

NEW LINE'S "GAMBLE"

If I really want to shoot craps, I generally go to Las Vegas.

BOB SHAYE

To Jackson and his colleagues, Shaye's decision must have seemed like a miraculous reprieve. The project that the scriptwriters and Weta Ltd. had worked on for eighteen months would not be taken out of their hands and produced by Miramax in a self-evidently inadequate single feature film with a \$75 million budget.

Certainly Shaye's inquiry about making three films has usually been portrayed to the public in this way—as a quirky, risky \$270 million throw of the dice. No doubt there was a risk involved, but Shaye's view of the odds would have been very different from those of the filmmakers. A sign in his office reads "Prudent Aggression," a phrase that acts as an unofficial motto for New Line, often quoted by its employees in interviews.

There were obvious disadvantages in producing *Rings*. Jackson was a relatively unknown filmmaker with not one financial success to his credit. The films would have to be mounted on a scale commensurate with the epic novel, and the fantasy elements would require expensive CGI work, as the pitch film made abundantly clear. Expanded to three parts, the undertaking would require a huge budget. New Line, although a wholly owned subsidiary of Time Warner, operated independently and would have to come up with the financing itself, and it had never made such a major project.

Yet the potential rewards were enticing. *Rings* could obviously become a franchise. New Line's growth from a tiny 16mm film-rental firm that Shaye founded in 1967 to one of the biggest independent production/distribution companies in Hollywood had come primarily through two wildly successful series. In 1984, *Nightmare on Elm Street*, made for \$1.8 million, grossed \$25.5 million domestically. Five more cheaply produced entries in this series appeared, the last in 1991 (with two later spin-offs, *Wes Craven's New Nightmare*, 1994, and *Freddy vs. Jason*, 2003), and a TV show based on the same material ran for two seasons. Just as the *Nightmare* films were losing steam, New Line paid \$3 million for a comic-book-derived item called *Teenage Mutant Ninja Turtles* (1990), which then grossed more than \$200 million worldwide. Two sequels followed (in 1991 and 1993). The spectacular success of the Turtles (played in that pre-CGI age by Jim Henson creations) overshadowed the more modest but distinctly profitable *House Party*, also released in 1990 and also leading to two sequels (1991 and 1994; in 2001, the fourth went straight to video).

By 1998, all three series were moribund. The biggest one-off hits that the studio had produced, *Dumb and Dumber* and *The Mask* (both 1994), had so far failed to spawn sequels, since Jim Carrey's fee had rocketed beyond New Line's price range. *Austin Powers: International Man of Mystery* (1997) had been a surprise hit, but the release of its sequel was still a year away when Jackson made his pitch.

During the pitch session, Shaye told Kamins that New Line had eagerly been seeking another franchise. The firm had spent around a year developing a project based on Isaac Asimov's "Foundation" book series. Finally, unable to come up with a viable script, New Line had let its option on the books lapse. That happened only weeks before Jackson's pitch. Shaye saw *Rings* as another chance for a franchise.²⁶ Asked later why he had wanted a three-film version, he said, "It was so wonderfully presold. It was like *Superman* or *Batman*."²⁷ Like those franchises, *Rings* potentially could generate enormous income from ancillary products.

Ordesky's account of Shaye's famous "three-film" remark suggests that such factors were on his mind:

The lights came up, Bob was sitting there, and we were all watching him. Bob said, "Why two movies?" Then Bob said, "There are three books. Why aren't you making three movies?" Peter gives me this sidelong glance like "Dare I hope this is actually being said?" Peter was saying, "Well, Bob, that would be great, of course!" He didn't want to scare it away. Bob was saying, "Well, it makes sense. Artistically, you could follow the books. Then there are three theatrical windows, three video releases." Bob is talking about the fusion of art and commerce . . . brilliant.²⁸

The leap from inexpensively made horror films or comedies to a huge, fairly prestigious literary adaptation was, however, a considerable one. Shaye had always run New Line as a studio that economized as much as possible. Despite the huge potential outlay on *Rings*, Shaye would have foreseen ways to cut costs and minimize risk. As he said, gambling is for Las Vegas.

