

# Positioning for Profitability in the Video Game Economy

Video Games • Wireless Gaming • Advergaming • Online Gambling

**FEBRUARY 24, 2005**

**THE HARVARD CLUB**

27 WEST 44TH STREET, NEW YORK CITY

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Video games are captivating consumers' attention and capturing their wallets. The average time spent consuming advertising with a video title is 110 hours versus 20 hours for football. Also, video games retail for between \$40 and \$60 a piece 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 in its first day of release.
- The market for cell phone games is roughly \$160 million annually and should reach \$1.7 billion, in revenues by 2008.
- The Entertainment Software Association estimated that 47% of adults with children plan to give a video game as a gift this holiday.
- Advergaming revenue is estimated to grow from \$200 million in 2004 to \$1 billion by 2008.
- Estimates are that at least 12 million people have actually placed real money wagers via the Internet.

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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 and renowned investors discuss the most attractive segments of the video economy. Learn which business models yield sustainability, barriers to entry and maximum profitability. Determine how consumer shifts, technological innovation and legislation will impact the merits of investing in video games, wireless gaming, and advergaming.

### MEDIA PARTNERS:



To register call (212) 952-7400 ext. 126 • Email: naomi@twst.com

For speaking and sponsorship opportunities, please contact Robert Rothman: (212) 952-7400 ext. 127 • Email: rrothman@twst.com

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**8:00 AM** Registration, Networking & Continental Breakfast

**8:20 AM** Welcome and Opening Remarks

**8:30 AM** **Insiders Reflect on the Direction of Video Gaming**

- Relative attraction of different platforms
- Costs of licensing
- What is the je ne sais quoi of making a successful game?
- Programmer burn-out
- What's next in technology?
- Massively Multiplayer Online Games

Moderator: Grantley Day, Director of PC Development, Namco  
Panelists: James Regan, Ubisoft  
Gabe Zichermann, Trymedia  
Ralph Rivera, AOL Games  
Tony Calandra, Senior Director of Interactive Products, MTV

**9:15 AM** **Considerations for Investing in the Video Game Economy**

- Growth drivers
- Worldwide potential
- Impact of WalMart
- Soaring costs of production
- Successful business models
- The commercial potential of serious games
- Hits driven business. Impact on revenue and earnings consistency. Winner take all.
- Factoring in product slippage
- Inventory risks and royalty responsibilities associated with producing games for consoles
- Subscription models

Moderator: Michael Pachter, Wedbush Morgan Securities  
Panelists: Chip Meakem, DFJ Gotham  
Doug Chertok, Hudson Ventures  
Tom Kurz, Themis Group

**10:00 AM** **The Impact of Hollywood on Video Games**

- In-licensing from Hollywood
- Taking video games to the silver screen
- Hollywood's appetite for acquiring game developers
- Payment of residuals
- Impact of unionization
- Parallels to the Hollywood and music business models

Moderator: Georg Szalai, Business Editor, The Hollywood Reporter  
Speakers: Ed Dille, Fog Studios  
Jason Della Rocca, International Game Developers Association  
Mark Friedler, CEO, GameDAILY

**10:45 AM** Networking Break

**11:15 AM** **Gamecaster**  
Speaker: David MacIntosh, President and CEO, Gamecaster

**11:30 AM** **Wireless Gaming and Multimedia**

- Which games are appropriate?
- Carriers limiting number of publishers
- Diversity of platforms (open and closed)
- U.S. growing other channels
- Systems compatibility
- Reasonable development costs

- Advertisers subsidizing data costs for phone gaming

Moderator: Greg Costikyan, Game Researcher, Nokia  
Panelists: Isaac Babbs, GM and VP of Games, Infospace Mobile  
Brent Brookler, President, Mobiliss  
Eric Albert, Gameloft

**12:15 PM** Lunch – Sponsored by Massive Incorporated

**1:30 PM** **Massive Incorporated**  
Speaker: Nicholas Longano, CMO, Massive Incorporated

**2:00 PM** **Advergaming/In-Game Advertising**

- Strategies for maximizing impact of advertising dollars
- Obtaining personal information from gamers
- Drawing the line between editorial and advertising
- Compilation and verifiability of metrics
- Appropriate placement
- Integrating scoring/points mechanisms

Moderator: Jack Deambarger, VP Account Services, Blockdot  
Panelists: Nicholas Longano, CMO, Massive Incorporated  
Brandon Berger, OgilvyOne  
Eric Zimmerman, gameLab  
Douglas White, MindComet

**2:45 PM** Networking Break

**3:00 PM** **Overview of Online Gambling Issues**

- The World Trade Organization vs. The USA
- Positioning "play-for-fun" operators for online gaming
- Application of wireless technology
- Importance of brand equity
- Placing wagers through interactive TV
- Is online gambling an eventuality?
- Impact of not accepting payment methods
- Is there a link between online gambling and financing terror?
- Wire Act and Regulatory Issues

Moderator: Michael Corfman, President & CEO, Casino City  
Panelists: Alex Czajkowski, Marketing Director, Sportingbet Plc.  
David Caruthers, CEO, BETonSPORTS  
Peter Kjaer, CEO, DrHo888.com

**3:45 PM** **Legal Issues Impacting Video Games, Advergaming, and Online Gambling**

- Rights in connection with massively multiplayer online games.
- Rights licensure between interactive and linear media.
- Game franchises.
- How to position for online gambling without jeopardizing gambling licenses
- Intellectual property issues
- Best practices for licensing
- Regulation of violence and sexual content
- Restrictions on advertising for online gaming

Moderator: Allen J. Baden, Kenyon & Kenyon  
Panelists: Alan Behr, Alston & Bird  
Lawrence G. Walters, Esq.,  
www.GameAttorneys.com  
Linda Goldstein, Manatt, Phelps and Phillips

**4:45 PM** **Adjournment & Cocktail Reception**  
\*agenda subject to change

## 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 the recent 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 24, 2005.

I remain,

David Wanetick  
Managing Director  
Gateway Reports & The Wall Street Transcript

### KEY TAKE AWAY BENEFITS OF ATTENDING:

- Evaluate the impact of incorporating Hollywood celebrities in video games on producers' profitability.
- Navigate the legal battles related to online gambling.
- Analyze the extent to which soaring development costs will dampen profitability and trigger commoditization.
- Identify the most intriguing video game commercialization strategies.
- Develop an understanding for the implications of networked gaming.
- Address the crucial issues of safeguarding your intellectual property from infringers and violators.
- Employ a framework for anticipating industry transformations.
- 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 shortages of skilled programmers will inhibit industry growth.
- Examine how new technologies will make wireless video games more captivating.
- Factor in the risks of legal and regulatory challenges to video gaming and online gambling.

### WHO SHOULD ATTEND:

- Chief Executive Officers
- Chief Financial Officers
- Chief Technology Officers
- Directors of Branding and Advertising
- Game Producers and Programmers
- Business Development Professionals
- Creative Directors
- Software Design Engineers
- Entertainment Lawyers
- Intellectual Property Lawyers

### ADMINISTRATION DETAILS

- Register now - availability is limited. Phone, fax, or mail the reply form on the back of the brochure today. Call 212-952-7400 ext. 126, fax 212-668-9842 or email [naomi@twst.com](mailto:naomi@twst.com).
- Cancellations – Should you be unable to attend for any reason, please inform us in writing prior to January 24, 2005 and a refund less a \$150 deposit will be issued. No refunds will be given after January 24, 2005. Substitutions for enrolled delegates may be made at any time.
- Please note: Dress is business casual. Please no jeans.

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## Registration Form

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