multimedia properties, Legendary created a digital arm in 2009 headed by Kathy Vrabeck, a former top executive with video game developer Electronic Arts.[34] The purpose of the arm was to create digital, multi-platform content for Legendary's properties including *Paradise Lost*, *Kung Fu*, *Gears of War*, and the *World of Warcraft* film franchise it is co-financing and co-producing with Warner Bros. *World of Warcraft* is based on a massively successful multi-player online role playing game and is a further demonstration of the company's focus on developing marquee franchises.

For Legendary, many of these marquee franchises have had comic book roots. From the *Batman* and *Superman* films to *300* and *Watchmen*, many of Legendary's biggest hits have been adaptations of comic books and graphic novels. Fittingly, Legendary launched its own comic division in November 2010.[35] Its first major release was *Holy Terror* by Frank Miller, a writer/artist who not only created the novel on which *300* is based, but also whose graphic novels *Batman: Year One* and *The Dark Knight Returns* influenced the Nolan-directed Batman films that Legendary has co-financed and co-produced. Currently in production is a graphic novel based on *Paradise Lost* to be released in 2013, a synergistic opportunity to exploit the film's projected release that same year. While Warner Bros. through the Time Warner family has access to a number of key DC Comics properties, Legendary has expanded its reach to creating its own comic properties for further development across its film and digital divisions rather than simply relying on the potential libraries of its partner.

The creation of Legendary's own comic and graphic novel wing is certainly a step towards more independence through controlling more creation of original content. Perhaps the most significant development outside of its partnership with Warner Bros., though, has been Legendary's focus on expanding into a global-based production company. In September 2010, Orange Sky Golden Harvest, a film production and distribution company based out of Hong Kong, invested $25 million into Legendary for a 3.3% stake of the company and one seat on the board of directors.[36] Eight months later, New World Development Co. Ltd., another conglomerate out of Hong Kong, invested $45 million in Legendary.[37] A month after that deal, Legendary announced a joint partnership with Chinese media conglomerate Huayi Bros. Media Corp. to create a China-based production company, Legendary East.[38] Legendary East is set up to produce one to two big budget English language films per year based on Chinese culture and geared for a global audience. As these films are co-produced and co-financed by a Chinese company, it allows Legendary to circumvent the twenty films a year that the Chinese government has set as the limit on imported films.

In press releases about Legendary East, officials stressed that the relationship was one of a significant partnership, and not one of just shareholder investment. Indeed, Tull emphasized the venture was primarily about getting marquee franchises to theaters globally, not just in China: "It's great to have a local partner that helps us overcome the unique challenges of the China market, but it's imperative that these be global films that attract an audience around the world."[39] The first film announced as part of the partnership was *The Great Wall* from director Edward Zwick, a historical epic about the creation of the structure.[40] Two months after the initial announcement of Legendary East, Hong Kong-based Paul Y. Engineering Group (PYEG) agreed to invest over $220 million into the company to become the primary stockholder of the new venture with a 50% stake (as opposed to Legendary's 40.1% and Huayi Bros.' 9.9%).[41] PYEG's stake allowed the fledgling Legendary East to trade on the Hong Kong stock exchange, while leaving Tull, as the Chairman of the company, to explore other fundraising options from investors around the United States. The Legendary East deal with PYEG is yet another example of Legendary's non-traditional approach to film financing and production in the contemporary global marketplace.

Conclusion

Within its first six years of operation, Legendary was valued at over $1 billion as a result of not only its key relationship with Warner Bros., but also its expansion across media.[42] However, as successful as Legendary has been since its inception in 2005, a number of significant challenges need to be addressed in order for the company to become a truly independent studio. Legendary lacks one key aspect to move into major status: distribution. It is entirely dependent upon the Hollywood studios for this part of the filmmaking process. Even with the Legendary East venture, the company has had to sign distribution deals with Warner Bros. in order to ensure a pipeline for its products. In many ways, the Hollywood studio still holds much of the power in its relationship with Legendary. Indeed, Warner Bros. balked at including Legendary in its third *Batman* film with Christopher Nolan, *The Dark Knight Rises*, because the studio did not want to continue sharing half of the franchise film's profits from its various revenue streams.[43] For a company that has built its reputation on its ability to deliver marquee franchises, the disagreement over *The Dark Knight Rises* is hardly a positive sign. Added to that, Legendary has struggled to launch its subsidiary Legendary East. PYEG failed to raise the $220 million dollars it needed for its investment in the venture by the end of 2011 and minority stakeholder Huayi Bros. pulled out a few days into 2012.[44] At the moment, Legendary East is regrouping, seeking new financial partners and placing its first production on hold temporarily.