To begin with, making three films simultaneously in New Zealand saved an enormous amount of money. Not having to start up three separate films reduced expenditures on set building, transport of cast and crew members to and from New Zealand, and so on. One consideration was that many of the pristine landscapes used as locations were in parks, where the filmmakers were required to leave the area exactly as they found it. Crews had to dig up and later replace rare plants, put down sod on damaged lawns, and build

roads that had to be removed after filming was done. Repeating all this for those locales that appeared in two or three parts of *Rings* would have been monumentally inefficient. In 2001, at a press conference in Cannes, Ordesky claimed, “By shooting all three at once, the studio may have saved up to \$100 million.”²⁹

These cost savings alone, however, would not be enough to cause New Line to attempt simultaneous productions. If they were, other films would be made this way. Even after the success of *Rings*, studios are not eager to attempt ambitious simultaneous shoots on potential franchise films. Few, if any, are as “wonderfully presold” as Shaye perceived *Rings* to be. Nevertheless, there have been other franchises where the studio cautiously waited to see if a film was successful and then cut costs by doing two sequels at once. While editing *Back to the Future II*, Zemeckis was shooting the third film, and the second and third films of the *Pirates of the Caribbean* franchise were shot simultaneously. The original *Back to the Future* and *Pirates of the Caribbean* films’ narratives were self-contained. *Fellowship* was only one-third of a story. Shaye presumably trusted that its “presold” nature made treating it as a single three-part film reasonably safe.

Certainly shooting entirely in New Zealand offered many sorts of savings. Most of the crew were Kiwis, and the New Zealand film industry has no unions. Of the 1,200-plus people listed in *Rings*’ credits, most would be working for considerably less than Hollywood scale. Although the exchange rate of the New Zealand dollar fluctuated through the long shoot, it typically remained around fifty cents or less to the American dollar. As of the spring of 2002, about 74 percent of the film’s budget had been spent in New Zealand, so the exchange rate alone would have cut costs by a very substantial amount (though of course transportation expenditures were higher).³⁰ Tax benefits for filmmaking in New Zealand saved additional tens of millions of dollars.

Given the wild success of *Fellowship*, including the rise to stardom of some of its cast members, a single lengthy shoot bestowed another benefit. Shaye describes the project’s savings in the era of ballooning celebrity salaries: “I realized that I could have one of those films in each of the next two years, and we wouldn’t have the aggravation of renegotiating with talent, having to have costs go up astronomically from the first to the second to the third. All of this really appealed to me from a corporate perspective.”³¹ Doubtless Shaye would vividly recall Jim Carrey’s departure after *Dumb and Dumber* four years earlier to a higher salary at Warner Bros. for *Batman Forever*. The eventual sequel, *Dumb and Dumberer: When Harry Met Lloyd* (2003), failed at the box office largely because it lacked the original stars, Carrey and Jeff Daniels.

It's difficult to estimate what *Rings* would have cost if it had been made one film at a time in the United States. We shall never know what such overnight stars as Orlando Bloom, Elijah Wood, Viggo Mortensen, and Ian McKellen might have demanded for the second and third installments. Moreover, Jackson estimates that the nearly 1,500 CGI shots for *Return* alone cost around \$47 million to create at Weta and would have been more than \$100 million in the United States: "Making them in the States would have been too expensive—and they probably would never have gotten made in the first place."³²

On a cost-per-minute basis, *Rings* stacks up favorably against James Cameron's *Titanic* (1997), which made a record \$1.8 billion worldwide. *Titanic* was another long, enormously successful CGI-heavy epic that involved no renegotiations of actors' salaries. Its estimated budget was \$200 million, meaning that it cost on average \$1.03 million for each of its 194 minutes. Final budget estimates for *Rings* are inconsistent, running from \$310 to \$350 million.³³ Taking a figure in the middle, \$330 million, the 557 minutes of the trilogy's theatrical versions average out to just under \$600,000 each (with the 677 minutes of the extended versions averaging less than half a million each). To get a vague sense of what *Rings* might have cost to make in the United States (or, more properly, North America, since *Titanic* was shot partly in Mexico and Newfoundland), let's multiply the number of minutes in it by the average cost per minute of Cameron's film. By such a measure, the theatrical versions would have cost about \$544 million, the extended versions about \$700 million. The latter figure is about twice the estimated total budget of *Rings*, including the footage added to the extended editions. In terms of proportion of negative costs to total gross, *Rings* was nearly as profitable as *Titanic*. The cost of Cameron's film was 10.9 percent of its final gross, while that of *Rings* was 11.4 percent. (The difference would have been more than made up for by the larger number of ancillary products *Rings* spawned.) In the long run, New Line got a considerable bargain, and Jackson's team definitely put the money on the screen.³⁴

Shaye presumably would have foreseen only some of these financial advantages when he suggested making *Rings* in three parts, and even in his most optimistic estimates he probably didn't anticipate just how successful the film would be. Still, Jackson could not have picked a better time to approach the studio with an expensive project. In mid-1998, New Line had just come off the most successful year in its history. During 1997, it had distributed a pair of prestigious and successful art films, *Boogie Nights* and *The Sweet Hereafter*; a political comedy, *Wag the Dog*, which profited from its coincidence

with the Clinton-Lewinsky scandal; and the first *Austin Powers* film. For once there had been no notable failures among its releases, and 1998 was also shaping up well.

