

The Wall Street Transcript presents

# Profiting in the Video Game Economy

Video Games • Wireless Gaming • Advergaming • Casual Gaming

FEBRUARY 16, 2006

THE HARVARD CLUB

27 WEST 44TH STREET, NEW YORK CITY

## LISTEN TO LEADING VIDEO GAME AND ENTERTAINMENT EXECUTIVES

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Video games are captivating consumers' attention and capturing their wallets. The average time spent viewing advertising with a video title is 110 hours versus 20 hours for football. Also, video games retail for between \$40 and \$60 and video games are played for an average of six months. Video game-related revenues are positioned to continue growing at torrential rates. For instance:

- Video games generated \$13.9 billion in revenues in 2003, significantly more than the \$9.2 billion generated by movie studios.
- Some video games skyrocket right out of the starting blocks: Halo 2 sold more than \$100 million on its first day of release.
- Casual games have grown from almost nothing in 2002, to well over \$600 million in 2004 in the U.S. alone. Industry experts anticipate that the market will reach over \$2 billion by 2008.
- The worldwide market for mobile games is expected to reach \$11.2 billion by 2010, up from \$2.6 billion in 2005.
- However, the anticipation of a new generation of hardware systems such as the Xbox 360 and Sony's Playstation 3 threaten to slow sales of video games. For instance, NPD Group reported that sales of video games at U.S. retailers declined 18% in November of 2005 compared to November of 2004.
- Advergaming revenue is estimated to grow from \$200 million in 2004 to \$1 billion by 2008.

This conference is designed to help you position your company and portfolio for optimum benefit in this rapidly growing sector of the economy. Listen to industry insiders discuss the most attractive segments of the video economy. Learn which business models yield sustainability, the greatest stickiness, highest barriers to entry and maximum profitability.

Determine how consumer shifts, technological innovation and legislation will impact the merits of competing and investing in video games, wireless gaming, casual gaming and advergaming.

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# PROFITING IN THE VIDEO GAME ECONOMY

**FEBRUARY 16, 2006** **THE HARVARD CLUB** 27 WEST 44TH STREET, NEW YORK, NY 10036

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8:00 AM	<b>Registration, Networking &amp; Continental Breakfast</b>
8:20 AM	<b>Welcome and Opening Remarks</b>
8:30 AM	<b>Insiders Reflect on the Direction of Video Gaming</b> <ul style="list-style-type: none"> <li>Relative attraction of different platforms</li> <li>Costs of licensing</li> <li>What is the je ne sais quoi of making a successful game?</li> <li>Programmer burn-out</li> <li>What's next in technology?</li> <li>Massively Multiplayer Online Games</li> </ul> <p>Moderator: Dan Hart, VP – Online Games, Strategy &amp; Operations, MTV Networks</p> <p>Panelists: Ralph Rivera, VP &amp; General Manager, AOL Games Daniel Prigg, Senior Manager – Developer Relations, RealNetworks Heather Chaplin, Co-author <i>Smartbomb</i> Mike Yuen, Senior Director, Gaming Group, QUALCOMM Internet Services</p>
9:15 AM	<b>Considerations for Investing in the Video Game Economy</b> <ul style="list-style-type: none"> <li>Growth drivers</li> <li>Worldwide potential</li> <li>Impact of WalMart</li> <li>Soaring costs of production</li> <li>Successful business models</li> <li>Hits driven business. Impact on revenue and earnings consistency. Winner take all.</li> <li>Factoring in product slippage</li> <li>Inventory risks and royalty responsibilities associated with producing games for consoles</li> <li>Subscription models</li> </ul> <p>Moderator: Michael Goodman, Senior Analyst - Media &amp; Entertainment Strategies, Yankee Group</p> <p>Panelists: David Higley, Managing Director, UBS Investment Bank Chip Meakem, General Partner, Kodiak Venture Partners</p>
10:00 AM	<b>Networking Break</b>
10:30 AM	<b>The Impact of Hollywood on Video Games</b> <ul style="list-style-type: none"> <li>In-licensing from Hollywood</li> <li>Taking video games to the silver screen</li> <li>Hollywood's appetite for acquiring game developers</li> <li>Payment of residuals</li> <li>Impact of unionization</li> <li>Parallels to the Hollywood and music business models</li> </ul> <p>Moderator: Mark Friedler, CEO, GameDaily</p> <p>Panelists: Ed Dille, President, Fog Studios Germaine Gioia, VP – Licensing, THQ Sandi Isaacs, VP - Interactive, Viacom Consumer Products Aaron Ruby, Co-author <i>Smartbomb</i></p>
11:15 AM	<b>Wireless Gaming and Multimedia</b> <ul style="list-style-type: none"> <li>Which games are appropriate?</li> <li>Carriers limiting number of publishers</li> <li>Diversity of platforms (open and closed)</li> <li>U.S. growing other channels</li> <li>Increasing numbers of 3G rendered and multiplayer games</li> <li>Systems compatibility</li> <li>Graphics and memory limitations / advances</li> <li>Reasonable development costs</li> <li>Advertisers subsidizing data costs for phone gaming</li> </ul> <p>Moderator: Donald Wisniewski, SVP, Superscape Publishing</p> <p>Panelists: Eric Albert, Vice-President, Gameloft Steve Hoffman, North American Studio Head, Infospace, Inc. Paul Handelman, VP of Publishing, Mobliss, Inc. Ken Ruck, General Manager of Downloadable Content and Product Development, Virgin Mobile</p>

