

Upi-dreamworks

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Microsoft, Dreamworks to collaborate

By STUART GLASCOCK

REDMOND, Wash., March 22 (UPI) – Microsoft Corp. Chairman Bill Gates gave enthusiastic backing Wednesday to Dreamworks SKG and pledged the ambitious venture will not fail for lack of financial backing.

Gates, speaking at a news conference to announce an interactive software joint venture with Dreamworks and Microsoft's decisions to invest in the studio start-up, also said the collaboration represents the much-discussed convergence of entertainment and computers.

"It's fair to say that financial constraints will not hold this thing back," Gates said nonchalantly during a 45-minute press conference on an auditorium stage at Microsoft with Hollywood moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen of Dreamworks SKG.

The joint-venture project, to be called DreamWorks interactive, will produce interactive and multimedia entertainment properties. It plans to ship its first titles in time for the 1996 holiday season.

The venture will combine the best talents in the entertainment and computer worlds and seek new market opportunities in the interactive software arenas, Gates said.

"The time has come where we can make a very valuable contribution in (bringing) the world of entertainment into the world of software, technology, multimedia ad games," said Spielberg, director of "E.T. – The Extraterrestrial," "Jurassic Park" and Schindler's List."

The joint venture will be headquartered in Los Angeles with a development and production facility in Redmond, Wash., where Microsoft's headquarters are located. It will begin hiring immediately, with several Microsoft employees expected to join as early as April 1.

"This really is a case of convergence," Gates said. "You have to have the best talent in terms of making a computer get up and sing and dance and you have to have great entertainment talent."

The new company is looking for a chairman, but has not yet decided if the person will come from software or entertainment industries, Katzenberg said.

Katzenberg said Gates was the first person he called after leaving Walt Disney Co. last August, where he had been head of the movie studio for a decade. That call led to a number of meetings in different cities, laying the foundation for the partnership.

"It would be silly if we were to get into the interactive business without Microsoft," Spielberg said. "They are the best company in the world. It was a marriage that was bound to happen."

Microsoft did not disclose many details about its minority investment in DreamWorks. Microsoft co-founder Paul Allen announced Sunday a \$500 million private investment in DreamWorks. Reports have estimated Microsoft's investment will be \$100 million.

"Our partnership with DreamWorks will pave the way for extraordinary new consumer products," Gates said.

Spielberg, Katzenberg and Geffen stunned the entertainment world in October by announcing plans for DreamWorks. Since then, the trio has been forging alliances to turn their idea into an entertainment powerhouse.

Unnamed sources said last week that Chemical Bank has agreed to extend a \$1 billion line of credit to DreamWorks. Computer giant International Business Machines Corp. and Capital Cities/ABC, which already has an agreement to develop TV programs with DreamWorks, have also been identified as likely investors. Officials with the giant California Public Employees Retirement System have also talked about a DreamWorks investment.

Spielberg, Katzenberg and Geffen also have put up a total of \$100 million of their own money.

DreamWorks, as outlined by its founders last October, will include studio facilities for film and TV production, a record label and division for video games and other interactive entertainment products.

DreamWorks plans to release 24 feature films by the end of the decade. A sketchy release schedule calls for three movies in 1996, five in 1997, seven in 1998 and nine in 1999. The studio also intends to release its first animated film by Christmas 1998.

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