Granted, *Rings* could be seen as having great franchise potential. But why would Shaye take on an expensive project with Jackson attached as director? Unlike Ordesky, Shaye was not a big fan of the Kiwi's films. As he told an interviewer in late 2001,

There's no question that Peter didn't have the experience for a project this big and to be honest, I hadn't liked all his movies. But he's made one movie, "Heavenly Creatures," that I really liked. And I really liked him: He's a decent guy with no arrogance or hubris. So I believed in his good faith and I bet on his ability. It doesn't sound very rational, but sometimes trusting your instincts isn't a very rational thing to do.³⁵

Despite Shaye's admiration for *Heavenly Creatures*, New Line had passed on distributing it—wisely, since the film lost money. Miramax had released it, thus linking Jackson to the firm and, two years later, giving him his chance to obtain the *Rings* film rights.

Shaye portrays his decision to go with Jackson as a hunch, driven by instinct. Yet Jackson had one enormous advantage that goes unmentioned in accounts of the project's move from Miramax to New Line. For the three weeks during which that project was in turnaround, Jackson essentially controlled the film rights to *Rings*—on loan from Miramax, as it were—if he could find a buyer. It probably did not seem to him during that worrisome period as if he wielded such power, but we should remember that those rights had never been available on the open market. In 1967 (coincidentally, the year Shaye founded New Line), United Artists had approached Tolkien and eventually obtained the rights. In 1976, Zaentz had acquired them through a direct deal with United Artists. After the disappointment of the 1978 version, Zaentz had sat on those rights. They had not gone on the table for bidding in 1995, when Jackson approached Miramax about the project. Weinstein was able to buy them solely because he had helped Zaentz by rescuing *The English Patient*. When Weinstein put *Rings* into turnaround in 1998, it was the first time that the rights to adapt the novel had ever been openly offered for sale within the film industry. Unlike any other executive in Hollywood, Shaye saw the advantages of seizing that opportunity, and only Jackson could bring those rights with him from Miramax to another producer.

Moreover, Jackson was not selling only the rights but an entire package.

By the time the director pitched the project to Shaye, it had already been in preproduction for eighteen months. Jackson's companies in Wellington had created huge numbers of designs, miniatures, and maquettes. By the conditions of the turnaround, the finished designs, sets, objects, and proprietary computer programs would have to be purchased from Miramax for \$12 million above and beyond the adaptation rights. New Line could hardly scrap them all and start over with a new director and production team. So Shaye's decision essentially was not so much a case of, "We will allow you, Peter Jackson, to direct *The Lord of the Rings*" as it was, "You, Peter Jackson, will enable us to produce *The Lord of the Rings*."

New Line's commitment to undertake the three-part film was quickly made, and Shaye and Lynne agreed to all the onerous terms that Miramax had imposed for the turnaround. New Line would pay the \$12 million up front, as well as the required first-dollar percentages. Apart from a check to cover the costs of the preproduction, New Line also had to promise 5 percent of the gross box-office take to Miramax and another 5 percent to Zaentz. According to Kamins, "Miramax knew this was for real. They couldn't believe it. I think Miramax was utterly stunned. I think Harvey set these draconian conditions under the theory that there was just no way on God's green earth that Peter was ever going to be able to get someone else to bite off on it."

