



DIGITAL DOMAIN®

MEDIA GROUP



Safe Harbor Summary

This presentation contains certain forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission (SEC) filings and otherwise. The Private Securities Litigation Reform Act of 1995 provides a safe-harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases including, but not limited to, “anticipate”, “believe”, “expect”, “project”, “intend”, “may”, “planned”, “potential”, “should”, “will” or “would”. The Company cautions readers that results predicted by forward-looking statements, including, without limitation, those relating to the Company’s future business prospects, revenues, working capital, liquidity, capital needs, order backlog, interest costs and income are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements.

Specific risks and uncertainties include, but are not limited to those set forth in filings we make with the Securities and Exchange Commission from time to time, including under the heading “Risk Factors” in Item 1A of Part II of our quarterly report on Form 10-Q, filed with the Securities and Exchange Commission on May 15, 2012. These documents are available on the SEC Filings subsection of the Investors section of the company’s website at <http://www.ddmg.co/>. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by applicable law, including the securities laws of the U.S. and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. Consequently, forward-looking statements should be regarded solely as our current plans, estimates and beliefs. Potential investors should not place undue reliance on our forward-looking statements. Before investing in our common stock, investors should be aware that risks exist that could have a material adverse effect on our business, results of operations, financial condition, cash flows, customer relationships and value of our proprietary products. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.



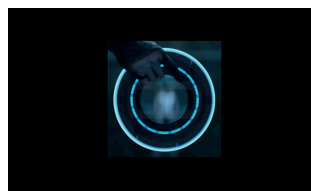
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— DIGITAL DOMAIN —
Film Productions
Venice, CA



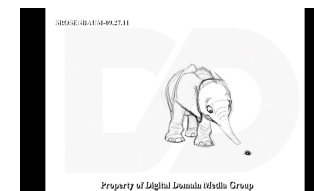
— D2 TACTICAL —
VFX Simulation
Port St. Lucie, FL



— DIGITAL DOMAIN —
Visual Effects
Venice, CA / Vancouver



— DIGITAL DOMAIN —
INSTITUTE
West Palm Beach, FL



— TRADITION STUDIOS —
Animation Features
Port St. Lucie, FL

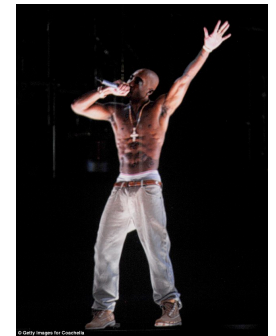
DIGITAL STUDIO – SHARED PLATFORM

- Long-standing Industry Leader
- Strong base business in dynamic growth market
- Transformation to content-driven economics
- Significant projected growth supported by existing backlog
- Strong pipeline of high-impact feature films
- Unique business model leads to New Markets
- Unprecedented leverage of grant-driven growth



Strategy / Overview

- Expand equity position in live-action films
- Develop the “Virtual Performance” business
- Create, develop and produce family-oriented animated films
- Capitalize on growing demand for 3D content
- Extend VFX capabilities to additional applications
 - Medical
 - Government
- Grow our education business
- Finance growth through government grants and strategic partnerships



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I N S T I T U T E

VFX

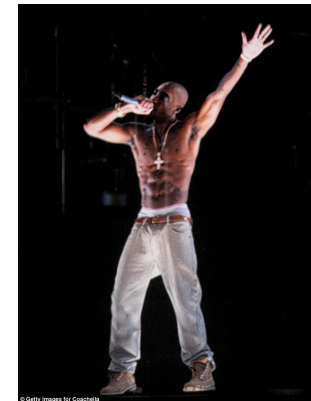
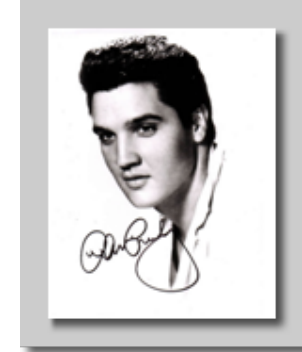


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Virtual Performance // Huge New Business Opportunity

