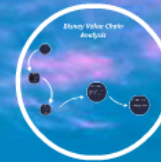
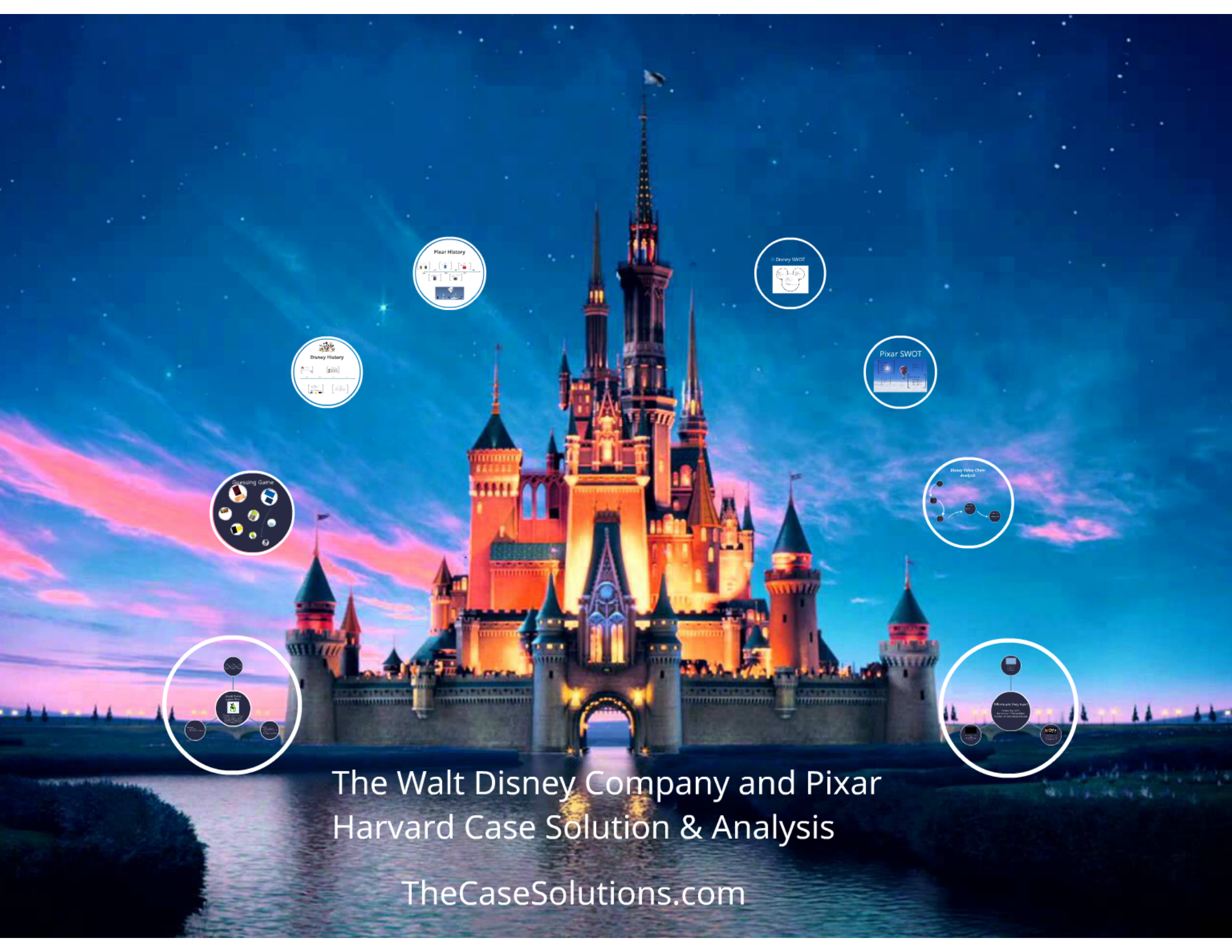


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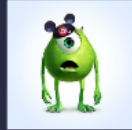


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Should Disney acquire Pixar?



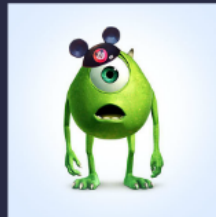
"The importance of animation to Disney over the years is obvious. Nothing creates more of an impact at this company than a successful animated film."

