



March 16, 2004

Ms. Katherine Kendrick
General Counsel
Dreamworks Animation SKG, Inc.
1000 Flower
Glendale, CA 91201

Dear Ms. Kendrick:

Thank you for your letter of February 24 in response to my February 17 letter to Walter Parkes regarding your company's production of an animated film based on the concept of a panda bear doing martial arts, which is my intellectual property central to my Zen-Bear® products. The additional information regarding Dreamworks Animation's acquisition of this concept, which you request in your letter, can be obtained from your own employee, Lance Young. I met Mr. Young some years ago in a setting in which he requested that I disclose and provide details concerning the concept. In several telephone conversations shortly thereafter, including calls he initiated, Mr. Young sought to elicit additional information about the concept for a potential motion picture project, which I said I would be happy to provide in a formal pitch meeting. However, he dismissed such a notion with the language quoted in my February 17 letter.

While I suspect that someone who would behave as he has done would have a suitably "convenient" memory of these events, you should speak to Mr. Young. Kindly make my resolve and disdain clear to him when you do.

Also, since you have requested this information from me, I would appreciate the courtesy of a response that details DreamWorks Animation's development history and production and release plans regarding the martial arts panda bear film, "Kung Fu Panda", aka "Ninja Panda." I look forward to hearing from you, and hope that your company will choose to resolve this serious issue rather than lie about it to a federal judge and jury.

Sincerely,

Terence Dunn

cc: John Genga
Jay Shanker