- Digital human – the Holy Grail of VFX – and we have done it!
- Elvis is first project – will scale from there
- Consistent with our move into co-production model
 - Will pursue partnerships with owners of IP, images and music of performers, and venues
 - Seek participation in box office and other revenue streams
- Continuation of our progress in building digital humans – R&D funded by our work-for-hire VFX customers
 - Benjamin Button, Tron: Legacy
- Launch with the Tupac performance at Coachella generated huge results
 - 15 million views of the live performance on YouTube in the first 48 hours
 - Over 59 million search results for ‘Tupac hologram’ on Google in two weeks
 - Tupac album sales increased more than 500% in a week
 - ‘Greatest Hits’ album made the Billboard 200 for the first time in 12 years
 - 1,000% gain in downloads of his song ‘Hail Mary’ in a week.
 - 500% increase in visits to the Tupac website





Top 20 Box Office Movies

1. Avatar	\$2,782	11. Harry Potter and the Sorcerer's Stone	\$975
2. Titanic	\$1,843	12. Pirates of the Caribbean: At World's End	\$963
3. Harry Potter and the Deathly Hallows	\$1,328	13. Harry Potter and the Deathly Hallows Pt. I	\$955
4. Transformers: Dark of the Moon	\$1,119	14. Harry Potter and the Order of the Phoenix	\$940
5. The Lord of The Rings: The Return of the King	\$1,119	15. Harry Potter and the Half-Blood Prince	\$934
6. Pirates of the Caribbean: Dead Man's Chest	\$1,066	16. The Lord of the Rings: The Two Towers	\$925
7. Toy Story 3	\$1,063	17. Star Wars: Episode I - The Phantom Menace	\$924
8. Pirates of the Caribbean: On Stranger Tides	\$1,040	18. Shrek 2	\$920
9. Alice in Wonderland	\$1,024	19. Jurassic Park	\$915
10. The Dark Knight	\$1,002	20. The Lion King	\$914

\$ in millions

12 of 20 films led by Digital Domain or its executives

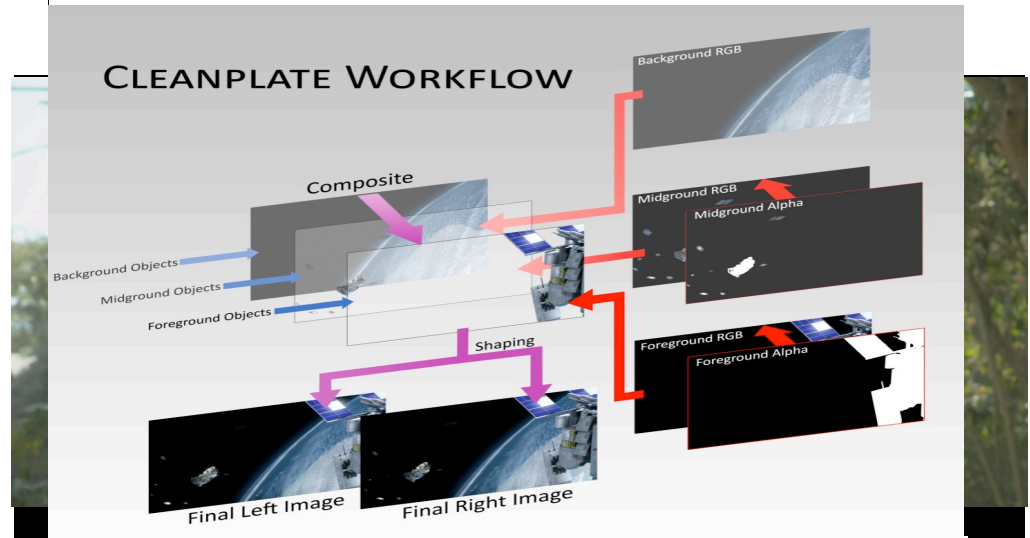
State-of-the-Art Proprietary Technologies and Patent Portfolio

PROPRIETARY SOFTWARE

- NUKE® - Market Leading VFX Platform (sold)
- TRACK® - Object Tracking and Spatial Relationships
- ENGEN® - Environment Generator
- STORM® - Volume Rendering (Fluid, Fire, Smoke, Clouds)
- INTRIGUE® - 2D to 3D Stereoscopic Conversion
- FACIAL ANIMATION - Synthetic/Digital Human Actors

