

20. **For each Person acquired by the Company since January 2018 that developed, manufactured, sold, distributed, licensed, or provided any Relevant Product and/or Relevant Service in any Relevant Area, state the following and provide all related documents:**
- (d) **Description of actions taken by the Company that increased or decreased the annual sales or production of the acquired firm’s operations or businesses;**
 - (e) **Changes in pricing, exclusivity, sourcing, sales practices, or competition for any Relevant Product following the acquisition**

Supplemental Response to Specification No. 20(d)–(e)

Studio Acquisitions

Microsoft supplements its July 1, 2022 response to this Specification. This response is limited to studio acquisitions from January 1, 2018 to present, as required by the Specification. However, the Company notes that its 2016 acquisition of *Minecraft*, an existing multiplayer, cross-platform game with a large pre-existing gaming community, is the most relevant and analogous acquisition to analyze in relation to the Proposed Transaction. Post-acquisition, Microsoft continued to make existing and new versions of *Minecraft* games (e.g., *Minecraft*, *Minecraft Dungeons*, *Minecraft Legends*) available on other platforms (including Sony PlayStation) and expanded distribution of *Minecraft* to the Nintendo platform.

[REDACTED]

The principal goal of the [REDACTED] is to preserve the culture and creative integrity of the studios while minimizing disruption. As such, these studios have largely been able to continue developing their games with minimal interference, while utilizing the additional resources Microsoft has to offer. Specifically, Microsoft offered these studios consistent studio funding for game development along with other resources, such as access to its user research lab which provides feedback on the user interface and experience of a given game, localization groups, and quality assurance groups.¹ Being part of Xbox Game Studios has given these studios a stable funding model and in some cases, due to the portfolio of first party games shipping in a similar timeframe, additional time to make better, high quality games. For example, after Microsoft acquired Double Fine in 2019, the studio was able to re-expand the scope of its game, *Psychonauts 2*, after having to cut content because the team reached the end of their budget.² Microsoft’s support has also made it possible for these studios to focus on developing new games based on original IP or take bigger risks in game development (e.g., testing new ideas for games). These additional resources enable the studios to improve their games and enabled studio leadership to focus on the health of the studio and the quality of the game, rather than spending time raising money.

¹ GameSpot, “*Wasteland 3* Dev Says Microsoft Hasn’t Meddled, Only Helped After Buyout,” Nov. 26, 2019 (link available [here](#)).

² Games Radar, “*Double Fine* restored cut *Psychonauts 2* content after joining Xbox Game Studios,” Jul. 9, 2020 (link available [here](#)).

However, Microsoft has introduced another way to pay by placing all titles developed as an acquired studio in Xbox Game Pass.³ Microsoft's practice with all first-party titles, including those from acquired studios, is to put them in Game Pass on the day they are released (unless contract obligations require otherwise) and keep them in Game Pass rather than rotating them out (again, barring any licensing or contracting limitations).⁴ Game Pass increases discoverability and engagement with gamers. It also allows game developers to more easily test what gamers may like. For example, post-acquisition, Obsidian Entertainment had a small team working on *Grounded*, a new game with an early beta version in Game Pass; the community around that game grew to approximately [REDACTED] players quickly, motivating Microsoft to invest more development funds into the game.⁵ Every title in Game Pass remains available for individual purchase⁶ or download to the extent the games are available free-to-play.

Most acquired studios (with the exception of ZeniMax Media) lacked publishing capacity for their own games prior to acquisition.⁷ Since the acquisition, Microsoft provides publishing and go-to-market capabilities for these studios. The acquired studios develop games in a broad range of genres and styles, and for a range of platforms. Moreover, all of these studios had a pre-existing Xbox development relationship with Microsoft, and some were developing games exclusively for Microsoft.

Microsoft has released or continued to support several games from these studios on rival platforms following acquisition. This includes, for example, inXile's *Wasteland 3*, Compulsion Games' *We Happy Few* (including its later downloadable content), Obsidian's *Outer Worlds*, and Bethesda's *Deathloop*, *Ghostwire: Tokyo*, *Fallout 76* and *The Elder Scrolls Online*⁸).

