

**2009 Croner Animation and Visual Effects Survey
January 8, 2009
Survey Planning Meeting Highlights**

Hosted by:
Lucasfilm, Ltd.

Meeting held at:
Letterman Digital Arts Center
One Letterman Drive
San Francisco, CA 94129

PARTICIPANTS

The following companies were represented at the meeting.

- | | |
|-----------------------------------|---|
| 1. Digital Domain, Inc. | 7. Pixar Animation Studios |
| 2. DreamWorks Animation SKG, Inc. | 8. Sony Computer Entertainment America, Inc. |
| 3. Electronic Arts Inc. | 9. Sony Pictures Animation and Sony Pictures Imageworks, Inc. |
| 4. Imagemovers Digital | 10. The Jim Henson Company |
| 5. LAIKA, Inc. | 11. The Orphanage |
| 6. Lucasfilm Ltd. | 12. Walt Disney Animation Studios |

SURVEY POLICIES

The survey's policies underscore the importance of maintaining strictly the confidentiality of each participant's data and of obtaining full data disclosure.

Participant Only

The survey is participant only. Only survey participants may receive the report of results. Non-participant companies may receive a report of results only with written commitment to participate fully in the next year's survey.

Reporting Rules

The survey uses reporting rules to maintain the confidentiality of data submitted. There must be a minimum number of three companies with a match to a position to report results. Individual company data are never disclosed in the report or by The Croner Company.

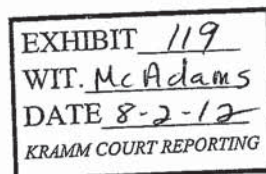
Commensurate Disclosure Policy

The "Commensurate Disclosure Policy" is designed to encourage full participation in the survey process and complete disclosure of all relevant compensation data for the survey report.

- If a participant does not share data related to a given compensation element (e.g., bonus awards or stock option grants) the participant will not receive results related to that compensation element in the report.
- If a participant chooses not to share data for particular positions (e.g., executive or sales positions) when the participant does have matches, the participant will not receive results for those positions in the report.

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SURVEY DESIGN DECISIONS

Policies and Practices

Each year the survey will report on the following "standard" policies and practices subjects.

- Prevalence of and eligibility for short- and long-term incentive plans.
- Merit budgets and salary structure adjustments. Merit budgets have in the past been surveyed mid-year via a web-based survey. It was agreed that in 2009 web merit budget surveys would be conducted more often to closely track developments as a result of the recent economic crisis. The next web merit budget survey is scheduled for January 30, 2009. *Web survey results will be available only to participants who submit data.*

Each year, participants select additional policies and practices of particular interest that year. These subjects are not covered every year but instead are covered "on rotation." This year participants agreed on the following "rotational" subject:

- Severance practices

Survey Positions

The goal of our discussion about survey positions was to retain all relevant industry benchmark positions and eliminate positions that: a.) are consistently matched by few participants over the past two years; or b.) are better covered and represented in other compensation surveys (i.e., that the Croner Animation and Visual Effects Survey did not serve as the first or second market data point for the position in question).

As a result, we agreed upon the following actions:

- Modify two (2) levels of the survey hierarchy
 1. Add a Multi-Function Production Leadership level below the Top Production Leadership level
 2. Change Senior Individual Contributor level to Senior / Lead Individual Contributor level with all 'Senior' position titles changing to 'Senior / Lead'
- Delete two (2) job families
 1. Pre-Visualization
 2. Inferno Art
- Delete eight (8) positions
 1. Head of General Technical Direction (replaced by CG Supervisor)
 2. Senior Pre-Visualization Artist
 3. Pre-Visualization Artist
 4. Lead General Technical Director
 5. Associate Renderer
 6. Senior Inferno Artist
 7. Inferno Artist
 8. Director, Production Systems Engineering

- Add five (5) new job families
 1. Development
 2. Stereoscopic
 3. Archive
 4. Digital Resource Management
 5. Production Finance