Harvey Weinstein's disappointment must have been considerably tempered by the financial results. So low was Eisner's faith in *Rings*' success that he split the 5 percent evenly between Disney and the Weinsteins personally. (Five percent of the nearly \$3 billion international gross of *Rings* would be close to \$150 million.) Both Weinstein brothers would also receive a credit as executive producers on the film, even though they were paid in full for all their expenditures and did not contribute to the project after the deal with New Line was consummated. (A teasing comment on the Weinsteins' participation appears in the final credits, where the sketch under Mark Ordesky's and the brothers' names shows a tiny figure leading two enormous trolls on leashes; see figure 3.) Later, in 2004, during the acrimonious period in which the Weinstein brothers were about to leave the company they had founded, *Variety* pointed out that Disney's 2.5 percent of *Rings*' gross would essentially have covered its entire \$80 million purchase of Miramax in 1993; by the time the Weinsteins left, the company was valued at \$2 billion.³⁶

The legal wrangling over the deal went on for weeks, and Miramax twice extended the turnaround. Finally, on 24 August 1998, a New Line press release announced that the company would be producing *Rings* in three parts at a budget of "more than \$130 million." That figure was approximately the

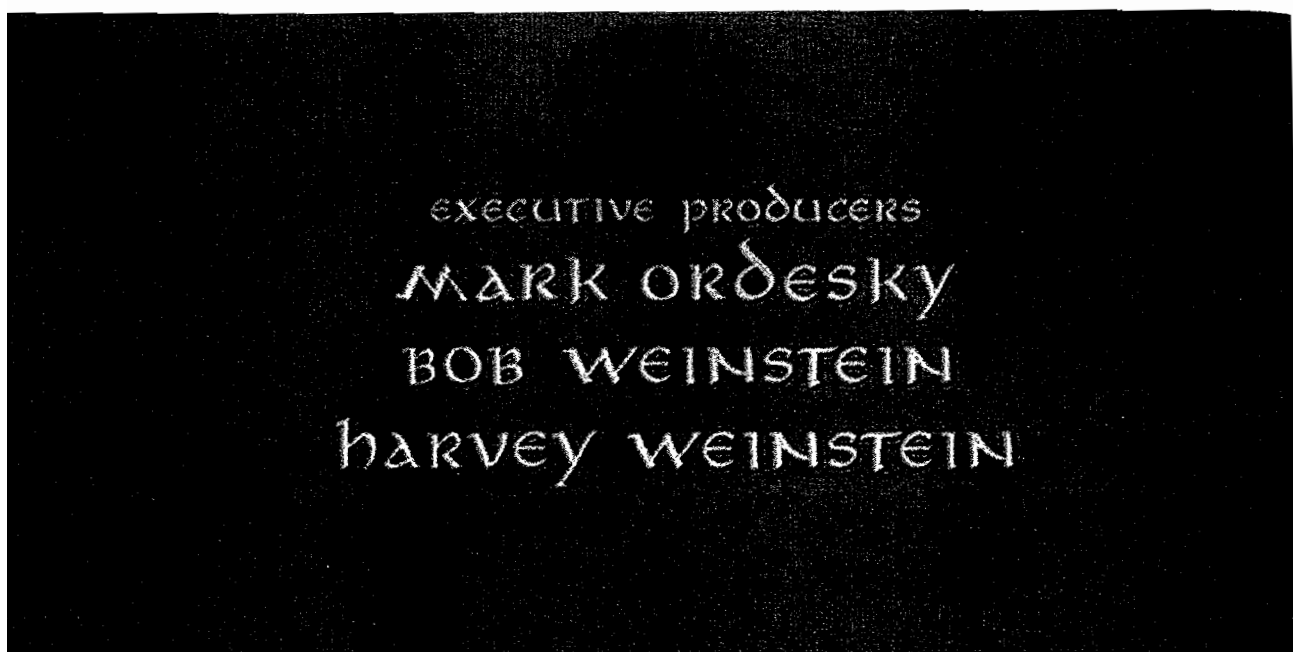


Figure 3. Harvey and Bob Weinstein's credits in *The Return of the King*.

amount that Eisner had forbidden Weinstein to pay for a two-film version, and it was quoted not because New Line was being naive or disingenuous but simply because a new budget could not be devised until the three-part script was finished.³⁷ Thereafter the official budget was raised to \$270 million. The initial press release announced that principal photography would begin in mid-1999 and last one year, and that the films would be released at six-month intervals, with Christmas-summer-Christmas premieres. It also stated that “Weta Digital, Jackson’s innovative special effects firm based in New Zealand, will be responsible for the elaborate computer generated visuals demanded of the epic project.”³⁸

By the end of 1998, Jackson was already negotiating for a delay, wanting to finish his storyboards and animatics. The contract stipulated that principal photography had to begin by October 1999;³⁹ ultimately it commenced on 11 October 1999 and lasted until 22 December 2000. The parts appeared in three successive Christmas seasons, from 2001 to 2003.

