

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES**

In the Matter of

**Microsoft Corp.,
a corporation;**

and

**Activision Blizzard, Inc.
a corporation.**

Docket No. 9412

**RESPONDENT MICROSOFT CORP.’S OPPOSITION TO NON-PARTY SONY
INTERACTIVE ENTERTAINMENT LLC’S MOTION TO QUASH OR LIMIT
SUBPOENA DUCES TECUM**

Sony Interactive Entertainment LLC (“SIE”) is at the heart of this case. SIE has unleashed its executives and high-priced economists to petition the Commission, as well as regulators around the world, to block the transaction. At minimum, SIE has: (1) submitted advocacy opposing the deal, [REDACTED]; (2) sent its executives, [REDACTED], to make presentations to regulators; (3) [REDACTED]; and (4) hired economists to develop qualitative and quantitative analyses and [REDACTED].

SIE’s campaign has worked. The Commission’s theory of harm relies almost exclusively on the facially implausible claim that the acquisition is anticompetitive because Respondent Microsoft Corp. (“Microsoft”) will withhold from SIE a single game (*Call of Duty*) produced by Respondent Activision Blizzard King (“Activision”). Compl. ¶ 1. Indeed, the Commission’s Complaint references SIE and its products more than sixty times, and describes SIE as Microsoft’s only competitor in a gerrymandered “High-Performance Console” market. *Id.* ¶¶ 1–2, 28, 63–72.

Despite leading the charge to stop the transaction, SIE claims it should not be required to produce documents on the very topics it has put at issue. SIE has submitted a declaration asserting that [REDACTED]

[REDACTED] Ex. A ¶¶ 24, 33. Yet SIE will not produce documents from Lin Tao, SIE's Chief Financial Officer, so that Microsoft can test [REDACTED]. SIE likewise refuses to produce documents from Hideaki Nishino, Senior Vice President of Platform Experience, who oversees SIE's hardware business, even though SIE asserts that [REDACTED]

[REDACTED] Ex. A ¶ 37. And SIE will not agree to produce a single document from its Senior Director of Competition and Regulatory Affairs, Greg McCurdy, [REDACTED].

SIE does not contest these custodians' relevance, resting instead on assertions of burden. Given SIE's central role, that purported burden does not warrant a motion to quash. SIE is not just any other third party; it is a first party among third parties. Nonetheless, Microsoft has attempted to assuage SIE's concerns. Microsoft has allowed SIE to use Technology Assisted Review ("TAR"), which means that SIE does not need to manually review most documents for responsiveness. And Microsoft has made compromises to decrease SIE's privilege review, such as limiting the McCurdy review to external communications.

Several weeks have passed since Microsoft served the Subpoena on January 12, 2023, at the start of discovery. Any claim that SIE is unable to produce documents in a timely manner is a problem of SIE's own making. SIE's motion to quash should be denied, and SIE should be required to produce all non-privileged, responsive documents by March 13, 2023, to leave time for depositions before fact discovery closes on April 7, 2023.

ARGUMENT

I. SIE should produce documents from the contested custodians

A. Lin Tao and Hideaki Nishino

There is no basis for SIE’s refusal to allow discovery of Tao and Nishino, both of whom possess information essential to issues SIE has introduced into this case.

As CFO, Tao is the key custodian with information about SIE’s financial health and plans. Her documents are central to Respondents’ ability to test SIE’s assertions that [REDACTED]

[REDACTED]. Ex. A ¶¶ 24, 33. They are also important to assess SIE’s economists’ assertions, including claims that: [REDACTED]

[REDACTED]

[REDACTED] Ex. B at 3, 4, 14, 20 (emphases added).

Nishino is the head of SIE’s hardware business, another topic of central importance. Among other things, SIE asserts that the acquisition [REDACTED]

[REDACTED]

[REDACTED] Ex. A ¶ 37; *see also id.* ¶ 11.

SIE asserts in a single sentence that Microsoft reneged on its agreement to drop these custodians. Not so. Throughout negotiations, Microsoft made clear that (1) all thirteen of its initially proposed custodians are relevant, Ex. C; and (2) any agreement on custodians was contingent on SIE agreeing to other conditions, which SIE refused to accept, Ex. D.

Rather than challenging these custodians’ relevance, SIE asserts that producing their

documents would be unduly burdensome. But “[p]arties resisting discovery of relevant information carry a heavy burden of showing why discovery should be denied.” *In re Polypore Int’l*, 2008 FTC LEXIS 155, at *16 (Nov. 14, 2008); *see also In re Phoebe Putney Health Sys.*, 2013 FTC LEXIS 82, at *11–12 (May 30, 2013) (applying *Polypore* requirement in third-party context, and denying motion to quash); *In re Intel Corp.*, 2010 WL 2143904, at *2 (F.T.C. May 19, 2010) (same). SIE has failed to satisfy that requirement. SIE says nothing about the burden associated with Nishino. And while SIE claims that an “analysis of Ms. Tao’s documents revealed that a high percentage are in Japanese,” SIE Mot. at 6, that claim is unsupported by any evidence. Indeed, the supporting declaration cited by SIE [REDACTED]

[REDACTED] SIE Ex. B ¶ 11 (emphasis added). Nor does SIE authority for its suggestion that the existence of foreign-language documents precludes discovery.

B. Greg McCurdy

[REDACTED]
[REDACTED] *E.g.*, Ex. E; Ex. F. [REDACTED]
[REDACTED] SIE Ex. F ¶¶ 3–5.

By definition, most, if not all, of those communications are not privileged.

Rather than addressing relevance, SIE relies on blanket assertions of privilege and the purported burden of reviewing McCurdy’s files because he is a lawyer. But, according to his job posting, McCurdy is also responsible for SIE’s public policy engagement. Ex. G (“Partnering with SIE Government Affairs on SIE’s public policy initiatives with respect to competition and other regulatory issues”). Being an attorney does not immunize McCurdy from discovery, especially when he is also acting in a public policy role. *See In re Rail Freight Fuel Surcharge Antitrust Litig.*, 2009 WL 3443563, at *9–10 (D.D.C. Oct. 23, 2009) (requiring production of in-house attorney’s

documents). And SIE has failed to make a *specific* showing why each of the withheld communications is privileged.

SIE's burden arguments ring particularly hollow given Microsoft's agreement to limit review of McCurdy's files to *external* communications. In *Forth v. Walgreen Co.*, the plaintiff sought to compel a third-party to produce documents from an in-house attorney. 2020 WL 4569501 (D.R.I. Aug. 7, 2020). In granting that motion, the Court explained that "[t]he usual burden of combing the production set for privilege is largely eliminated by [p]laintiffs' agreement to add search terms . . . so that only third-party communications . . . will be turned up by the searches." *Id.* at *3; *see also Le v. Zuffa, LLC*, No. 2:15-cv-01045 (D. Nev. Dec. 8, 2015) (ECF 207) (burden of privilege review limited by search methodology). The same is true here.

C. Predecessor Custodians

As is customary, Microsoft asks that SIE produce documents from custodial predecessors where custodians have not been in their roles for the entire relevant time period. In response, SIE speculates that other custodians provide adequate coverage for the missing predecessors because some of those other custodians supervised, or reported to, the predecessors. But there is no reason to assume that a supervisor, who covers a significantly broader portfolio, will have identical documents to her subordinates. SIE, for example, has refused to provide a predecessor custodian for Christian Svensson, who manages SIE's relationship with Activision, even though Svensson has only been in his position since 2021. That relationship is of the upmost importance here, and SIE has not supported its assertion that Svensson's manager would have the same documents as Svensson's predecessor.

II. SIE's motion to quash several individual requests should be denied

A. Requests 22–25, 28–29

These Requests all seek data, not documents, about the performance of SIE's gaming business. This data is essential to testing SIE's claim that the acquisition [REDACTED].

See supra Part I.A. SIE’s only objection to these requests is the proposed timeframe of 2012 through the last full month prior to the production of data. SIE Mot. at 7. But SIE has not explained why pulling and producing data from its central files, without any need for responsiveness or privilege review, would be unduly burdensome. SIE should produce the requested data.

B. Requests 14(d) and 19

Requests 14(d) and 19 are in dispute only to the extent that Microsoft seeks a targeted pull of specific documents—valuations, board documents, and regulatory submissions—related to SIE’s cloud-gaming acquisitions of Gaikai in 2012 and OnLive in 2015. Ex. H; Ex. I. Cloud gaming allows gamers to stream games without downloading the games to a device. The Commission alleges that cloud-gaming services comprise a relevant market and Microsoft will foreclose cloud-streaming services from licensing Activision’s content. Compl. ¶¶ 83–91, 98. Providing targeted information about SIE’s own cloud-gaming efforts is relevant to assessing the viability of that claim and is not unduly burdensome.