- Suggestion:
- Acquire Pixar
 - "Near-perfect strategic fit"

- Options:
- Compete with Pixar
 - Strike a deal with another studio
 - Renegotiate deal with Pixar



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Feature Film Agreement

- 1991- produce 3 full length CG animated movies
- Disney funds production and owns movie rights
- Pixar paid based on revenue and pays production costs over budget

Co-production Agreement

- 10 year deal- Pixar would exclusively produce 5 original full length animated movies
- Share 50/50 production costs
- Net result with distribution and marketing fees and split revenue streams, Disney- 60% and Pixar- 40% movie profits

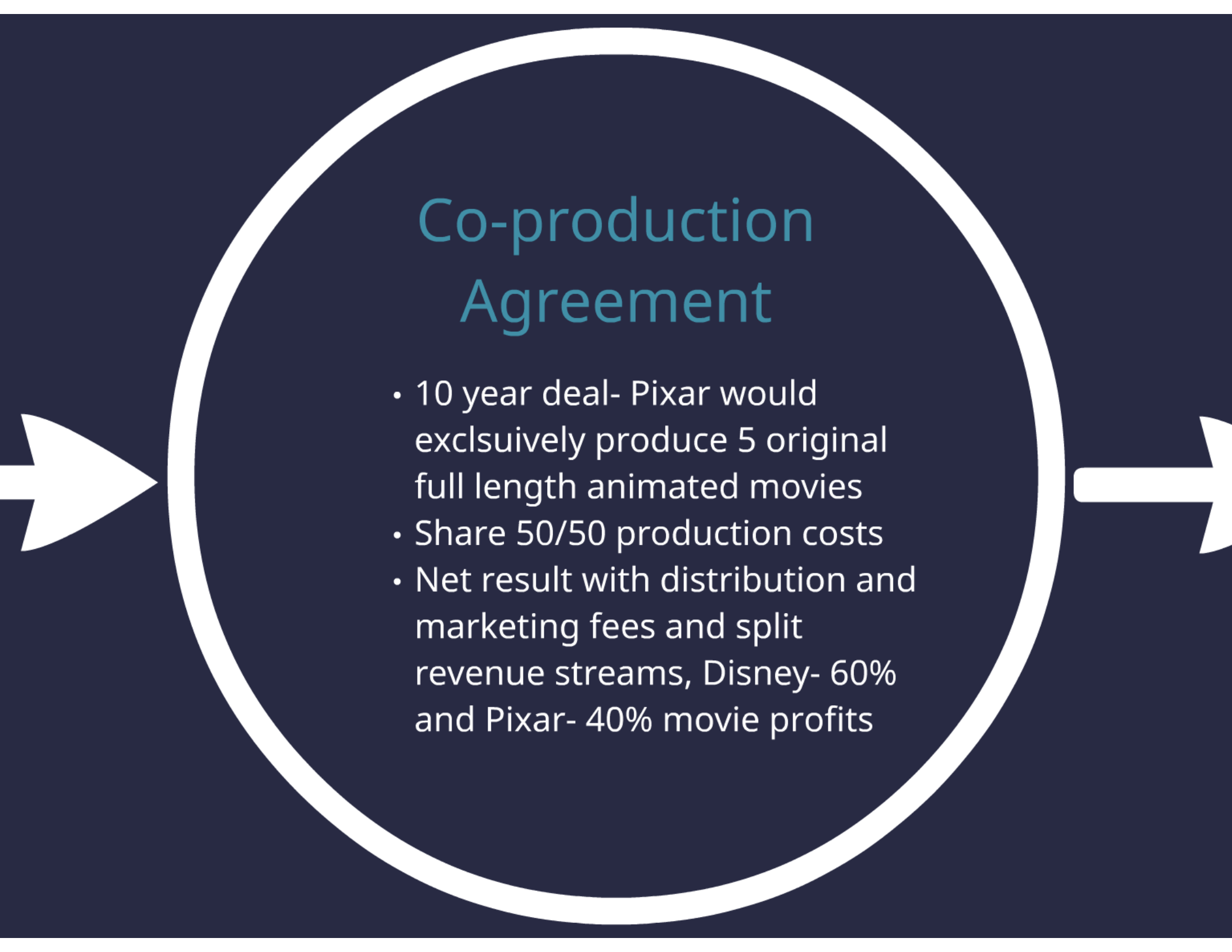
Renegotiations

- 2002- Pixar in position to renegotiate for deal with more favorable terms after previous successes
- Pixar began shopping around for new partners
- Relations among executives were also a concern for the future of both companies

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