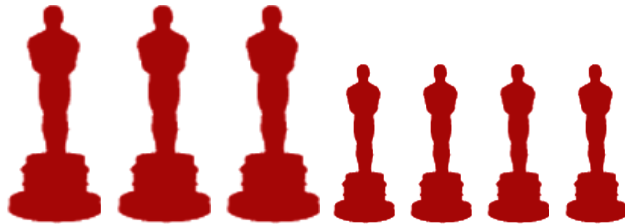
PATENTS

- Six patents covering various aspects of 3D stereoscopic conversion
- Eight additional patent applications pending





Reputation / Track Record in the Entertainment Industry



7 ACADEMY AWARDS

- Three (3) Academy Awards for Best Visual Effects
- Five (5) Academy Award Nominations for Best Visual Effects
- Four (4) Academy Awards for Scientific and Technical Achievement
 - FSIM Fluid Simulation System
 - NUKE
 - STORM
 - TRACK



4 BRITISH ACADEMY AWARDS

Best Visual Effects



10 VFX SOCIETY AWARDS

Best Single Visual Effect
Outstanding Supporting Visual Effects



12 CANNES LION

Best Visual Effects



32 CLIO AWARDS

Best Visual Effects & Animation



GRAMMY AWARD

Best Video



MTV VIDEO MUSIC AWARD

Best Special Effects



24 AICP AWARDS

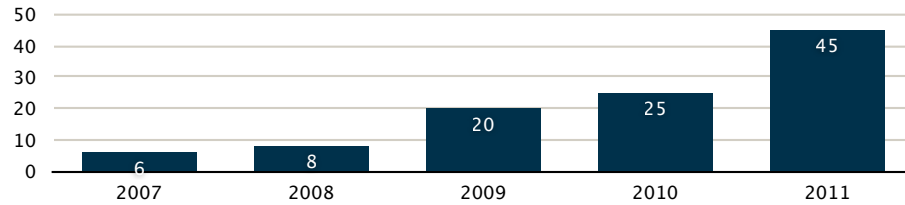
Best Visual Effects & Animation



Well Positioned for Substantial 3D Growth Opportunity

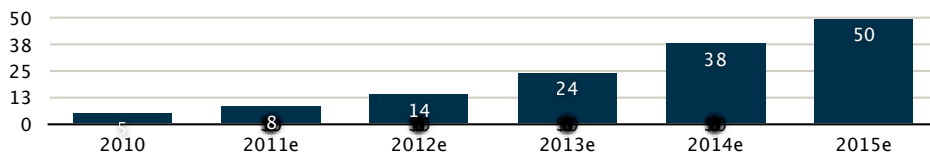
- Acquisition of In-Three (2010) provided attractive entry into 3D imagery market
(Acquired 6 original patents of 2D to 3D image conversion)
- Digital Domain is now a unique combination of a leading VFX production company with a 3D conversion specialist
- License deal with **Samsung** validates importance of technology
- **Reliance Media Works** partnership dramatically expands Digital Domain's capacity creating a unique combination of highest quality production capabilities with low-cost offshore capacity

Movies Released in 3D ⁽¹⁾



3D TV Sales ⁽²⁾

(in millions)



¹ MPAA Theatrical Market Statistics 2010 and Lazard Capital Markets
² ABI Research





Additional Applications for VFX Expertise

- Military training
- Law enforcement training
- Medical simulation

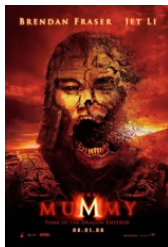
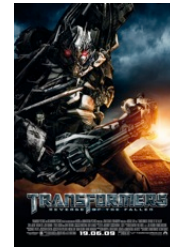
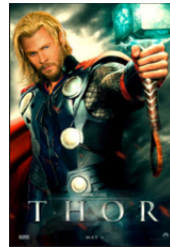




Live Action Co-Productions

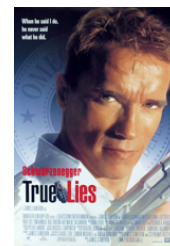
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Reputation / Track Record in the Entertainment Industry



Average Worldwide Box Office Revenue (\$mm) per Film

	'05-'07	'07-'09	'09-'11
Films w/ Digital Domain Participation	\$173	\$353	\$509
Paramount	\$75	\$106	\$128
Walt Disney	\$77	\$82	\$86
Warner Bros	\$60	\$73	\$77
20th Century Fox	\$65	\$66	\$87
Sony / Columbia	\$51	\$60	\$68
Universal	\$54	\$57	\$62



Source: BoxOfficeMojo.com.