Microsoft has always honored existing contractual commitments to release new titles on rival console platforms, including *Deathloop* and *Ghostwire: Tokyo*, which were launched as timed exclusives on Sony's PlayStation. The games which Microsoft has announced as Xbox exclusives have predominantly been new IP (e.g., inXile's "*Project Cobalt*" and Bethesda's *Redfall* and *Starfield*).

³ Some of the existing titles that Microsoft acquired have contractual or developmental limitations that make them difficult to include in Game Pass. For older/back catalog titles, decisions about inclusion in Game Pass are made on a title-by-title basis.

⁴ Windows Central, "*All Microsoft games will launch (and stay) on Xbox Game Pass moving forward*," January 25, 2018 (link available [here](#)).

⁵ The full release of *Grounded* is scheduled for September 2022.

⁶ In fact, Phil Spencer has stated publicly that individual game sales are as important as subscription sales. See The Gamer, "*Phil Spencer Assures That Game Sales Are As Important To Xbox As Game Pass*," Mar. 26, 2022 (link available [here](#)).

⁷ Double Fine published some small games by other game developers and self-published *Broken Age* in 2014, prior to acquisition. However, for most of their own games, Double Fine relied on publisher partnerships.

⁸ Microsoft has released new content for both *Fallout 76* and *The Elder Scrolls Online* on rival consoles with parity to Microsoft's platforms.

Acquired titles with existing multiplayer gamer communities have not been made exclusive to Xbox (e.g., *Fallout 76* and *The Elder Scrolls Online*) and all content releases have happened simultaneously across all consoles, including PlayStation and Nintendo—without any preferential treatment of Microsoft’s operated consoles.⁹

Specifically:

- **Playground Games.** Playground Games is based in the UK and was acquired on May 30, 2018. Prior to acquisition, the studio worked in collaboration with Microsoft’s Turn 10 Studios to develop the first three games in the *Forza Horizon* franchise (between 2012 and 2018). After Microsoft acquired Playground Games, the studio continued to collaborate with Turn 10 and is now positioned as a UK expansion of Turn 10 Studios, continuing to work closely with the Turn 10 team (the studio head of Playground now reports to Alan Hartman, the head of Turn 10). Since acquisition, Playground Games has developed and released two games in collaboration with Turn 10 Studios, *Forza Horizon 4* (with two supplemental game expansions) and *Forza Horizon 5*. Since the development of the first *Forza* game, the franchise has been exclusive to the Xbox console, and they remained exclusive after acquisition. However, the games are also available on PC through Steam. In addition, Microsoft invested additional resources enabling Playground Games to develop a new single-player, role-playing game called *Fable*. The game is the fourth installment in an almost two decades-old Microsoft franchise.¹⁰ Described as a “completely fresh start” for the franchise, *Fable* was announced in July 2020 and is still in development.
- **Undead Labs.** Undead Labs was acquired on September 14, 2018. The studio published its first game, *State of Decay*, in partnership with Microsoft in 2013, and in 2014 signed a multiyear, multigame agreement with Microsoft to publish games on Xbox and Windows. Since acquisition, Microsoft has continued to invest in Undead Labs games and the studio released *State of Decay 2: Heartland*.¹¹ Since the development of the first *State of Decay*, the franchise has been exclusive to the Xbox console (though the games were also distributed on PC), and they remained exclusive after acquisition. Undead Labs is currently developing *State of Decay 3*.
- **Compulsion Games.** Compulsion Games was acquired on October 18, 2018. Prior to acquisition, Compulsion released two games, *Contrast* in 2013, and *We Happy Few* in 2018. Both games were available on Xbox, PlayStation, and PC (multiple digital

⁹ Generally, new chapters of *Elder Scrolls Online* release to PC first, followed by release to consoles a few weeks later.

¹⁰ The original *Fable* developed by Lionhead Studios was released on Xbox in September 2004. Microsoft acquired Lionhead Studios in 2006 and proceeded to publish *Fable II* in 2008 and *Fable III* in 2009, as well as other iterations of the game. All games were exclusive to the Xbox console and/or released for PC. Microsoft closed Lionhead studios in 2016. Xbox Wire, “Changes at Microsoft Studios, UK and Denmark,” Mar. 7, 2016 (link available [here](#)).