Nor is Legendary alone in facing financial setbacks in the contemporary media environment. As discussed previously, it has been increasingly difficult for studios to secure financing through slate deals since the worldwide economic recession began in 2008. A number of high-profile firms that had provided such financing in the past—including Merrill Lynch, Lehman Brothers, and Deutsche Bank—stopped investing in Hollywood late in 2008, either because of the risk involved in film projects or because of their own financial difficulties.[45] In fact, by 2010, only twelve of the forty banks and investment firms that had been providing funds for these types of financing deals were still doing so.[46] Clark Hallren, a former financial executive with JP Morgan Chase, stressed that the outlook for slate financing deals was not a positive one: "They are very rare if not dead. They are in this state because for the most part they did not turn out well for equity investors."[47] Many of these deals failed to provide the returns investors expected. For example, investors that formed the Melrose II fund with Paramount Pictures filed suit against the studio for fraudulent business practices in November 2011. The investors claimed that they have not seen any profit from their $375 million investment that began in 2006 and covered films such as *Mission: Impossible 3* (2006), *Dreamgirls* (2006), *Jackass 2* (2006), and all three *Transformers* films which were successful at the box office.[48]

Yet, Legendary remains a firm backed significantly by slate financing deals despite the turmoils other such funds have seen. While Legendary's current credit line and partnership agreement with Warner Bros. are both set to expire in 2013, the company has been securing more investments in order to ensure its future as both a financer and a production company. In June 2011, Legendary was able to finalize $700 million in funds through a deal with JP Morgan, SunTrust, and Bank of America that extends through 2016.[49] As a result, the future looks quite bright for the company. In production and early development are a number of films that could establish marquee franchises, including reboots of *Godzilla* and *Superman*; an adaptation of popular video game *Mass Effect*; and *Pacific Rim*, a big-budget, special effects-laden robots versus monsters tale directed by Guillermo del Toro. Unlike many of its peers in Hollywood, Legendary has sustained its slate financing deals and managed to keep its investors content through its investment in marquee franchises, or at least properties with that potential, and its expansion into other media and territories.

Without the outright ownership of marketable intellectual property or the distribution capabilities of the major studios, Legendary's status in delivering franchises and its long-term prospects in the industry are certainly compromised. To effectively continue financing and producing marquee franchises, the control of intellectual property is just as important as having the financial backing to bring these projects to fruition. In that regard, Legendary has taken a number of steps to assure its place in Hollywood. It has moved into the video game and comic book industries, licensed new potential franchises, and created a subsidiary to serve the pan-Asian audience, in addition to securing substantial financial backing for the foreseeable future. In the process, Legendary has emerged as one of the most successful independent companies currently operating in Hollywood, backed by high-level investment dollars and its partnership with Warner Bros. Despite the challenges of the contemporary financial environment, Legendary has maneuvered itself into a position to compete with the major Hollywood studios. While slate financing has not proven successful with every studio, Legendary has demonstrated what it takes to survive not only the global economic recession, but also the challenges of Hollywood's notoriously tricky financial environment.

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28 Jill Goldsmith, “Studios in a Dash for Cash,” *Variety,* November 21, 2005 http://www.variety.com/article/VR1117933274 (accessed July 12, 2011).
29 Brooks Barnes, “Billion-Dollar Deal to Be a Partner in Some Warner Films,” *New York Times,* June 26, 2007 http://www.nytimes.com/2007/06/26/business/media/26movie.html (accessed July 14, 2011).

30 Quoted in Pamela McClintock, "Legendary, WB Extend Deal," *Variety,* June 25, 2007 http://www.variety.com/article/VR1117967628 (accessed July 14, 2011).

31 Pamela McClintock, "Legendary Kicks in on 'Kung Fu,'" *Variety,* May 24, 2006 http://www.variety.com/article /VR1117944010 (accessed July 14, 2011); Michael Joseph Gross, "It's God Vs. Satan. But What about the Nudity?" *New York Times* March 4, 2007 http://www.nytimes.com/2007/03/04/movies/04gross.html (accessed July 14, 2011). Legendary acquired the rights to *Kung Fu* from series creator Ed Spielman. It is important to note, though, that Warner Bros. Television produced the original series from 1972-1975. So while an independent project for Legendary, it is still deeply tied to the Time Warner family.

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