



Fellow Shareholders,

During 2009, we celebrated the 15th anniversary of the

formation of DreamWorks and our launch into the field of animation as well as our fifth year as a publicly traded company. We looked back with some pride, since in just a decade and a half, we have grown into the world's largest animation studio that today includes some of the most successful franchises ever created. But mostly, we used the occasion to look forward, as our success is now enabling our company to become more than an animation studio, but truly a family entertainment company.

Of course, our anniversary year was also a challenging one, as we had to contend with the most difficult economic environment in decades. Through it all, we held strong and even expanded our franchises into a number of new businesses, including *Shrek The Musical* on Broadway, *The Penguins of Madagascar* on Nickelodeon, and *Merry Madagascar* and *Monsters vs. Aliens: Mutant Pumpkins From Outer Space* as new holiday specials on NBC. Thanks both to the strength of our core business and the success of our new initiatives, DreamWorks Animation achieved year-over-year earnings growth—even with only one theatrical release in 2009.

In addition to growing the business, 2009 became “The Year of 3D,” not only for our company but for the entertainment industry as a whole. This past March, the new format took off in a spectacular way with *Monsters vs. Aliens*. Subsequent 3D releases have continued to attract larger numbers of enthusiastic audiences. I think it is safe to say that—as we anticipated when we became the first studio to commit 100% to 3D production—3D is a game changer for DreamWorks Animation and we expect it to be an important industry growth driver for years to come.

As we look ahead to 2010, I believe we have positioned ourselves for a very strong year, marked by a number of landmark achievements. First and foremost, we will do something that no other studio has ever accomplished by releasing three computer-generated animated films in a single year—all in 3D: *How to Train Your Dragon*, *Shrek Forever After* and *Megamind*.

In 2010, we will also deliver on a number of strategic initiatives for which we've been laying considerable groundwork over a number of years. We will be launching *Kung Fu Panda World*, the first of DreamWorks Animation's online virtual worlds for kids. *Shrek The Musical's* national touring company will open in Chicago in July, after which it will travel around the country. We are expanding our television specials and series business by broadcasting two new holiday specials in the latter half of 2010: *Scared Shrekless* for Halloween and a *Kung Fu Panda*-themed holiday special. And, we are well along in developing an exciting new DreamWorks Animation television series based on *Kung Fu Panda*, which would build on the success of *The Penguins of Madagascar* on Nickelodeon.

In January, 2010 certainly got off to a great start for us, as *Fortune* magazine issued its list of 100 Best Companies to Work For and ranked DreamWorks Animation number six... the only entertainment company to make the list. We are extremely proud of this accomplishment, since it acknowledges the success of one of our core business strategies. We believe that operating a great workplace is not just the right thing to do, but also the smart thing to do, since it helps attract the best people and then helps inspire them to do their best.

I want to take this opportunity, on behalf of our Board of Directors and management team, to thank our over 1,900 employees, who really are the best. Their excellence shows in every frame of every single piece of entertainment we produce. For good reason, we call them “DreamWorkers.” They have made the last 15 years such a triumph and, thanks to them, we can eagerly look ahead to the next 15 years.

But none of this would be possible without you, DreamWorks Animation's shareholders. You are partners in everything we do. Thank you for your ongoing support.

Sincerely,

Jeffrey Katzenberg
CEO, DreamWorks Animation