Despite the emotional roller coaster that Jackson’s team went through during the Miramax period and despite the fact that the project ended up much better off with New Line, Kamins points out that Harvey Weinstein made the trilogy possible:

There’s no question that the \$12 million that Harvey spent made New Line saying yes possible. Because I don’t know, if we’d simply walked into Bob

Shaye's office with the three books, saying, "I want to make these three books into three movies, or two movies," if Bob Shaye would have had any reason to say yes. He had the benefit of looking at that documentary. That documentary that Peter made was the result of the \$12 million that had been spent.

CAST AWAY ON A POLYNESIAN ISLAND

Imagine living in a country where the most important industry is making a film of *The Lord of the Rings*.
Isn't that a sign of a world you want to live in?

IAN MCKELLEN

After New Line committed to the production, the Weta team went back to its preproduction work. Once that was well advanced, the process of casting the major roles went on during 1999. *Variety* published notices that actors had been found: Elijah Wood (8 July), Ian McKellen (26 July), Christopher Lee (23 August), Liv Tyler (27 August), Viggo Mortensen (reported on 15 October as being in negotiations to replace Stuart Townsend), and Cate Blanchett (27 October). The policy was one of seeking actors with distinguished reputations but not wide enough marquee recognition to command large fees. Indeed, the amounts offered to the actors for the entire filming period seem to have been relatively small. Sean Astin revealed in his memoirs that he was shocked to discover that the \$250,000 he had been offered was for all three films, not just one. (Later bonuses after the success of *Fellowship* helped make up for the early penny-pinching.) Astin, like others of the cast, whether or not they already were fans of the novel, decided that this was "the opportunity of a lifetime"⁴⁰ and agreed to work for what was essentially scale. One or more of the top names got profit participations.

Behind-the-scenes talent came on board. Many of the designers and department heads had worked with Jackson numerous times, for he tends to be loyal to his collaborators and to inspire great loyalty in them. Most of the team were Kiwis, but staff from abroad filled some core positions in areas where the local film industry was weak. These included Australian cinematographer Andrew Lesnie (who had experience in fantasy films from his work on *Babe* and *Babe, Pig in the City*). The huge special-effects effort was headed by an American, Jim Reigel (*Starship Troopers*, *Star Trek: Insurrection*), and veteran effects specialist Alex Funke (*The Abyss*, *Starship Troopers*) came in as visual effects director of photography. In 1999, American producer Barrie M. Osborne, after finishing *The Matrix* in Sydney, decided not to pro-

18. For Jackson's own description of Miramax's conditions, see his appearance on *The Charlie Rose Show* (22 Feb. 2002).
19. "New Line: Indie Unit of AOL TW Sticks to Its Roots Despite *Lord of the Rings* Windfall," *VDM* (22 Apr. 2002): 11. See also Josh Young, "Lights! Camera! Bigamy?" *EW* (11 July 1997): 13, and Dan Cox, "New Line, Rock on the Block," *Variety* (22–28 July 1996): 10.
20. Bill Higgins, "AFMA Raves over Shaye," *Variety.com* (22 Feb. 2002): www.variety.com/story.asp?i=story&a=VR1117861242&c=13.
21. Dan Madsen, "A Fine Madness," *LotRFCOMM* (Oct.–Nov. 2003): 51.
22. Patrick Goldstein, "A Studio Executive Tries His Hand at Wizardry," *Los Angeles Times* (11 Dec. 2001): F4.
23. *The Charlie Rose Show* (22 Feb. 2002).
24. Madsen, "A Fine Madness," 52; David Ansen and Jeff Giles, "The New Visionaries," *Newsweek* (9 Feb. 2004): 69.
25. I am grateful to Peter Jackson for giving me permission to watch the pitch tape, entitled *The Lord of the Rings* (produced by Wingnut Films), and to Jamie Selkirk for arranging a viewing at Park Road Post (7 Dec. 2004).
26. Goldstein, "A Studio Executive Tries His Hand at Wizardry," F4.
27. Jess Cagle, "Lure of the Rings," *Time* (2 Dec. 2002): 89.
28. Madsen, "A Fine Madness," 52.
29. John Forde, "Force of Hobbit: Conquering Cannes, Mining Moria and Party-ing at Hobbit Height," *E!Online* (15 May 2001): www.eonline.com/Features/Specials/Lordrings/Word/010515.html.
30. John Yeabsley and Ian Duncan, *Scoping the Lasting Effects of "The Lord of the Rings": Report to the New Zealand Film Commission* (Wellington: New Zealand Institute of Economic Research, April 2002), 5.
31. "Page to Screen," *Bravo* (Dec. 2002).
32. Brett Pulley, "Hollywood's New King Kong," *Forbes* (5 July 2004): 108.
33. The \$310 million figure appears in Keith Collins, "A Brief History," *Variety* "Showmen of the Year" Supplement (23–29 Aug. 2004): 26; Paul Voigt, in his "*The Lord of the Rings* Trilogy—Leveraging 2001–2004—Final Report" (Investment New Zealand, 5 Sept. 2004), says the trilogy cost "more than US\$320 million"; \$350 million was the figure I encountered most often: Justin Oppelaar, "New Line's Billion Dollar Bet," *Variety* (20–26 Jan. 2003): 11; Stewart, *Disney War*, 304; and Sharon Waxman, "Triumph of 'The King' in Hollywood," *International Herald Tribune* (2 Mar. 2004): 12.
34. In an interview done shortly after the release of *Fellowship*, Jackson compared its roughly \$90 million budget with that of *Pearl Harbor*, which was made for \$150 million. Based on the size of the cast and the number of effects shots, he estimated that *Fellowship* would have cost \$180 million to make in the United States. Multiplying that by three gives \$540 million, almost exactly the figure that I have suggested for the trilogy's theatrical versions based on the comparison with *Titanic*. See