C. Request 3

[REDACTED]
[REDACTED] Microsoft seeks drafts of that [REDACTED]. SIE claims, without support, that there are no non-privileged drafts. Mot. at 8. That is not a proper way to raise privilege. SIE must produce responsive, non-privileged information and provide a log.

D. Request 13

Microsoft seeks performance reviews for SIE custodians, where such reviews are *otherwise responsive* to the Subpoena. Ex. J. Contrary to SIE’s assertions, Microsoft is not seeking to embarrass SIE’s leadership; it seeks to understand the metrics on which SIE’s executives and business are evaluated.

The cases SIE cites do not hold that performance reviews are immune from production.

Instead, they show this question turns on fact-specific relevance analyses, and the decisions go both ways. *See, e.g., Harris v. Bechtel Marine Propulsion Corp.*, 2022 WL 3754736, at *4 (D. Idaho Aug. 30, 2022) (requiring production of personnel files). Given Microsoft’s limitation that it only seeks performance reviews containing information otherwise responsive to the Subpoena, SIE cannot claim the requested documents are irrelevant.

E. Request 35

Request 35 seeks *executed* copies of content-licensing agreements between SIE and third-party gaming publishers.

These contracts are relevant. Among other things, Microsoft is aware that PlayStation requires many third-party publishers to agree to exclusivity provisions, including preventing the publishers from putting their games on Xbox’s multi-game subscription service. But Microsoft does not fully understand the extent of SIE’s arrangements or how they impact the industry’s competitiveness. Given exclusivity’s centrality to the Commission’s Complaint, *see, e.g., Compl.* ¶¶ 9, 12, 51, 53, Microsoft needs this information for its defense.

SIE claims this Request is unduly burdensome because [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. SIE Ex. E ¶ 4. [REDACTED]

[REDACTED]

[REDACTED] Ex. K. SIE knows the names of its third-party publishers and can create

keyword searches to isolate the relevant contracts.

Finally, SIE notes these agreements contain sensitive business information. But “[t]he fact that discovery might result in the disclosure of sensitive competitive information is not a basis for denying such discovery” where there is a protective order. *In re Lab. Corp. of Am.*, 2011 FTC LEXIS

22, at *5 (Feb. 17, 2011).

III. SIE has buried additional unsupported motions to quash in its exhibits

Buried in its voluminous 23-page Exhibit H, SIE asks the Court to quash several additional document requests. Not only is this an end-run around the Rules of Practice, 16 C.F.R. § 3.22(c), SIE has failed to provide support for the relief requested. That is enough to deny SIE's requests, but Microsoft nonetheless addresses the most significant issues raised by SIE.

A. Request 1

SIE has not only made submissions to the Commission challenging this transaction; it has made submissions to regulators worldwide. Microsoft requests that SIE produce documents that SIE submitted to these regulatory authorities in connection with this transaction. SIE has refused, agreeing only to produce submissions to the European Commission and United Kingdom's Competition and Markets Authority, based on claims of burden. But SIE has not explained why producing the materials it voluntarily submitted to regulators—a production requiring no custodial searches and no privilege review—is disproportionately burdensome.

B. Request 7

Contrary to the allegation that Microsoft will make *Call of Duty* exclusive to Xbox, since announcing the deal, Microsoft has repeatedly offered to enter into an agreement to license *Call of Duty* to SIE—first for five years and then for ten, an unheard-of duration in the industry. SIE has refused. Microsoft seeks documents about these negotiations, including SIE's internal consideration of Microsoft's offers and why it has refused them. SIE again attempts to rely on unsupported and untestable privilege claims. SIE Ex. H at 11. That is insufficient for SIE to avoid discovery on this relevant topic.

C. Request 14(f)

This Request seeks information about SIE's investment in virtual reality technology for its

console, which SIE executives have highlighted as a strategic imperative and “a giant leap forward in the way we play games.” Ex. L at 6; *see also* Ex. M at 20. SIE asks the Court to quash this Request because the information it seeks is purportedly irrelevant and commercially sensitive. SIE is wrong. SIE cannot claim information about its hardware investments is irrelevant when [REDACTED] [REDACTED]. *See supra* Part I.A. Nor can it refuse discovery based on commercial sensitivity where there is a protective order. *In re Lab. Corp.*, 2011 FTC LEXIS 22, at *5.

CONCLUSION

SIE’s motion should be denied, and SIE should produce the requested documents by March 13, 2023.

Dated: February 13, 2023

Respectfully submitted,

By: /s/ Kieran Gostin

Beth Wilkinson
Rakesh N. Kilaru
Kieran Gostin
Grace L. Hill
Anastasia M. Pastan
Sarah E. Neuman
Wilkinson Stekloff LLP
2001 M Street NW, 10th Floor
Washington, DC 20036
Telephone: (202) 847-4000
Fax: (202) 847-4005
bwilkinson@wilkinsonstekloff.com
rkilaru@wilkinsonstekloff.com
kgostin@wilkinsonstekloff.com
ghill@wilkinsonstekloff.com
apastan@wilkinsonstekloff.com
sneuman@wilkinsonstekloff.com

Michael Moiseyev
Megan A. Granger
Weil Gotshal & Manges LLP
2001 M Street NW
Suite 600
Washington, DC 20036
(202) 682-7026
michael.moiseyev@weil.com
megan.granger@weil.com

Counsel for Microsoft Corp.

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES**

In the Matter of

**Microsoft Corp.,
a corporation;**

and

**Activision Blizzard, Inc.
a corporation.**

Docket No. 9412

**[PROPOSED] ORDER DENYING SONY INTERACTIVE ENTERTAINMENT LLC'S
MOTION TO QUASH OR LIMIT SUBPOENA *DUCES TECUM***

Upon consideration of Non-Party Sony Interactive Entertainment LLC's ("SIE's") Motion to Quash or Limit Respondent Microsoft's Corp.'s ("Microsoft's") Subpoena *duces tecum* and Microsoft's opposition thereto, it is HEREBY

ORDERED that SIE's motion is DENIED. SIE shall complete production in response to Microsoft's Subpoena by March 13, 2023, with rolling productions to begin as soon as feasible.

ORDERED:

D. Michael Chappell
Chief Administrative Law Judge

Date: February ____, 2023

CERTIFICATE OF SERVICE

I hereby certify that on February 13, 2023, I caused a true and correct copy of the foregoing to be filed electronically using the FTC's E-Filing System and served the following via email:

April Tabor
Secretary
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm H-113
Washington, DC 20580
ElectronicFilings@ftc.gov

The Honorable D. Michael Chappell
Administrative Law Judge
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm H-110
Washington, DC 20580

I also certify that I caused the forgoing document to be served via email to:

James H. Weingarten (jweingarten@ftc.gov)
James Abell (jabell@ftc.gov)
Cem Akleman (cakleman@ftc.gov)
Taylor Alexander (talexander@ftc.gov)
J. Alexander Ansaldo (jansaldo@ftc.gov)
Peggy Bayer Femenella (pbayerfemenella@ftc.gov)
Michael T. Blevins (mblevins@ftc.gov)
Amanda L. Butler (abutler2@ftc.gov)
Nicole Callan (ncallan@ftc.gov)
Maria Cirincione (mcirincione@ftc.gov)
Kassandra DiPietro (kdipietro@ftc.gov)
Jennifer Fleury (jfleury@ftc.gov)
Michael A. Franchak (mfranchak@ftc.gov)
James Gossmann (jgossmann@ftc.gov)
Ethan Gurwitz (egurwitz@ftc.gov)
Meredith Levert (mlevert@ftc.gov)
David E. Morris (dmorris1@ftc.gov)
Merrick Pastore (mpastore@ftc.gov)
Stephen Santulli (ssantulli@ftc.gov)
Edmund Saw (esaw@ftc.gov)
U.S. Federal Trade Commission
600 Pennsylvania Ave., N.W.
Washington, DC 20580
Telephone: (202) 326-3570

Counsel Supporting the Complaint

D. Bruce Hoffman (bhoffman@cgsh.com)
Leah Brannon (lbrannon@cgsh.com)
Carl Lawrence Malm (lmalm@cgsh.com)
Isabel Tuz (ituz@cgsh.com)
Everett K. Coraor (ecoraor@cgsh.com)
Cleary Gottlieb Steen & Hamilton LLP
2112 Pennsylvania Avenue, N.W.
Washington, D.C. 20037
Telephone: (202) 974-1500

Counsel for Non-Party Sony Interactive Entertainment LLC

Steven C. Sunshine (steve.sunshine@skadden.com)
Julia K. York (julia.york@skadden.com)
Jessica R. Watters (jessica.watters@skadden.com)
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Telephone: (202) 271-7860

Maria A. Raptis (maria.raptis@skadden.com)
Michael J. Sheerin (michael.sheerin@skadden.com)
Matthew M. Martino (matthew.martino@skadden.com)
Evan R. Kreiner (evan.kreiner@skadden.com)
Andrew D. Kabbes (andrew.kabbes@skadden.com)
Bradley J. Pierson (bradley.pierson@skadden.com)
Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, NY 10001
Telephone: (212) 735-2425

Counsel for Activision Blizzard, Inc.