- Add thirty-four (34) new positions
 1. Director, Development
 2. Associate Development Coordinator
 3. Senior / Lead Storyboard Artist
 4. Associate Storyboard Artist
 5. Character Designer
 6. Visual Development Trainee
 7. Associate Modeler
 8. Modeler Trainee
 9. Associate Layout Artist
 10. Stereoscopic Supervisor
 11. Senior / Lead Stereoscopic Technical Director
 12. Archivist
 13. CG Supervisor (responsible for multiple functions)
 14. Generalist Technical Direction Trainee
 15. Associate Character Set-Up / Rigging Technical Director
 16. Associate Motion Capture Technical Director
 17. Associate Look Development Artist
 18. Associate Texture Painter
 19. Associate Matte Artist
 20. Associate Effects Artist
 21. Associate Character Simulations Technical Director
 22. Associate Lighting Artist
 23. Render Supervisor
 24. Senior / Lead Rotoscope
 25. Senior / Lead Match Mover
 26. Second Assistant Editor, Animated Feature Film
 27. Editorial Assistant
 28. First Assistant Editor, Feature Digital Effects
 29. Post Production Supervisor
 30. Digital Resource Manager
 31. Associate Production Systems Engineer
 32. Senior / Lead Production Financial Analyst
 33. Director, Training
 34. Senior / Lead Trainer

- Modify three (3) survey position descriptions for selected job families / positions
 1. Senior Production Coordinator
 2. Production Coordinator
 3. Technical Trainee

- Modify twelve (12) positions in the survey
 1. Sculptor to Senior / Lead Sculptor (Senior / Lead Individual Contributor level)
 2. Senior General Technical Director to Senior / Lead Generalist Technical Director (modify position description to emphasize role as non-specialist and pipeline focus)
 3. General Technical Director to Generalist Technical Director (modify position description to emphasize role as non-specialist and pipeline focus)
 4. Associate General Technical Director to Associate Generalist Technical Director (modify position description to emphasize role as non-specialist and pipeline focus)
 5. Digital Effects Supervisor to Effects Supervisor
 6. Senior Digital Effects Artist to Senior / Lead Effects Artist
 7. Digital Effects Artist to Effects Artist
 8. Assistant Editor, Animated Feature Film to First Assistant Editor, Animated Feature Film
 9. Color Timer will move from Individual Contributor level to Principal Individual Contributor level
 10. Line Producer, Animated Feature Film will move from Top Production Leadership level to Second Level Production Leadership level (in Animated Feature Film Producing job family)
 11. Producer, Feature Digital Effects will move from Top Production Leadership level to Second Level Production Leadership level
 12. Associate Producer, Feature Digital Effects to Digital Producer
- Add the following positions to next year's "watch list": Senior Inferno Artist; Inferno Artist; Director, Production Systems Engineering
- Consider grouping together job families that are applicable only to the visual effects industry

Survey Report

- Report results for animation and visual effects positions separately (in addition to the standard cuts)
- Remove total supervised from the questionnaire and report as this information is not consistently available

SURVEY SCHEDULE

The 2009 Croner Animation and Visual Effects Survey schedule will remain the same as the 2008 schedule with the goal of delivering the report in July 2009. *This delivery date relies heavily upon timely submission of fully completed survey questionnaires by all participants.*

- Survey questionnaire available March 2009
- Completion tips and hints teleconference and webinar conducted March 2009
- Data effective date of survey April 1, 2009
- Early discount due date for completed questionnaires at The Croner Company: April 14, 2009
- Final due date for completed questionnaires at The Croner Company: April 28, 2009
- Soft copy report shipped to participants July 2009
- Hard copy report shipped to participants August 2009
- 2010 planning meeting held in January 2010
 - to be hosted by DreamWorks Animation SKG, Inc. in Los Angeles, CA

ROUNDTABLE SUBJECTS

Many participants were able to attend the roundtable discussion that followed the survey planning meeting.

Incentive Plan Design

Participants shared design features of incentive plans that have been successful and unsuccessful. Themes of issues discussed included the value of transparency of plan detail, concern over employee entitlement, pay for performance, alternative forms of retention / incentives, and affordability during this difficult economic environment.

Benefit Status of Project Employees

The consistent approach among participants that shared current practices is to determine eligibility for benefits of project employees based on the length of project (e.g. six months or more). The group discussed how companies handle employees with different status working side-by-side.

Ideas for Saving Money

Participants shared several ideas, including managing overtime, no holiday parties, reducing executive perquisites, reducing use of paper products and reducing travel.

Relocating to Remote Locations

Participants discussed some of the challenges related to remote production offices - whether in India, Singapore or Albuquerque. Difficulties included determining the necessary incentives to entice good employees to move. Other issues discussed included finding qualified employees at the remote location, handling moving the spouse and family, working with different time zones and creating positions in the home office that monitor and review the work of the remote office.

Helping Employees Prepare for Retirement

Participants discussed the employer's role in preparing employees for retirement. The group discussed options to help employees make the right choices for their future, such as 401k programs where new hires are enrolled by default.

Guaranteed Work Weeks

Many participants provide guaranteed work weeks. The discussion included prevalence of guaranteed work weeks and general descriptions of practices.