Scott Collura, "Lord of the Cinema Rings—Part Two," *Cinescape.com* (8 Jan. 2002): www.cinescape.com/o/Editorial.asp?aff_id=08&tthis_cat=Movies&action=page&obj_id=32054#.

35. Goldstein, "A Studio Executive Tries His Hand at Wizardry," F5.

36. David Rooney, "The Brothers Grim," *Variety.com* (13 June 2004): www.variety.com/story.asp?i=story&a=VR1117906352&c=1019. This passage was not included in the print version of this article.

37. Peter Jackson on *The Charlie Rose Show* (22 Feb. 2002).

38. This press release and, indeed, the entire News section have been removed from the film's official website. The press release is archived on some fan sites, however, and on Ain't It Cool News it is accompanied by Harry Knowles's introduction. See "LORD OF THE RINGS. . . . It's Official!!!!!!!!!!!!!! This will be a day long remembered in the annals of geek history!!!" AICN (24 Aug. 1998): www.aintitcoolnews.com/display.cgi?id=1960.

39. "Peter Jackson Answers THE GEEKS!!! 20 Questions about Lord of the Rings," AICN (31 Dec. 1998): www.aint-it-cool-news.com/lordoftherings2.html.

40. Sean Astin, *There and Back Again: An Actor's Tale* (New York: St. Martin's, 2004), 103–4.

41. The fullest information on shooting locations is provided by Ian Brodie's *The Lord of the Rings Location Guidebook*, rev. ed. (Auckland: HarperCollins, 2003).

42. Dana Harris, "Rings' Fling Brings Payday," *Variety* (25 Feb.–3 Mar. 2002): 32.

43. Steve Galloway, "Innovative Voices," *HR* (Nov. 2002): 18.

44. "Sunday Morning Shootout," *American Movie Classics* (Feb. 2004).

45. Cagle, "Lure of the Rings," 89.

46. "New Line: Indie Unit of AOL TW Sticks to Its Roots Despite *Lord of the Rings* Windfall," *VDM* (22 Apr. 2002): 11.

47. Mittweg referred in his letter to *Armageddon*, a fifty-five-minute rough cut of which had been previewed for reporters at Cannes in 1998. That film went on to considerable success, but the Cannes screening was something of a disaster, with reporters laughing and Bruce Willis afterward trading testy words with them at the press conference.

48. Forde, "Force of Hobbit: Conquering Cannes, Mining Moria and Partying at Hobbit Height."

49. This nonglare version of the shot can also be seen on the back of the theatrical version *Fellowship* DVD box, as well as in magazine ads for the DVD and other products.

50. Nathan, "*The Lord of the Rings: The Untold Story*," 128.

51. Adam Dawtrey, "Will 'Lord' Ring New Line's Bell?" *Variety* (21–27 May 2001): 66.

52. Arathorn II, trans., "The Canal+ Interview with PJ," TORN (11 May 2001): www.theonering.net/archives/cannes/5/08.01-511.01.

53. For an evocative, detailed account of the party by one of the webmasters who