

FEDERAL TRADE COMMISSION

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In the Matter of:

MICROSOFT/ACTIVISION

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File No. 221-0077

*** HIGHLY CONFIDENTIAL ***

INVESTIGATIONAL HEARING

HELD REMOTELY

DATE: SEPTEMBER 27, 2022

TIME: 11:16 a.m. Eastern Time

WITNESS: SATYA NADELLA

Reported by:
CANDIDA BORRIELLO
JOB NO. 6207001-001

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A P P E A R A N C E S: (Continued)

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A P P E A R A N C E S: (Continued)

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2 Do you see that? End of the first
3 paragraph, Mr. Nadella.

4 A. I see that, yep.

5 Q. Do you recall what the thought
6 leadership event was that Mr. Clayton's
7 referring to?

8 A. I'm not -- I can't recall the
9 specifics. Maybe we did a PR briefing to a
10 set of reporters, I'm assuming that's what
11 he's referencing.

12 Q. All right. And if we could draw
13 your attention to page, I think it's 006 of
14 this document. And if I could direct your
15 attention to the first paragraph, you see
16 where it says:

17 In a rare move, Microsoft in
18 January invited a small group of senior
19 journalists to spend a day at its Redmond,
20 Washington, headquarters to meet with top
21 executives and try some technology the
22 company had yet to release.

23 Do you see that, sir?

24 A. I do.

25 Q. And Mr. Nadella, do you recall this

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2 event with the journalists at Redmond
3 headquarters?

4 A. Not particularly, but I read it and
5 I'm sure we did it, but it's not something
6 that's etched in my memory.

7 Q. All right. If I could direct your
8 attention to page 00 -- yes, it's page 008.

9 A. Okay.

10 Q. And this is apparently a transcript
11 of the interview that you provided to the
12 journalists, Mr. Nadella. I want to ask
13 about the title there is Microsoft's ambition
14 to be the Netflix for games.

15 Do you see that?

16 A. I do.

17 Q. And Mr. Nadella, what does Netflix
18 for games mean?

19 A. Yeah, this was used, I think,
20 colloquially by us and even the journalists
21 and the broader community tracking on what
22 can gaming fundamentally learn what was
23 happening in Hollywood content and
24 subscriptions, right, because subscriptions
25 is a business model, to us, felt like a great

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2 way to get past just app store dynamics. So,
3 that's what this is.

4 Q. All right. And if I could direct
5 your attention to the paragraph under that
6 title, do you see where it begins,

7 Mr. Nadella:

8 I'm really investing quite a bit of
9 gaming and the simple idea is we have as much
10 of a shot to build a subscription service as
11 anybody else.

12 Do you see that, sir?

13 A. Yeah, I do.

14 Q. Mr. Nadella, has Microsoft's
15 investment in gaming increased over the last,
16 let's say, five years?

17 A. All up, yes, we have increased
18 because, again, it goes back to the
19 background I gave you of how we had fallen
20 behind Sony on the core gaming and then other
21 gaming segments like mobile gaming and PC
22 gaming had grown and we were really basically
23 not present. So, we needed to make sure that
24 we got more competitive. First, we needed to
25 reframe that gaming is bigger than just the

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C E R T I F I C A T E

STATE OF NEW YORK)
 : SS.:
COUNTY OF RICHMOND)

I, CANDIDA BORRIELLO, a Notary
Public for and within the State of New York,
do hereby certify:

That the witness, SATYA NADELLA,
whose examination is hereinbefore set forth
was duly sworn and that such examination is a
true record of the testimony given by that
witness.

I further certify that I am not
related to any of the parties to this action
by blood or by marriage and that I am in no
way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto
set my hand this 30th day of September, 2022.



CANDIDA BORRIELLO