	Ricci Rukavina, VP Mobile Product Development, Walt Disney Internet Group
12:00 PM	<b>Lunch</b>
1:15 PM	<b>Casual Games</b> <ul style="list-style-type: none"> <li>Production costs and price points</li> <li>Adaptability to mobile platforms</li> <li>Techniques for maximizing stickiness</li> <li>Distribution and partnering models</li> </ul> <p>Panelists: Shaul Olmert, Senior Director of Strategy and Business Development, Nickelodeon Eric Zimmerman, Co-Founder &amp; CEO, GameLab Joshua Howard, Lead Program Manager - MSN Games, Microsoft Corporation</p>
2:00 PM	<b>Overview of Machinima</b> <p>Learn about the business ramifications of creating movies out of video games. Discover how video game characters become transformed into movie stars. Other issues to be addressed include cost of machinima production, showcasing of products and intellectual property concerns.</p> <p>Speaker: Paul Marino, Executive Director, Academy of Machinima Arts &amp; Sciences</p>
2:30 PM	<b>Advergaming/In-Game Advertising</b> <ul style="list-style-type: none"> <li>Strategies for maximizing impact of advertising dollars</li> <li>Negotiating revenue sharing arrangements</li> <li>Obtaining personal information from gamers</li> <li>Drawing the line between editorial and advertising</li> <li>Compilation and verification of metrics</li> <li>Appropriate product placement</li> <li>Integrating scoring/points mechanisms</li> </ul> <p>Moderator: David Berkowitz, Columnist, Mediapost</p> <p>Panelists: Brandon Berger, OgilvyOne Michael Goodman, Senior Analyst - Media &amp; Entertainment Strategies, Yankee Group Alan Behr, Head of Electronic Entertainment Practice Group, Alston &amp; Bird LLP Robb Lewis, Sr. Director of Product Management and Marketing, Macrovision Trymedia Systems</p>
3:15 PM	<b>Networking Break</b>
3:30 PM	<b>Video Games Converging with Comic Books</b> <ul style="list-style-type: none"> <li>Developing properties and characters that appeal to comic book readers and video gamers</li> <li>Portability of storyline and character recognition</li> <li>Character licensing</li> <li>Licensing video games to comic book publishers</li> <li>Graphic novels</li> <li>Intellectual property issues</li> </ul> <p>Panelists: Mitch Cutler, Owner, St. Marks Comics Chris Charla, Executive Producer of Development, Foundation 9 Entertainment John Nee, VP - Business Development, DC Comics Bill Jemas, CEO, 360ep</p>
4:15 PM	<b>Legal Issues Impacting Video Games</b> <ul style="list-style-type: none"> <li>Rights licensure between interactive and linear media</li> <li>Game franchises</li> <li>Fair use issues</li> <li>Intellectual property issues</li> <li>Best practices for licensing</li> <li>Regulation of violence and sexual content</li> <li>Cross-collateralization royalties from games on multiple platforms</li> </ul> <p>Panelists: Po Yi, Senior Associate, Loeb &amp; Loeb LLP Jeffrey D. Neuburger, Partner, Brown Raysman Millstein Felder &amp; Steiner LLP Linda Goldstein, Partner/Chair of Advertising &amp; Media Group, Manatt, Phelps &amp; Phillips</p>
5:00 PM	<b>Adjournment &amp; Cocktail Reception</b>