/s/ Kieran Gostin

Kieran Gostin
Counsel for Microsoft Corp.

EXHIBIT A

[This entire exhibit is subject to the Protective Order]

EXHIBIT B

[This entire exhibit is subject to the Protective Order]

EXHIBIT C

[This entire exhibit is subject to the Protective Order]

EXHIBIT D

[This entire exhibit is subject to the Protective Order]


EXHIBIT E

[This entire exhibit is subject to the Protective Order]

EXHIBIT F

[This entire exhibit is subject to the Protective Order]

EXHIBIT G

 Search For Jobs



Senior Director, Competition & Regulatory Affairs



PlayStation Global Washington, DC

Starting at \$250

Senior Director, Competition & Regulatory Counsel

San Mateo, CA OR Washington, D.C.

As Senior Director, Competition & Regulatory Counsel, you will be the primary competition and regulatory counsel for the Sony Interactive Entertainment (SIE) business worldwide.

You will be responsible for leading SIE's efforts to comply with competition laws globally and for managing and supervising regulatory investigations and proceedings worldwide, including interfacing with governmental and regulatory agencies on a broad range of issues, including competition, consumer protection, product safety, packaging, and labeling, and directing overall case and matter strategy.

You will also be responsible for providing advice on competition laws to SIE business teams and training the business on regulatory requirements.

You will report to the Vice President, Intellectual Property & Litigation and be a senior level member of SIE's global legal leadership team.

You will be expected to coordinate activities across SIE's business, corporate and legal functions globally.

The position will be based in San Mateo, California or Washington, DC.

Providing legal guidance to executives across multiple areas of the SIE business on applicable competition laws and regulatory investigations and proceedings.

Formulating and implementing appropriate internal processes to ensure global compliance with competition laws and regulatory obligations.

Representing SIE's interests before competition authorities and other regulatory agencies around the world.

Selecting and managing outside counsel to represent SIE's interests before regulatory agencies.

Performing periodic risk assessments under competition laws for different areas of the SIE business.

Providing in-person and virtual trainings to the business on competition laws and regulatory requirements.

Partnering with SIE Government Affairs on SIE's public policy initiatives with respect to competition and other regulatory issues.

At least 15 years of experience as a practicing attorney primarily in the area of competition and other litigation and regulatory matters, preferably with a mix of in-house and outside counsel experience.

Substantial experience in advising sophisticated companies regarding the activities of United States and foreign regulatory agencies, including advising on matters involving competition authorities.

Substantial experience advising clients responding to subpoenas, CIDs, and interview requests from competition authorities and other regulatory agencies.

A strong understanding of competition law and principles, and the ability to efficiently review, interpret, and analyze complex legal information.

Outstanding oral, written, and interpersonal communication skills.

Ability to work cross-functionally with multiple stakeholders, including legal, government affairs, PR, economists and business teams.

Strong judgment and decision-making skills.

Data driven mindset and ability to identify and recommend the best course of action even in ambiguous situations.

A keen working understanding of policy-making processes and government relations.

A global mindset with the demonstrated ability to work across geographic boundaries to implement worldwide business and policy strategies.

Show Short Description

Stand out and contact PlayStation Global directly

PlayStation Careers (US)

<https://www.playstation.com/en-us/corporate/playstation-careers/>

Jobs At PlayStation Global - Greenhouse

<https://boards.greenhouse.io/sonyinteractiveentertainmentglobal>

PlayStation: Jobs | LinkedIn

<https://www.linkedin.com/company/playstation-sony/jobs>

SIE Careers | Sony Interactive Entertainment Inc.

<https://www.sie.com/en/saiyo.html>

Careers | PlayStation Network

<https://www.playstationnetwork.com/careers>

Playstation Global Jobs - Find Your Next Career Opportunity

Careers - San Diego Studio

https://sonysandiegostudio.games/careers/

About Us (US) - PlayStation

https://www.playstation.com/en-us/corporate/about-us/

Show Less Links

Expired 9 months ago Inactive Job

SIMILAR JOBS:

Active v

Director, Regulatory Affairs



National Medical Association Washington, DC

In partnership with the VP, Government Relations and Advocacy, the Director, Regulatory Affairs, is responsible for the identification, development, and management of strategic relationships with HHS/CMS and other federal agencies, with the purpose of advancing the Medicaid and managed car...

\$200 - \$250

Updated 9 days ago

Senior Regulatory Affairs Manager



Experian Washington, DC

Senior Manager / Legislative Analyst+ Monitor legislative and regulatory proposals at the federal and state level that would affect Experian. + Work with Experian Government Affairs, DEI, and Public Affairs teams to coordinate efforts around financial literacy, financial inclusion, and public policy.

Updated 4 days ago

Manager of Board & Government Affairs



Farm Credit Council Washington, DC

Works with Government Affairs staff to execute Farm Credit grassroots campaigns at both the local and national level. In this exciting role at our Washington, D.C.-based, trade association, the Manager of Board and Government Affairs is responsible for coordinating activities for the Farm...

Updated 22 hours ago

Director, Government & Regulatory Affairs



Clear Washington, DC

Develop and execute on a government affairs strategy for CLEARLead political activities strategyCultivate and maintain strong working relationships with agency and Hill staff as appropriateWork with internal partners, including scientific affairs, community relations, communications and strategic...

Full-time

Apply Now Updated 6 hours ago

\$19-57/Hr: Hiring Immediately

Jobs Hiring Immediately - No Experience Required - Apply Today

Ad Jobs2Careers

Associate, Regulatory & Government Affairs



Royal Bank of Canada Washington, DC

The Washington-based, Associate, Regulatory & Government Affairs assists in influencing and shaping the US financial services policy, legislative and regulatory environment to ensure RBC is able to pursue its current and ongoing business strategies by contributing to government engagement...

Apply Now Updated 15 days ago



jobsearcher.com/blog

Growing Discontent: Employees Wouldn't Wish Their Jobs on Their Worst Enemy

Director Government Relations - US State



Honeywell Washington, DC

FEDERAL TRADE COMMISSION | OFFICE OF THE SECRETARY | FILED 2/13/2023 | Document No. 606911 | PAGE Page 23 of 97 * PUBLIC *;
The responsibilities will include: + Manage multi-state legislative campaign + Coordinate a cross-functional team spanning legal, commercial, communications, regulatory, R&D, product stewardship, and sales functions as well as outside public affairs consultants+ Represent the Company...

[Apply Now](#) Updated 15 days ago

Senior Director, Government Affairs



BridgeBio Pharma, Inc Washington, DC

10+ years of experience within Congress, a pharma/biotech policy advocacy organization, or in **government relations**. Work with relevant internal stakeholders (e.g., **Regulatory Affairs**, Corporate Communications, Market Access) to help BridgeBio understand, react, and plan for an evolving...

[Apply Now](#) Updated 15 days ago

Vice President Regulatory Affairs



American Fuel & Petrochemical Manufacturers (AFPM) Washington, DC

The Vice President, **Regulatory Affairs** will lead the AFPM **regulatory affairs** team tasked with developing AFPM policy on federal and state legislation and **regulatory** matters, developing rule-making strategies, and executing **regulatory** advocacy.

Updated 30+ days ago

\$19-57/Hr: Hiring Immediately

Jobs Hiring Immediately - No Experience Required - Apply Today

Ad Jobs2Careers

Senior Regulatory Affairs Specialist



Siemens Mobility Washington, DC

Regulatory Affairs Specialist to build and deliver on competitive **regulatory** strategies. **Regulatory Affairs** Specialist, you will be. and product changes and assist in maintaining **regulatory** compliance.

Updated 30 days ago



jobsearcher.com/blog

How to Gracefully Quit a Job You Just Started

Federal Government Affairs Director - Hybrid Or on - Site (D. C)



Vertex Pharmaceuticals Washington, DC

Serves as lobbyist on key issues including patient access, **government** coverage and reimbursement, intellectual property and **regulatory** incentives, tax, and **regulatory** approval processes.

Updated 15 days ago

FDA Regulatory Associate



Novocure Inc Washington, DC

The Mid-Level FDA **Regulatory** Associate will be part of the Legal team, and will support the VP, Lead **Regulatory Counsel**, who is broadly responsible for providing the business with strategic advice and **counsel** on **regulatory** issues.

Updated 6 days ago

Government Affairs Director



Cisco Washington, DC

Government Affairs is involved in all key legislative, **regulatory**, and global issues that impact the technology industry. Supporting Cisco s political activities, including Cisco s employee-sponsored political action committeeWho You'll Work WithCisco s **Government Affairs** team represents the...