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Digital Domain Live-action Titles

The 20 Digital Domain large budget film projects averaged almost \$480 million in 2011 adjusted worldwide box office¹

<u>Title</u>	<u>Release</u>	<u>Budget</u>	<u>Total Box Office</u>	<u>Opening Weekend Theaters</u>	<u>Genre</u>
Transformers Dark of the Moon	7/1/11	195	1,112.00	4,088	Action
X-Men: First Class	6/3/11	160	351.00	3,641	Action
Thor	5/6/11	150	446.50	3,955	Action
Tron Legacy	12/17/10	170	397.30	3,451	Action
A-Team	6/11/10	110	178.60	3,535	Action
Percy Jackson	2/12/10	95	228.00	3,356	Action
2012	11/13/09	200	809.60	3,404	Action
GI Joe: Rise of Cobra	8/7/09	175	324.70	4,007	Action
Transformers: Revenge of the Fallen	6/24/09	200	897.90	4,234	Action
Night at the Museum: Battle of the	5/22/09	150	443.60	4,096	Fantasy
Star Trek	5/8/09	150	414.10	3,849	Action
Curious Case of Benjamin Button	12/25/08	150	372.40	2,988	Drama
Mummy: Tomb of the Dragon Emperor	8/1/08	145	447.30	3,760	Action
Speed Racer	5/9/08	120	104.80	3,606	Action
Jumper	2/14/08	85	247.80	3,428	Action
Golden Compass	12/7/07	180	429.00	3,528	Action
Transformers	7/3/07	150	826.40	4,011	Action
Fantastic Four: Rise of the Silver Surfer	6/15/07	130	336.50	3,959	Action
Pirates of the Caribbean: At World's	5/25/07	300	1,118.80	4,362	Action
Flags of Our Fathers	10/20/06	90	80.60	1,876	Action
Average		155	478.30	3,657	

¹ Adjusts historical box office revenues to account for ticket price inflation

in millions of \$US





Digital Production Case Study – Tron: Legacy



DIGITAL DOMAIN
PREPARES
CONCEPT TEST VIDEO
FOR DISNEY
2007



DISNEY GREENLIGHTS
FILM FROM
DIGITAL DOMAIN
TEST FOOTAGE

ENGAGES DIGITAL
DOMAIN TO BUILD
FILM



TRON OPENS
DECEMBER 17, 2010
\$400mm
worldwide box office¹






¹ Worldwide box office as of May 2011; Box Office Mojo



First Co-financing Opportunity

ENDER'S GAME

Genre	Sci-fi Fantasy
Co-Producers	Odd Lot Entertainment Distributed by Lionsgate in US, foreign rights pre-sold
	  
Budget	Approximately \$100 million
Writer/Director	Gavin Hood (Academy Award Winner) X-Men Origins: Wolverine
Cast	Harrison Ford, Ben Kingsley, Asa Butterfield, Abigail Breslin, Viola Davis, Hailee Steinfeld
Expected Release	November 2013
Synopsis	Based on the science fiction novel by Orson Scott Card. Set in Earth's future, in preparation for invasion, the world's most talented children train in the arts of war through increasingly difficult games.