\*Agenda subject to change

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## Video Games Are Attracting More Demographic Segments and Are Utilized for a Growing Array of Applications

The popularity of video games has reached levels of near hysteria. Not only did last year's release of Microsoft's Halo 2 clobber the movie release of The Incredibles by achieving \$125 million in revenues in its first weekend compared to the movie's \$70 million during the same weekend. Waves of Americans were swept up in "Halo flu". Children avoided school and employees called in sick.

Video games are now more than a source of quick thrills for boys and young men. In fact, women 35 years of age and older are the largest gamer demographic. Moreover, video game technology is being harnessed for the most serious of purposes such as preparing soldiers for urban combat. Israeli researchers are using video games to investigate future treatments for memory disorders such as Alzheimer's disease.

Savvy industry executives must be prepared to adopt the latest technologies, must consider tapping Hollywood's star power, must recognize new revenue sources such as advergaming and must embrace new delivery platforms such as wireless devices.

The financial community is beginning to take notice of the promise of video technology. Successful investors will have to discern the most attractive business models and distill the elements that cause a video game to reach celebrity status. Join us for a unique conference that illuminates the business and investment decisions that lie behind the growing euphoria of video gaming.

**REGISTER TODAY AND SAVE \$400.**

I look forward to meeting you on February 16, 2006.

I remain,



David Wanetick  
Managing Director  
Gateway Reports & The Wall Street Transcript

**Register Now! Seating is Limited!**

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- Cancellations – Should you be unable to attend for any reason, please inform us in writing prior to January 24, 2006 and a refund less a \$150 deposit will be issued. No refunds will be given after January 24, 2006. Substitutions for enrolled delegates may be made at any time.
- Please note: Dress is business casual. Please no jeans.

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## Look Inside for Details About Registering for This Unique Forum

### KEY TAKE AWAY BENEFITS OF ATTENDING:

- Evaluate the impact of incorporating Hollywood celebrities in video games on producers' profitability.
- Analyze the extent to which soaring development costs will dampen profitability and trigger commoditization.
- Identify the most intriguing video game commercialization strategies.
- Address the crucial issues of safeguarding your intellectual property from infringers and violators.
- Discover the drivers behind the growing demand for casual games.
- Assess the methods for maximizing revenues from advergaming initiatives.
- Discover new revenue streams associated with video games.
- Explore a variety of business models for delivering video games to wireless platforms.
- Determine whether machinima is a revenue opportunity or a threat to video gaming companies.
- Examine how new technologies will make wireless video games more captivating.
- Assess how new video hardware systems will impact video games sales.

### THE WALL STREET TRANSCRIPT

#### Conference Series

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27 WEST 44<sup>th</sup> STREET  
NEW YORK, NY 10036**

### Topics Include:

**Licensing Costs • Machinima • Subscription Model •  
Systems Compatibility • Fair Use • Programmer  
Shortages • Capturing Player Information • Wireless  
Platform Diversity • Convergence of Comic Books •  
Safeguarding Intellectual Property • Product Slippage  
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