💰 \$200 - \$250 🕒 Full-time

[Apply Now](#) Updated 15 days ago

Senior Director, External Affairs



NCTA - the Internet & Television Association Washington, DC

NCTA's **government relations** team seeks a dynamic **Senior Director**, External **Affairs** to cultivate strategic relationships with external constituencies and advocacy groups, particularly those representing diverse communities.

Updated 1 day ago



jobsearcher.com/blog

How to Professionally Reschedule a Job Interview Without Destroying Your Chances

Regulatory Affairs Manager



The Aluminum Association Arlington, VA

With general guidance from the **Senior Director, Regulatory Affairs** and Corporate Stewardship, the **Regulatory Affairs** Manager will lead the Associations policy agenda and coordinate **regulatory** and legislative priorities in the areas of infrastructure and environment, health & safety (EHS).

🕒 Full-time

Updated 7 days ago

Corporate Counsel - FCC Regulatory



DISH Washington, DC

A successful Corporate **Counsel** will have the following: Licensed attorney with a J.D. from an accredited law school. We are seeking a Corporate **Counsel** with 5-7 years of experience with a large national or regional law firm, trade association, corporation, or **government** agency.

🕒 Full-time

[Apply Now](#) Updated 6 hours ago



[Alerts](#) [Browse Careers](#) [Articles](#)

[Blog](#) [About](#) [Post a Job](#) [Privacy Policy](#) [Terms of Service](#) [Contact Us](#)

This site is protected by reCAPTCHA and the Google Privacy Policy and Terms of Service apply.

© 2023 All Rights Reserved

EXHIBIT H

Sony Computer Entertainment to Acquire Gaikai Inc., a Leading Interactive Cloud Gaming Company

SCE to Build a Cloud Service Bringing Gaikai's Cloud Based-Streaming Technologies into Its Network Business

NEWS PROVIDED BY

Sony Computer Entertainment →

Jul 02, 2012, 02:30 ET

TOKYO, July 2, 2012 /PRNewswire/ -- Sony Computer Entertainment (SCE) today announced that it entered into a definitive agreement on June 30, 2012 (Japan Time) to acquire Gaikai Inc., the world's leading interactive cloud-based gaming company, for approximately USD 380 million. Through the acquisition, SCE will establish a new cloud service, ensuring that it continues to provide users with truly innovative and immersive interactive entertainment experiences.

"By combining Gaikai's resources including its technological strength and engineering talent with SCE's extensive game platform knowledge and experience, SCE will provide users with unparalleled cloud entertainment experiences," said Andrew House, President and Group CEO of Sony Computer Entertainment Inc. "SCE will deliver a world-class cloud-streaming service that allows users to instantly enjoy a broad array of content ranging from immersive core games with rich graphics to casual content anytime, anywhere on a variety of internet-connected devices."

"SCE has built an incredible brand with PlayStation and has earned the respect of countless millions of gamers worldwide," said David Perry, CEO of Gaikai Inc. "We're honored to be able to help SCE rapidly harness the power of the interactive cloud and to continue to grow their



Established in 2008 and headquartered in Aliso Viejo, California, Gaikai has developed the highest quality, fastest interactive cloud-streaming platform in the world that enables the streaming of quality games to a wide variety of devices via the internet. With this acquisition, SCE will establish a cloud service and expand its network business by taking full advantage of Gaikai's revolutionary technology and infrastructure including data centers servicing dozens of countries and key partners around the world.

The transaction is subject to certain regulatory approvals and customary closing conditions.

SCE will continue to aggressively expand a new world of entertainment through the introduction of innovative technologies and the delivery of amazing experiences.

About Sony Computer Entertainment Inc.

Recognized as the global leader and company responsible for the progression of consumer-based computer entertainment, Sony Computer Entertainment Inc. (SCEI) manufactures, distributes, develop and markets the PlayStation®2 (PS2®) computer entertainment system, the PSP® (PlayStation®Portable) handheld entertainment system, the PlayStation®3 (PS3®) computer entertainment system and the PlayStation®Vita (PS Vita) portable entertainment system. SCEI has revolutionized home entertainment since they launched PlayStation in 1994. PS2® further enhances the PlayStation legacy as the core of home networked entertainment. PSP® is a handheld entertainment system that allows users to enjoy 3D games with high-quality full-motion video and high-fidelity stereo audio. PS3® is an advanced computer system, incorporating the powerful Cell Broadband Engine and RSX processors. PS Vita is an ultimate portable entertainment system that offers a revolutionary combination of rich gaming and social connectivity within a real world context. SCEI also delivers the PlayStation® experience to open operating systems through PlayStation®Mobile, a cross device platform. Headquartered in Tokyo, Japan, SCEI, along with its affiliated companies, Sony Computer Entertainment America LLC., and Sony Computer Entertainment Europe Ltd., and its division companies, Sony Computer Entertainment Japan and Sony

Computer Entertainment Asia develops, publishes, markets and distributes hardware and software, and manages the third party licensing programs for these platforms in the respective markets worldwide.

PlayStation, PS3, PS2 and PSP are registered trademarks or trademarks of Sony Computer Entertainment Inc.

All other trademarks are property of their respective owners.

SOURCE Sony Computer Entertainment

EXHIBIT I

ENTERTAINMENT

How Sony bought, and squandered, the future of gaming

PlayStation Now had the keys to the cloud gaming kingdom, but Sony barely stuck a toe in the door

By **SEAN HOLLISTER**

Photography by **VJERAN PAVIC**

Dec 5, 2019, 8:00 AM EST

[0 Comments](#)





part of /

PlayStation 25th anniversary issue

Stop me if you've heard this one before: a video game platform that lets you play games with the press of a button, no need for discs or downloads. Tap on a YouTube ad for a game, and you're instantly playing in your web browser. Experience

...of the greatest games on your ancient laptop, phone, or tablet, thanks to remote servers instead of having to buy a console or

build a powerful gaming PC. Fire up a game on the TV, then seamlessly pick it up on your mobile device. Stuck in a game? Ask a friend to take over your controller from across the internet.

If that sounds like the lofty pitch for Google's Stadia cloud gaming service, you've been paying attention. But every single one of those things was promised years ago by a startup named Gaikai — a startup that Sony bought in 2012 for \$380 million. At the time, Sony gave every indication that it would harness the full potential of a PlayStation cloud. It even bought Gaikai's closest competitor, OnLive, in 2015 and launched a service called PlayStation Now that finally hit 1 million subscribers this October. But half a decade later, the company has barely tapped into cloud gaming's promise, and competitors like Google seem poised to attract the gamers that Sony failed to convert.

I doubt it's a coincidence that Google and Gaikai's pitches sound so similar. As Gaikai co-founder, CEO, and former PlayStation Now chief David Perry pointed out to me in an interview on the day Stadia debuted, Google gaming boss Phil Harrison used to sit on Gaikai's advisory board. Jack Buser, Stadia's head of business development, used to run Sony's PlayStation Now. Heck, a clean-shaven Sundar Pichai was the one who first introduced how Gaikai could stream games natively in the Chrome web browser, three years before he became Google's CEO.

Related /

- **Google Stadia review: the best of cloud gaming is still just a beta**
- **The world is waiting for Google Stadia to flop**

Mind you, Google is already having plenty of trouble meeting the lofty goals it cribbed from Gaikai, breaking many of the promises it made before launch. But how did Sony let Google become the front-runner in cloud gaming to begin with, after having the better part of a decade to freely build it out?

Let's take a quick trip back to February 2013 when Sony introduced the PlayStation 4 and revealed Gaikai's newfound role in the whole thing. When Perry strode

With the Gaikai cloud technology, our goal is to make free exploration possible for virtually any PlayStation 4 game in the PlayStation Store. Imagine you're in the store, checking out the latest titles and you see something that catches your eye: no problem. You can simply press the X button to hop in and start playing the game. Now in the past, not all games were available, and the ones that were had to be kind of the 'lite' version, where they'd been edited down so they could be downloaded reasonably quickly. With Gaikai and the PlayStation Store, you'll be able to instantly experience anything that you want. I've always liked that concept of try it for free, share it if you like it, and pay only for the games you fall in love with.

It's easy to forget this was Gaikai's pitch from the start: instant free demos of games you can try before you buy, using practically any device you own.

I got an exclusive first look at Gaikai in December 2010, and I'll never forget what Perry asked me afterward: not whether the streaming quality was good, but if I'd experienced *enough* to figure out whether the game was worth buying. That was why Gaikai originally streamed games from YouTube and Facebook ads — they were legitimately ads! — though Gaikai was also willing to let publishers stand up their own servers and set their own pricing if gamers wanted to turn those ads into game time.

the service. It worked with an off-the-shelf Android tablet. Best Buy and Walmart had live game demos you could play on their websites, and you could share demos on Facebook with your friends and relatives they could play right inside the social network if you liked.