Harrison Ford



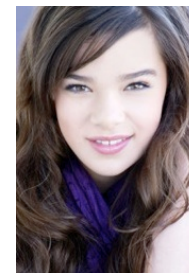
Asa Butterfield



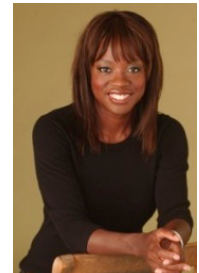
Abigail Breslin



Ben Kingsley



Hailee Steinfeld



Viola Davis

Animation



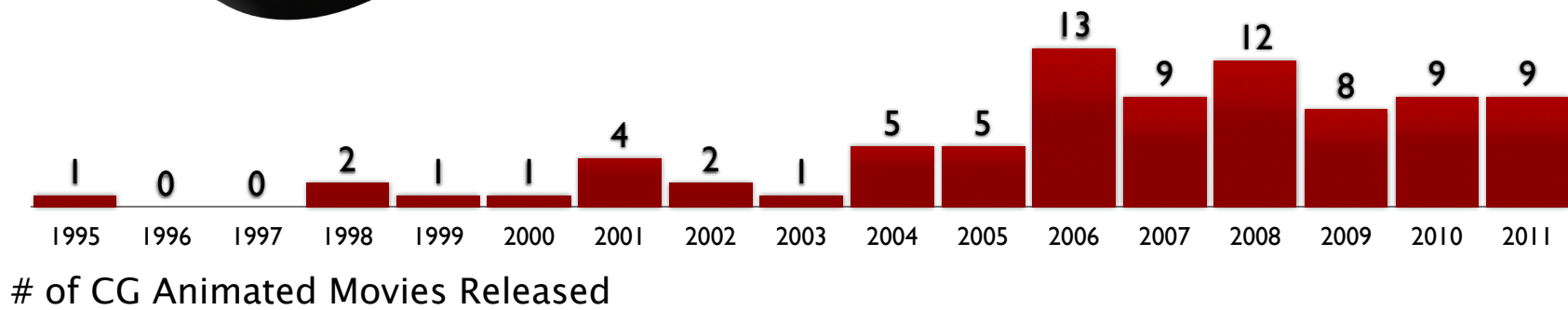
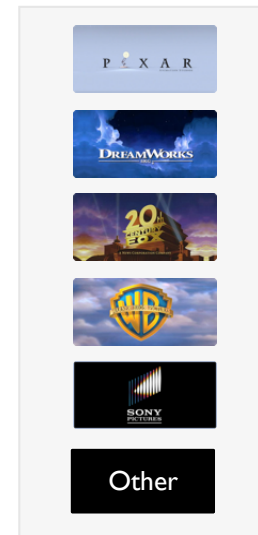
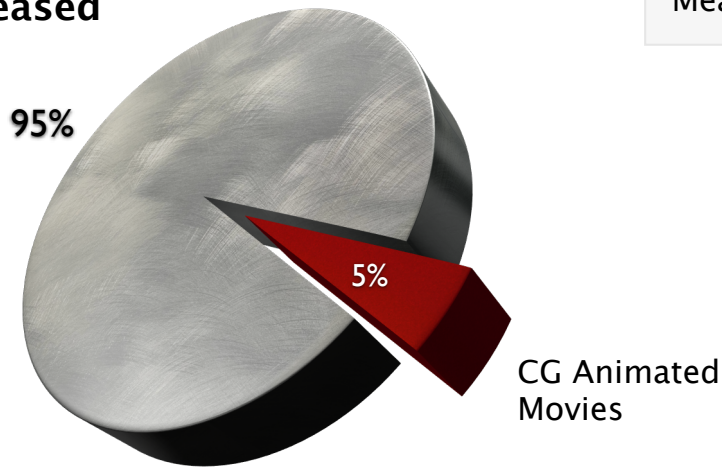
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Computer-Generated Animated Feature Films

2010
150+ MPAA Films
Released

W.W. Box Office:
Mean: \$400+ million





In 2009 we launched a new film studio

- Animated feature films
- Family-oriented... “Extremely Clean”

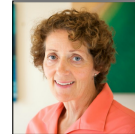
Creative Team: Ex-Pixar, Ex-Disney...

- Pam Coats: Former Head of Creative Development at Disney
- Aaron Blaise and Chuck Williams: **Lion King**, **Brother Bear**, others
- Brad Lewis, Producer of **Ants** and **Ratatouille**, Co-Director of **Cars 2**