¹¹ The original *State of Decay 2* was release in May 2018, prior to closing.

storefronts) and continue to be available on all those platforms post-acquisition. While Compulsion has not released additional games since acquisition, Microsoft has doubled the staff of developers at Compulsion, and funded new development projects, such as “Project Midnight.”¹² Project Midnight is a single-player, narrative-driven title that will likely not be released for several years. This is entirely new IP without an existing player community, and is expected to be exclusive to the Xbox console and released on PC.¹³

- **inXile Entertainment.** InXile Entertainment was acquired on December 19, 2018. Historically, inXile games were made available across a variety of platforms, including console, PC and mobile. Since acquisition, inXile has released three games: *Wasteland 3*, available on Xbox, PlayStation and PC; *Wasteland Remastered*, available on Xbox and PC; and *Frostpoint VR: Proving Grounds*, available on PC. *Wasteland 3* is the third game in the *Wasteland* franchise; the original was developed and published by Electronic Arts in 1988 for the Apple II (it was later re-introduced on Windows and other operating systems in 2013).¹⁴ inXile acquired the rights to *Wasteland* and released *Wasteland 2* on PC in 2014, with an enhanced version of the game *Wasteland 2: Director’s Cut*, released on Xbox, Sony’s PlayStation, and Nintendo Switch in 2015.¹⁵ inXile released *Wasteland 3* in 2020 on Xbox, PlayStation and PC. Prior to acquisition, Microsoft had committed to keep *Wasteland 3* on PlayStation 4 and followed through on that commitment.¹⁶ *Wasteland Remastered* is an overhaul of the original 1988 version, which was never previously available on console.¹⁷
- **Obsidian Entertainment.** Obsidian Entertainment was acquired in January 2019. Obsidian is known for its role-playing games and has, in its catalog, a mix of licensed titles and original games. Obsidian develops both console and PC games and since acquisition released *The Outer Worlds* on PC, PlayStation, and Xbox (it also became available on Nintendo Switch in 2020).¹⁸ Later this year, Obsidian will release *Grounded* and *Pentiment* on Xbox and PC. Both are new games without prior player

¹² Gaming Bolt, “*Compulsion Games’ Next Game Will be a Single Player Narrative-Driven Third Person Title*,” Oct. 17, 2021 (link available [here](#)).

¹³ Windows Central, “*New upcoming Xbox exclusives revealed: Project ‘Midnight’ from Compulsion and ‘Pentiment’ from Obsidian*,” Nov. 11, 2021 (link available [here](#)).

¹⁴ Fandom, *Wasteland*, accessed Aug. 22, 2022 (link available [here](#)).

¹⁵ Fandom, *Wasteland 2*, accessed Aug. 22, 2022 (link available [here](#)).

¹⁶ IGN, “*Wasteland 3, Bard’s Tale 4 Still Coming to PS4 Despite Microsoft’s inXile Acquisition*,” November 19, 2018 (link available [here](#)).

¹⁷ Microsoft, *Wasteland Remastered* (link available [here](#)).

¹⁸ Prior to acquisition, Obsidian partnered with Take Two’s publishing label, Private Division, to publish *The Outer Worlds*. Thus, Take Two was responsible for making publishing decisions for *The Outer Worlds*, even after acquisition, while Microsoft acquired the rights to publish future iterations of the game. IGN, “*Microsoft is Now Officially the Publisher of ‘Future Iterations’ of The Outer Worlds*,” May 23, 2021 (link available [here](#)).

communities.¹⁹ While *Pentiment* is a single-player game, *Grounded* is a multiplayer, cross-platform game, meaning Xbox players can play with PC players through Steam or the Microsoft Store. Obsidian is also developing *Avowed* and *The Outer Worlds 2* for Xbox and PC. Like *Pentiment* and *Grounded*, *Avowed* is new IP without an existing player community.²⁰ While *The Outer Worlds 2* is the sequel of a multi-platform game, it is not a multiplayer game reliant on cross-platform play. It is a single-player role-playing game and is not expected to be released for several years.²¹