But Perry says most of that went out the window when he cashed Sony's check. "After Sony acquired Gaikai, we went quiet. I stopped giving speeches, I stopped pushing this as the future of the industry ... We withdrew from all the deals," he relates.

Though Perry says he's loyal to Sony for buying Gaikai and eventually building a service with 1 million subscribers instead of just "shoving it somewhere in a drawer," he says his personal opinion is that Sony didn't really understand what to do with Gaikai, and the company started by trying to shoehorn Gaikai's tech into a way to sell its own hardware.

"Sony acquired something that they thought would be a good idea to buy because they could feel the momentum, and I don't think at the time it was clear to them which business they were in," Perry says. "If you are in charge of PlayStation, are you in the hardware business or are you in the gameplay business? I don't think that was clear. Because if you're in the hardware business, this isn't very interesting. If you're the guys building hardware, and someone starts talking about the cloud, it's just like, 'Meh, we've got work to do.'"

And “meh” was definitely how I felt when Sony’s PlayStation Now cloud gaming service debuted. When an open beta launched in late 2014, it was ridiculed as the antiquated Blockbuster of video games: a service where you’d have to *rent* each PS3 title — and only PS3 titles — for more than you’d pay to *buy* a used disc at GameStop. It felt like an expensive way to cover for the fact that the PS4 wasn’t backwards compatible with PS3 games.

Sony later added a \$20-a-month subscription service for a selection of less-desirable games alongside the rentals (it eventually ditched rentals altogether), and it expanded support to the PS3, PS Vita, PlayStation TV, a handful of Sony TVs and Blu-ray players, and even a few Samsung smart TVs.

But it took until late 2016 for Sony to finally let you play PlayStation games on a PC, and it was mid-2017 before it added a back catalog of current-gen PS4 titles instead of exclusively older games. And it was tough luck if you wanted to play those PS4

dropped the price of PlayStation Now to a more reasonable \$60 a year and deigned to add a few flagship games like *God of War* and *Uncharted 4*. But even those \$20 “greatest hits” games will only be available to stream through January 2nd, 2020. Even though Sony has finally stopped trying to use its PS4 Remote Play app to sell Sony smartphones, and it opened it up to iPhone and Android gamers (years after shutting down a perfectly good hack), there’s no parallel PlayStation Now mobile app in sight. Sony completely ceded the Gaikai / OnLive era idea of delivering cloud games directly to phones. That’s where Microsoft’s xCloud is now striking first and where Google and early Gaikai partner Nvidia may also have an opportunity.

There are reasons why Sony took it slow with Gaikai — they’re just unfortunate reasons — like how Sony’s initial PlayStation Now service relied on having actual PS3 hardware in the data center for every single player. That capped Sony’s physical and economic ability to expand the service as quickly as it might have liked. Or how the company wound up diverting its attention to VR.

“VR took all the air in the room for a while.”

“Cloud gaming is working. We’ve demonstrated it. We’re sort of waiting for things to get better and have more power in the cloud, faster internet speeds, all the rest of it ... And then VR comes out, and VR took all the air in the room for a while,” says Perry. He also points out that Sony never put much marketing behind PS Now or ran a real ad until last month. Sony also never wound up offering a bundle with its other subscription services like PlayStation Plus and PlayStation Vue, for that matter.

When I ask Perry what happened to the key part of his original vision — the idea that PS4 players would be able to instantly sample games for free — he admits that Sony never actually tried.

“It was something I was passionate about, but I don’t think it had the support of others,” says Perry, adding that he found it wasn’t necessarily compatible with “the harsh reality of business.” One example: he spoke to a publisher who told him,

The game isn't very good to be honest, but the trailer makes it *look* good." It was a clarifying moment.

"We don't want anyone to play our game."

Even so, Perry says he believes gamers would "have to be insane not to sign up" for PlayStation Now at the new lower price, as long as they spend a lot of time gaming. "The amount of games you're getting for the money is absurd." But he also believes that Sony, Google, and other prospective cloud gaming providers need to stop trying to stick existing gaming components into their servers and convince publishers to build and share their best games instead of just a back catalog of titles. "They have to decide that this is the future."


Perry's somewhat worried that cloud gaming will adopt the same pattern we're seeing with other streaming media today, where Disney and HBO and Apple and many more are all standing up their own video delivery services to compete with Netflix for our attention. "When things get out of control, you end up with multiple streaming services. And you want to watch *Harry Potter*, and you don't know where it is," he says. Sony had seven unchallenged years to convince publishers, but now Google, Electronic Arts, Ubisoft, Microsoft, Nintendo, Amazon, Verizon, Walmart, Nvidia, and others are all testing the waters for their own possible cloud gaming subscriptions.

None of this is to say Sony wasted those seven years or made the wrong decisions. The PlayStation 4 wound up becoming a phenomenal success. It's the second best-selling console of all time having shipped over 102 million units, handily winning this console generation. PlayStation VR is also one of the best-selling console accessories ever, even if VR hasn't taken off quite yet. And Sony did need to make some hard choices during the past decade to turn around its foundering business. This is the decade Sony decided it was no longer an electronics company, chopping off pieces of itself to survive.

Some of Gaikai's know-how might have even been responsible for that success. In 2012, Gaikai showed me a demo where you could start playing a game while the rest of it downloads in the background — something that became a core feature of the PlayStation 4. Share Play, a feature that lets you see a friend's screen from over the internet and then take over the controls, also eventually shipped. And even if Sony

When I try it again for the first time in years, I have to admit PlayStation Now isn't bad. I'm streaming *God of War* on my Windows desktop at a fairly lackluster 720p resolution, but with nary a hitch. There's no way I'd spend \$10 a month or \$60 a year for that experience — not when I can own those same games permanently for \$10 or less per disc — but I would pay if Sony gave me the latest games there. Better yet, I'd pay to get games that aren't even possible on console, with hundreds or thousands of simultaneous players, incredibly advanced physics simulations, and AI-voiced NPCs that don't just repeat the same pre-programmed lines of dialogue. It's just not clear whether Sony has any intent to deliver those things — and now it'll have to fight its own ideas in the hands of much wealthier adversaries like Google. All we know for now is that the PlayStation 5 is coming, and Sony has a vague interest in maximizing the “off-console opportunity” of cloud gaming as well.

In 2014, Perry claimed that Sony had “fully greenlit” a project where Gaikai would help build “the fastest global network ever made” to let gamers play like never before. That may still be the plan, but Sony's going to need some help. That may be why it struck a cloud gaming partnership with Microsoft this May, teaming up with its chief rival.

Sony was one of the few companies that believed in cloud gaming enough to spend big in 2012, just as it was one of the few that believed in VR. But that wasn't enough to make Sony a leader. 

Related /

- **Microsoft and Sony are teaming up for the future of gaming**

 0 COMMENTS

EXHIBIT J

[This entire exhibit is subject to the Protective Order]

EXHIBIT K

[HOME](#) > [TECH](#)

Is PS5 backward compatible? Yes, more than 4,000 PS4 games work on the next-gen console — here's what to know

By **Dave Johnson** Dec 9, 2021, 5:44 PM



With very few exceptions, the PS5 is backward compatible with PS4 games. YELIM LEE/AFP via Getty Images

- **The PS5 is largely backward compatible with PS4 games, with more than 4,000 available titles.**
- **There are only about a half-dozen known PS4 games that are incompatible with the PS5.**
- **There are some limitations: for example, the Share menu can't be displayed on the**

PS5 when playing a PS4 game.

A new game console like the PlayStation 5 is a substantial investment, so ideally you can extend its value by continuing to play older PS4 games on it. If you are wondering if your existing library of PS4 games will work on your new PS5, you're in for some good news: It's a qualified "yes."

The PS5 is backward compatible with PS4, to an extent

An overwhelming majority of PS4 game titles will play on a PS5 console. That's about 4,000 games, so with rare exception, your existing game collection will play fine (though you should be sure your PS5 has all available updates installed before trying to play PS4 games). Sony also advises that you should verify the core game works properly on the PS5 before purchasing or installing any add-ons for the game.

In fact, some PS4 games may see an overall improvement when played on the PS5. Select games can take advantage of the PS5's Game Boost feature, which allows the game to run at a higher frame rate. Games that run better on PS5 thanks to Game Boost include Assassin's Creed Odyssey, Crisis Remastered, God of War, Ratchet & Clank, Rocket League, Shadow of the Tomb Raider, and others.

If you enjoy PlayStation VR, you'll be pleased to learn that PS VR titles are included in the list of compatible games. Playing VR games on a PS5 requires a PS VR headset, PlayStation Camera for PS4, and a PlayStation Camera adaptor, and the games perform best when you use a DualShock 4 controller.