Studio facilities

- 115,000 sq. ft.
- Port St. Lucie, Florida
- Completed December 2011

Pam Coats



Aaron Blaise



Chuck Williams



Brad Lewis



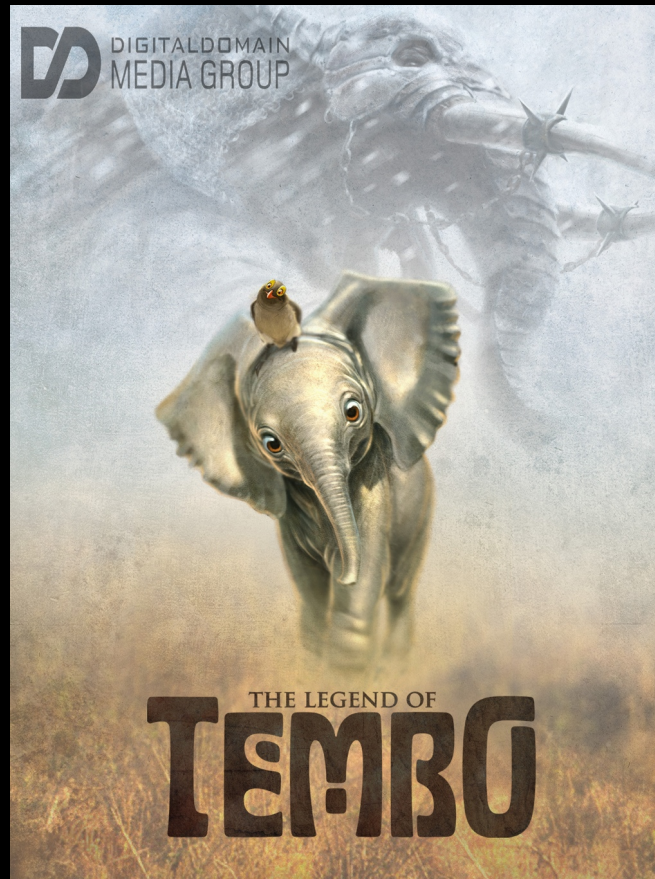


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ANIMATION STUDIO

// project in development



Digital Domain Institute

West Palm Beach, Florida



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Education // Animation and Digital Content Institute

- ▶ **DIGITAL DOMAIN Institute**
 - For-profit education business
 - Leveraging Digital Domain brand
 - Total integration of course work and professional workflow
 - Certificate classes started Spring 2012

- ▶ **Degree Programs**
 - Bachelors
 - Masters
 - Certification in Specialties
 - Animation, visual effects, simulation, games...**preparation for the 'digital domain'**

- ▶ **Florida State University**
 - Leading film school
 - Contracted to operate DD Institute
 - FSU classes start in August 2012





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Cash Grants Support Growth Initiatives

State of Florida	
Cash Grants	\$20.0 million
Tax rebates – resalable	\$19.9
City of Port St. Lucie, Florida	
Cash Grants	\$10.0
Land (appraised value)	\$10.5
Low-interest building and equipment lease financing	\$39.9
City of West Palm Beach, Florida	
Cash grants	\$10.0
Land (appraised value)	\$ 9.8
Low-interest financing	\$15.0
Beijing Galloping Horse Film Co.	\$50.0
Government of Abu Dhabi	<u>\$100.0</u>
TOTAL	\$285.1 million



Abu Dhabi Collaboration // \$100M Grant

- Establish an animation, visual effects and motion capture studio and Digital Domain Institute media school in Abu Dhabi
- Collaboration with twofour54, the Abu Dhabi government-backed media and entertainment hub
- Funded with \$100M (U.S.) grant from government of Abu Dhabi
- Create animated feature films, produce visual and 3D effects, engage in the production of original Middle Eastern-branded entertainment
 - Begin production of visual effects and animation in studios in twofour54 at the beginning of 2013
 - State-of-the-art entertainment production complex is expected to be operational by the end of 2015
 - Cost effective- Abu Dhabi offers 30% rebate for film, television and commercial media projects
- Drive development of the local film, TV and media production industry in the Middle East.





China Joint Venture // Access to High-growth Market

- Joint Venture Agreement with Beijing Galloping Horse Film Co., Ltd., a major participant in the high-growth China film market
- Includes license for the new joint venture to use Digital Domain Media Group's patented technology for converting 2-D images into 3-D
- Beijing Galloping Horse Film Co. to provide land, construction and basic build-out costs for the new facility
 - Approximately \$50 million in total investment from Galloping Horse
 - Digital Domain Media Group to contribute technology, expertise, facility design and training
- Beijing Galloping Horse will distribute The Legend of Tembo in China; invested in film as co-producer