

Evaluation of technology is driven by the specifics of the picture. When the technical challenges require new dimensions in software, DreamWorks strives for that goal. Moreover, staying abreast of what is available in the marketplace is a strategic and integral part of that goal.

DreamWorks purchases software on an as-needed basis, but also develops many of its own algorithms, for task-specific functions.

### **Strategic Alliances**

All production and administrative tasks are handled internally. When internal capacity is maximized, there may be a need to subcontract overflow. As a percentage of an actual project, this number cannot presently be determined. Understandably, it will be purely a function of project schedule.

As for current successes, one of the first relationships has been formed with Bardel Animation in Canada.

*From a press release dated Monday, March 4, 1996:*

"Under the terms of the agreement, signed on March 4, 1996, DreamWorks SKG acquired a 40% interest in Pacific Data Images."

"Along with such other northern California-based companies as Pixar, Pacific Data Images is recognized as a leader in the world of computer animation and visual technology and is considered to be one of the pre-eminent animation houses in the country. In the fifteen years since the company was founded by Mr. Rosendahl and his partners, Richard Chuang and Glenn Entis, PDI's innovative work has won many national awards for their work on such memorable shorts as "Gas Planet", which won the Best Animated Short honors at the 1992 Ottawa International Film Festival. They have tallied three CLIO awards (including one CLIO Gold in 1993) and several Emmy awards, including one prime time Emmy (1992)."

"In addition to their short films, PDI has also created memorable computer graphics and effects in feature films, music videos and interactive projects. Among their credits are the films "Angels in the Outfield", "True Lies", "Carlito's Way", "Star Trek VI", and "Terminator 2". PDI also devised the