Specific PS4 on PS5 limitations

The list of PS4 games which are known to be incompatible with the PS5 is quite short. At this time, these are the only games to avoid:

- Afro Samurai 2: Revenge of Kuma Volume One
- TT Isle of Man – Ride on the Edge 2
- Just Deal With It!
- Robinson: The Journey
- We Sing
- Hitman Go: Definitive Edition
- Shadwen

Even though most other games will run on the PS5, the gaming experience might not

always be 100% seamless. Some features or functionalities that were available on the PS4 might not work when you play the game on the PS5. For example, the Share menu can't be displayed on the PS5 when playing a PS4 game. You can take screenshots by pressing the **Create** button on your DualSense controller, however. Likewise, some PS4 games can't record video at 3840 x 2160 even if you start recording at that setting — you will only get a resolution of 1920 x 1080.

Note: PS5 backward compatibility is not extended to PS3, PS2, or PS1 games.

Dave Johnson

Freelance Writer

Dave Johnson is a technology journalist who writes about consumer tech and how the industry is transforming the speculative world of science fiction into modern-day real life. Dave grew up in New Jersey before entering the Air Force to operate satellites, teach...

[Read more](#)

Related articles

* Copyright © 2023 Insider Inc. All rights reserved. Registration on or use of this site constitutes acceptance of our

[Terms of Service](#), [Privacy Policy](#) and [Cookies Policy](#).

[Contact Us](#) | [Masthead](#) | [Sitemap](#) | [Disclaimer](#) | [Accessibility](#) | [Commerce Policy](#) | [Advertising Policies](#)

| [CA Privacy Rights](#) | [Coupons](#) | [Made in NYC](#) | [Jobs @ Insider](#)

[Stock quotes by finanzen.net](#) | [Reprints & Permissions](#)

International Editions:

[INTL](#) | [AS](#) | [AT](#) | [DE](#) | [ES](#) | [IN](#) | [JP](#) | [MX](#) | [NL](#) | [PL](#) | [ZA](#)

[CA Do Not Sell My Info](#)

EXHIBIT L

February 22, 2022

First look: the headset design for PlayStation VR2

 374  0  2,419 PlayStation.VR2

The inspiration behind the latest VR hardware design.



Hideaki Nishino (<https://blog.playstation.com/author/hnishino/>)

Senior Vice President, Platform Experience, SIE

Today, I am especially pleased to reveal the stunning new design of our next generation VR headset, PlayStation VR2, together with an updated and final design image of our PlayStation VR2 Sense controller.

You'll notice the PS VR2 headset has a similar shape as the PS VR2 Sense controller, taking on a matching "orb" look. The circular orb shape represents the 360-degree view that players feel when they enter the virtual reality world, so this shape captures it nicely.

(https://live.staticflickr.com/65535/51897391159_f7b9795a07_k.jpg)

The design of the PS VR2 headset was also inspired by the look of the PS5 family of products. When our design team created the PS5 console, they also had the next generation VR headset in mind so you'll notice some similarities in the look and feel. The PS5 console has flat edges as it is meant to be displayed on a flat surface, while there was more emphasis on adding roundness to the design of PS VR2 headset since it is meant to have constant human contact, similar to the rounded edges of the DualSense controller and Pulse 3D headset.

Our goal is to create a headset that will not only become an attractive part of your living room decor, but will also keep you immersed in your game world, to the point where you almost forget you are using a headset or controller. That's why we paid very close attention to the ergonomics of the headset and conducted extensive testing to ensure a comfortable feel for a variety of head sizes. We already had a lot of positive feedback on the ergonomics of the first PS VR headset by carefully balancing the headset weight and having a simple headband that can be adjustable, so we kept the same concept for the PS VR2 headset. Other features such as the headset's adjustable scope that places the scope area closer or further away from the face and placement of the stereo headphone jack also remain the same, so players will be familiar with it.

(https://live.staticflickr.com/65535/51897391199_64d60b890e_k.jpg)

For the PS VR2 headset, we took comfort a few steps further by adding new features such as a lens adjustment dial, so users have an additional option to match the lens distance between their eyes to optimize their view. We also created a slimmer design with a slight weight

feedback. It was quite a challenge to create a slimmer design with new features added to improve upon our first headset, but our design and engineering teams proved this could be possible when we saw the final design!

Additionally, we've integrated a new vent design for the PS VR2 headset that we think users will enjoy. Yujin Morisawa, Senior Art Director at SIE led the headset design of PS VR2 and explains why this is his absolute favorite part of the design:

“When I started to work on the design for the PlayStation VR2 headset, one of the areas I wanted to focus on first was the idea of creating a vent in the headset to let air out, similar to the vents on the PS5 console that allows airflow. Our engineers came up with this idea as a good way to allow ventilation and avoid having the lens fog up while players are immersed in their VR games. I worked on many design concepts to achieve this, and in the final design, you can see there is a little space in between the top and front surface of the scope that contains the integrated ventilation. I am

really proud of how this turned out and the positive feedback I have gotten so far. I hope our PlayStation fans will also agree, and I can't wait for them to try it out.”

– Yujin Morisawa, Senior Art Director, SIE

Another treat we wanted to share – similar to the thousands of tiny PlayStation symbols we added to the design of the PS5 console and DualSense controller, we also included tiny PlayStation symbols to the front and back bands of the PS VR2 headset to add a comfortable feel for players to enjoy.

When PS VR2 launches, it'll take a giant leap forward in the way we play games in virtual reality. There are plenty of [exciting new features](https://blog.playstation.com/2022/01/04/playstation-vr2-and-playstation-vr2-sense-controller-the-next-generation-of-vr-gaming-on-ps5/) (https://blog.playstation.com/2022/01/04/playstation-vr2-and-playstation-vr2-sense-controller-the-next-generation-of-vr-gaming-on-ps5/) to look forward to in the PS VR2 system, including stunning visual fidelity in 4K HDR and state-of-art graphical rendering, enhanced tracking such as inside-out camera tracking, new PlayStation VR2 Sense Technology features such as headset feedback, and the new, intuitive PS VR2 Sense controller that creates an incredibly deep feeling of immersion. Additionally, the PS VR2 system comes in a simple, single cord set up so you can connect to your games immediately. PS VR2 development kits are already in the hands of game creators, and we are excited for what they'll come up with to truly make virtual reality a remarkable experience for gamers. We look forward to sharing more details with you about PS VR2. Stay tuned!



ps vr2 sense controller (<https://blog.playstation.com/tag/ps-vr2-sense-controller/>)

PSVR2 (<https://blog.playstation.com/tag/psvr2/>)

Did you like this?



et?
/sharer.php?
tation.com%2F2022%2F02%2F22%2Ffirst-look-the-headset-
tation.com%2F2022%2F02%2F22%2Ffirst-
laystation-vr2%2F)
o20the%20headset%20design%20for%20PlayStation%20VR2)

Comments are closed.

374 Comments

[Newer comments](#)

[Newer comments](#)

EXHIBIT M

Game & Network Services Segment

Senior Executive Vice President
Sony Group Corporation

President and CEO, Sony Interactive Entertainment LLC
Representative Director and President, Sony Interactive Entertainment Inc.