- **Ninja Theory.** Ninja Theory was acquired on August 31, 2019. Ninja Theory historically developed games for a variety of platforms, including console, PC, mobile, and VR. Since acquisition, Ninja Theory has released *A Star Wars VR Series* for the Oculus Quest and Oculus Rift and *Bleeding Edge* for Xbox and PC. *Bleeding Edge*, released in 2020, was a multiplayer, cross-platform game based on new IP without an existing player community. The game did not draw the player audience the studio hoped for, so in 2021, Ninja Theory announced that it would end development on the game and no longer ship updates (though the game remains playable on Xbox and PC).²² Ninja Theory is currently developing for Xbox and PC *Senua's Saga: Hellblade II*, the sequel to *Hellblade: Senua's Sacrifice*. The original *Hellblade* was a Sony PlayStation timed-exclusive in 2017, with availability on Xbox and Nintendo Switch arriving in 2018 and 2019, respectively. Like the original *Hellblade*, *Hellblade II* is not a multiplayer game reliant on cross-platform play and is not expected to be released for several years.²³ Ninja Theory is also working on a new title, codenamed "Project Mara," for Xbox.²⁴ Project Mara is based on new IP and as such does not have an existing gamer community.
- **Double Fine.** Double Fine was acquired in September 2019. Since acquisition, Double Fine has released *Psychonauts 2* on PlayStation and Xbox, Windows, MacOS and Linux.²⁵

¹⁹ As noted above, *Grounded* has been in game preview on Xbox Game Pass and currently has approximately 10 million unique players so far. These players were acquired post-acquisition, all on Xbox.

²⁰ Games Radar, "Everything we know about *Avowed*, the new Obsidian RPG for Xbox Series X," Jul. 27, 2022 (link available [here](#)).

²¹ Games Radar, "*The Outer Worlds 2: Everything we know so far about Obsidian's new RPG*," Jul. 21, 2022 (link available [here](#)).

²² Polygon, "Ninja Theory shuts down development on *Bleeding Edge*," Jan. 28, 2021 (link available [here](#)).

²³ Games Radar, "*Hellblade 2 has yet to enter 'full production,' Ninja Theory says in new teaser reel*," June 17, 2021 (link available [here](#)).

²⁴ Games Radar, "*Project Mara – everything we know about Ninja Theory's new experimental horror game*," Jul. 21, 2022 (link available [here](#)).

²⁵ At the time the acquisition was announced, *Psychonauts 2* was already said to be a multi-platform game. Microsoft committed to publish the game on all platforms, and followed through on that commitment. Cultured Vultures, "*Psychonauts 2 Is Still Coming to PlayStation 4 and Steam*," June 10, 2019 (link available [here](#)).

- **ZeniMax Media.** ZeniMax was acquired on March 9, 2021. ZeniMax is the parent company of Bethesda Softworks publishing, and eight game studios: Alpha Dog Games, Arkane Studios, Bethesda Game Studios, id Software, Machine Games, Roundhouse Studios, Tango Gameworks, and ZeniMax Online Studios. ZeniMax’s most popular studio, Bethesda Game Studios, is known for titles such as *Fallout* and *Elder Scrolls*. Following acquisition, Microsoft continued to release content on multiple platforms, including *Fallout 76*, in addition to making two new IP titles exclusive to the Xbox console, *Starfield* and *Redfall*. *Elder Scrolls VI*, which is unlikely to be released for another [REDACTED] may be released only on Xbox and PC. When released, the game is likely to be [REDACTED] since the prior installment (*Skyrim*) in 2011. Like the prior installment, *Elder Scrolls VI* is not a multiplayer game reliant on cross-platform play.

For more details on Microsoft’s approach to game exclusivity following acquisitions since January 1, 2018, please see the enclosed Appendix.

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- 31. Identify, describe, and provide all documents relating to, each occasion that the Company considered, negotiated, and/or contracted with any Person for exclusive use of any Related Product and/or Service provided by that third party, including any timed or otherwise limited exclusivity. For each instance, submit:**
- (a) Documents relating to the negotiations involved;**
 - (b) Internal documents discussing the Company’s rationale for pursuing an exclusive arrangement;**
 - (c) A copy of the final agreement signed by all involved parties; and**
 - (d) A description of the Company’s contractual and commercial relationship with the Person, products or services covered by the relationship, and the Company’s sales (revenue) attributed to or generated from (either directly or indirectly) the relationship for each Relevant Area. For acquired Persons covered by Specifications 19 and 20, provide the requested information separately for the pre-acquisition period.**

Supplemental Response to Specification No. 31

Microsoft supplements its July 1, 2022 response to this Specification and refers to **Exhibit 31 HIGHLY CONFIDENTIAL.xlsx**

[REDACTED]

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