Jim Ryan

G&NS Segment

PlayStation: The Road to Profitable Transformation

**1.
Thriving
Core Business**



**2.
Powerful New
Growth Vectors**



**3.
Transformative
Sony Group
Collaboration**



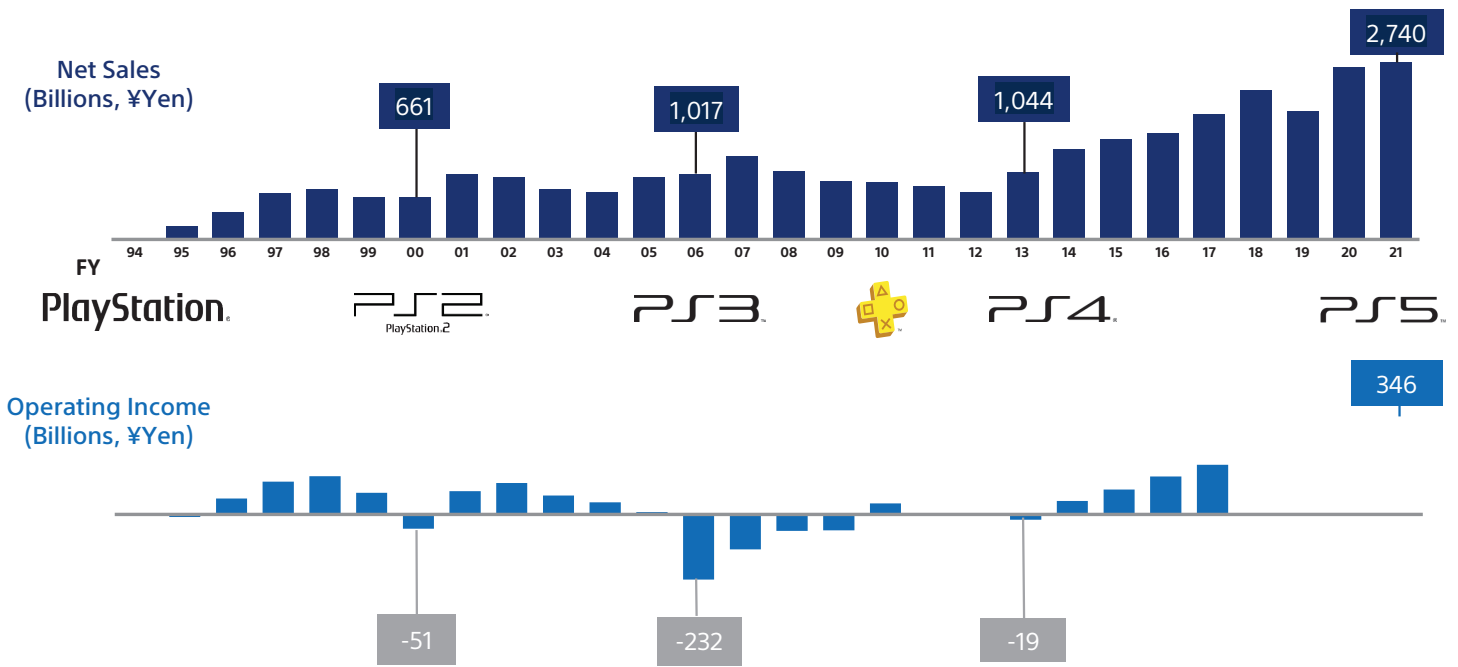
©2022 CTMG. All Rights Reserved.

© 2022 MARVEL

Sony Group Corporation | 2

G&NS Segment

FY21: Record Earnings in a Transition Year



Figures before FY20 are based on US GAAP and figures for FY21 are based on IFRS

G&NS Segment



Building Our Biggest Platform Ever

Unprecedented Demand	Category Growth	Incredible Game Lineup
Strong Brand	Highest Engagement Ever	Tackling PS5 Supply Issue

G&NS Segment

PS5 – Unprecedented Demand

Purchase Interest in PlayStation Console

(One Year After Each Console’s Launch Year, North America Only)



November 2021

55%

expressed interest in PS5



November 2014

28%

expressed interest in PS4

Source: NielsenIQ - BASES Platform Volumetric, 2014 and 2021

Sell-Through Time of 80K HW Units at US Retailers

(End of 1st Full FY for PS5 vs. End of 1st Full FY for PS4)

PS5

*US retailer events sold PS5s at a rate of nearly 1,000 units per minute**

80K UNITS **IN** **82 MINUTES**

PS4

PS4 units in the US were selling at 6 per minute, at the same stage in product lifecycle

80K UNITS **IN** **9 DAYS**

*Across 3 different leading U.S. retailer events

Sony Group Corporation | 5

G&NS Segment

Unprecedented China Demand

Week 72 Sell-Through
After Global Launch

Active Console Volume Ranking
(As of March 2022)

Average Cumulative
Spend Per Active Device:
Week 72 After Global Launch

PS Plus Subs
Week 72 After Global Launch

PS4

250K
(Free Supply)

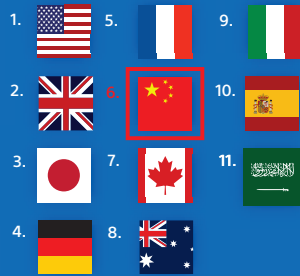


\$69.81

89.9K

PS5

670K
(Constrained Supply)

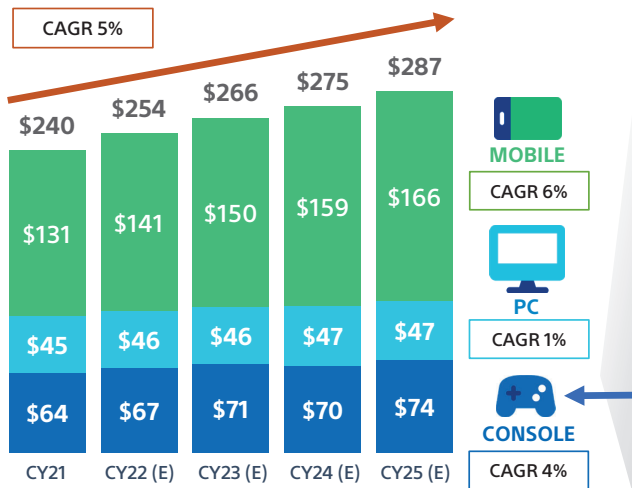


\$223.34

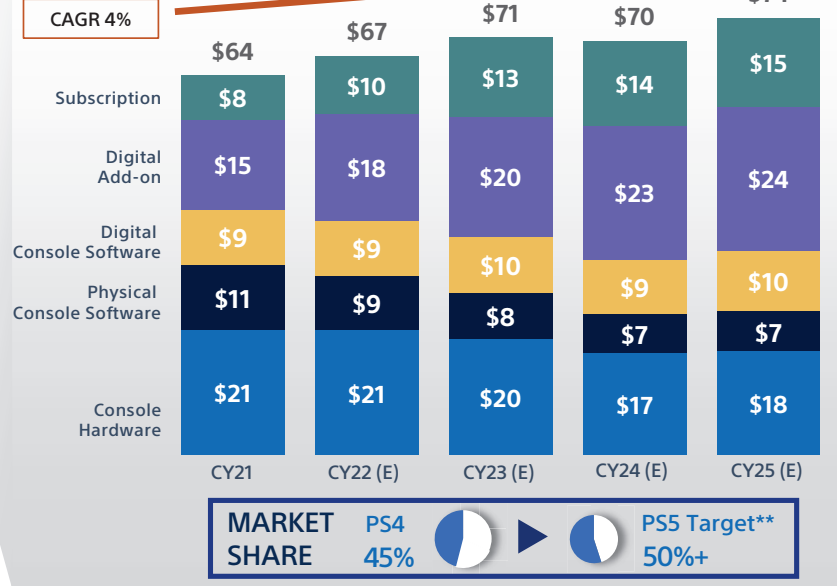
295.7K

Gaming Category Growth

WW Gaming Industry Size by Platform*
(\$BIL USD)



Console Industry Size by Revenue Type*
(\$BIL USD)



MARKET SHARE PS4 45% **PS5 Target**** 50%+

*Source: Projections from IDG Consulting, 2022_Q1

**Internal SIE PS5 target

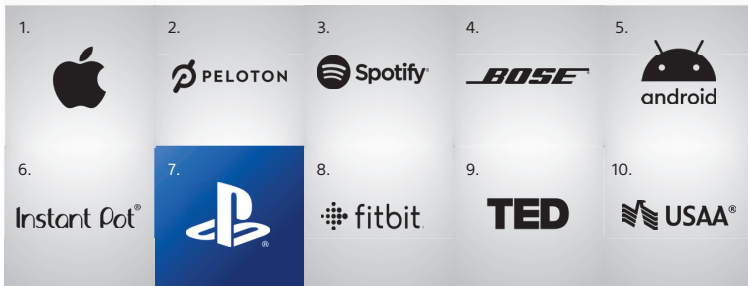
G&NS Segment

The Strongest Gaming Brand

PlayStation in Top Global Brands

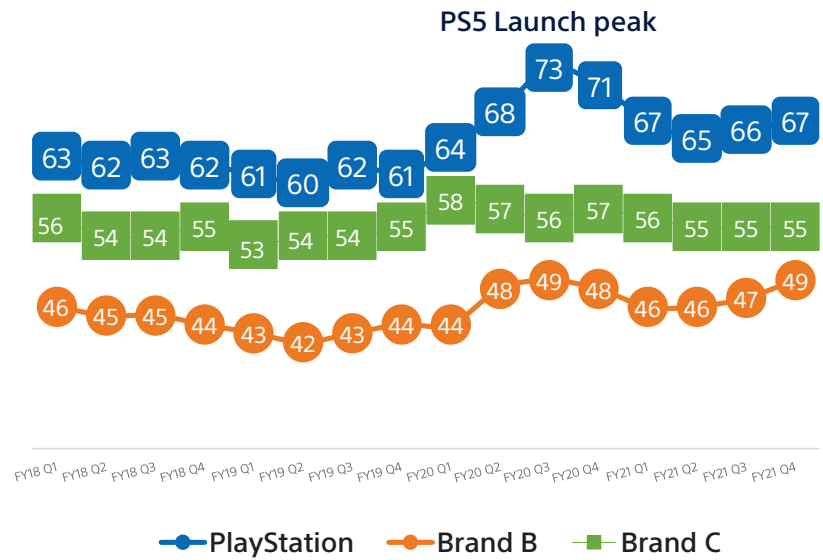
#7 PlayStation

↑ Rising to No. 7 from No. 9 YOY



Source: 2022 Prophet Brand relevance index report

Brand Momentum vs. Rest of Category



Source : SIE Global Brand Tracker

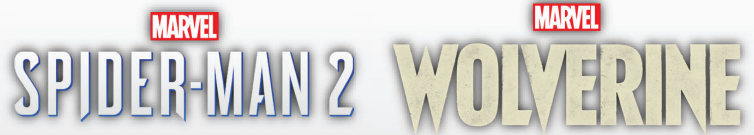
Sony Group Corporation | 8

G&NS Segment

PlayStation Games Have Never Been Better

Incredible Content

...With the Best Yet to Come



PLAYSTATION STUDIOS TITLES

THIRD PARTY TITLES

Ratings Source: Metacritic as of May 4, 2022

© 2022 MARVEL

Sony Group Corporation | 9

G&NS Segment

PS5: Highest Engagement Ever...

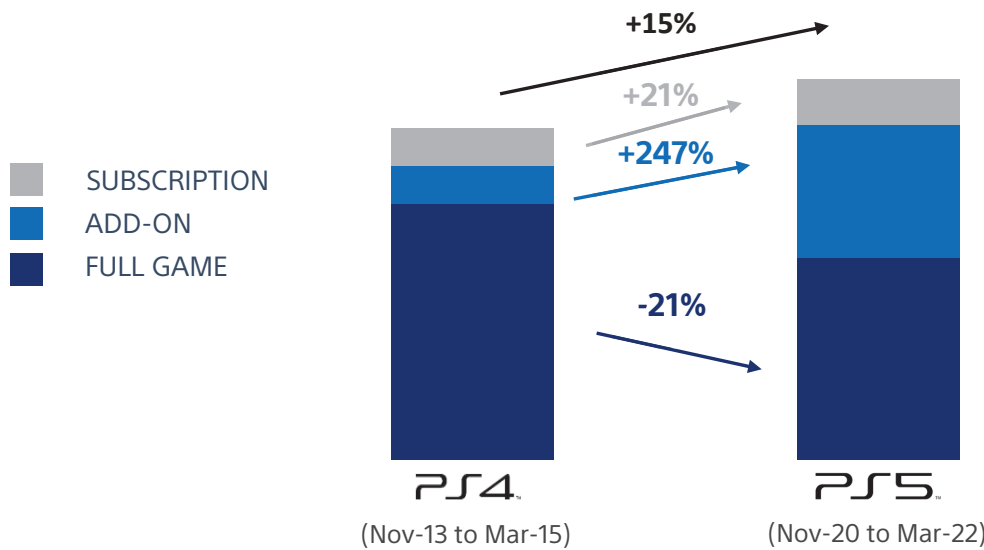
Metrics	PS4 (March 2015)	PS4 (March 2022)	PS5 (March 2022)
Gameplay Attach (%) <i>(Gameplay MAU/Platform MAU)</i>	92%	87%	94%
Gameplay DAU/MAU <i>(Avg. Gameplay DAU/Gameplay MAU)</i>	39%	38%	46%
MAU Retention Rate	86%	82%	88%
Monthly Gameplay Hours/User	44.1	39.7	50.0
Paid Plus Subs Attach (%) <i>(Paid Plus Subs/Active Consoles in 12 months)</i>	33%	61%	82%
LTD Store Transactions Attach (%) <i>(Paid Store Transacting Accounts¹/Active Users)</i>	36%	34%	62%
LTD Game Transactions Attach (%) <i>(Paid Game Transacting Accounts²/Active Users)</i>	67%	47%	71%

¹Store transactions include digital full game and add-on transactions from conformed spend. Platform is defined by target content type or transaction device type

²Game transactions include digital full game, physical full game, and add-on transactions from conformed spend. Platform is defined by target content type or transaction device type

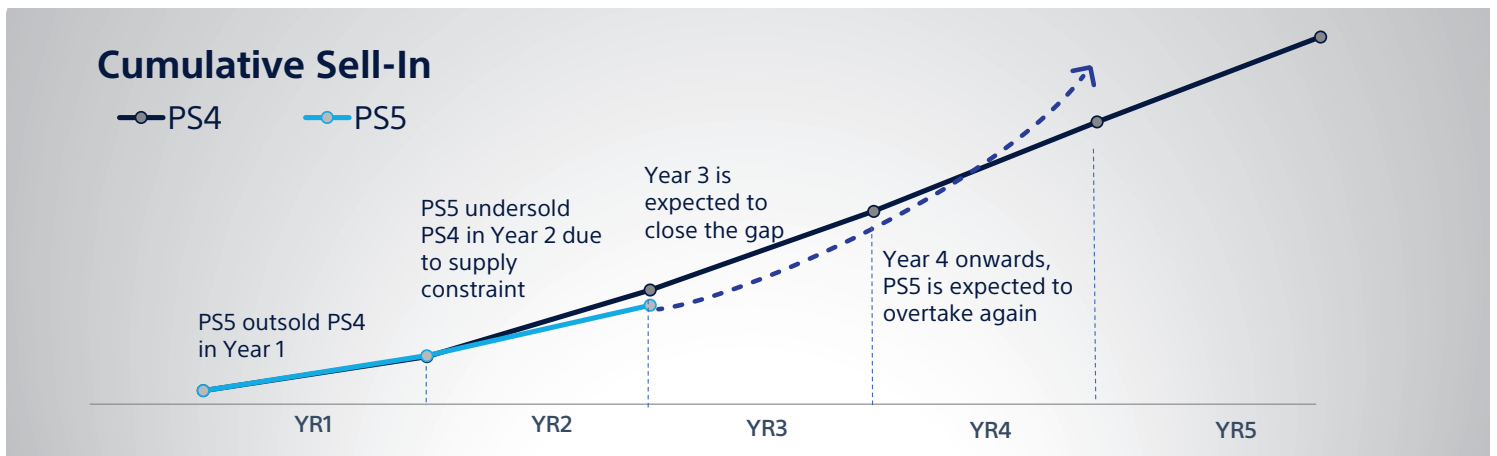
...And Game Monetization is Stronger

PS5 Game Spend: 15% Higher Than PS4



Average Game Spend Per Connected Device (USD)

PS5 Supply Issues: A Top Priority



Short-Term Risks

- COVID-19 impact for parts inventory (e.g., Shanghai)
- Russia impact for logistics and potential parts inventory

Mitigation Measures In Progress

- Sourcing multiple suppliers for greater agility in unstable market conditions
- Ongoing logistical negotiations to maintain optimal PS5 delivery routes

G&NS Segment



Maintaining Our Longest Ever Tail

Ongoing
AAA Slate

Retain Post COVID-19
Digital Shift

Continue
Free to Play
Growth

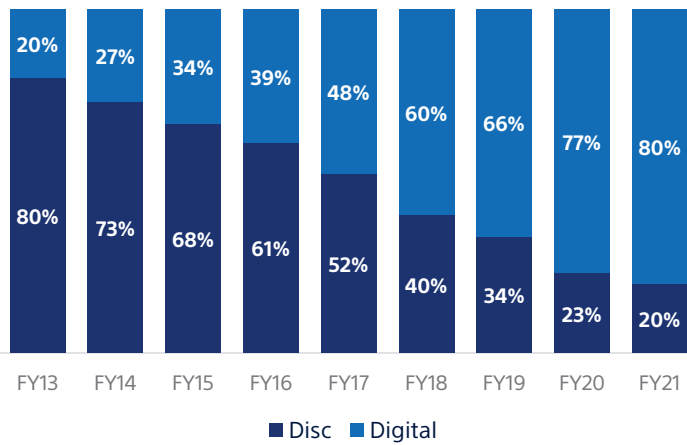
Loyal Subscriber Base
and ARPU Growth
Opportunities

G&NS Segment

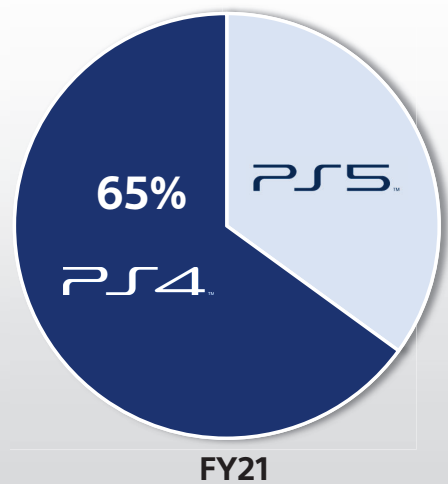
Retain Post-COVID-19 Digital Shift

PS4 REMAINS KEY DRIVER OF PS STORE REVENUE

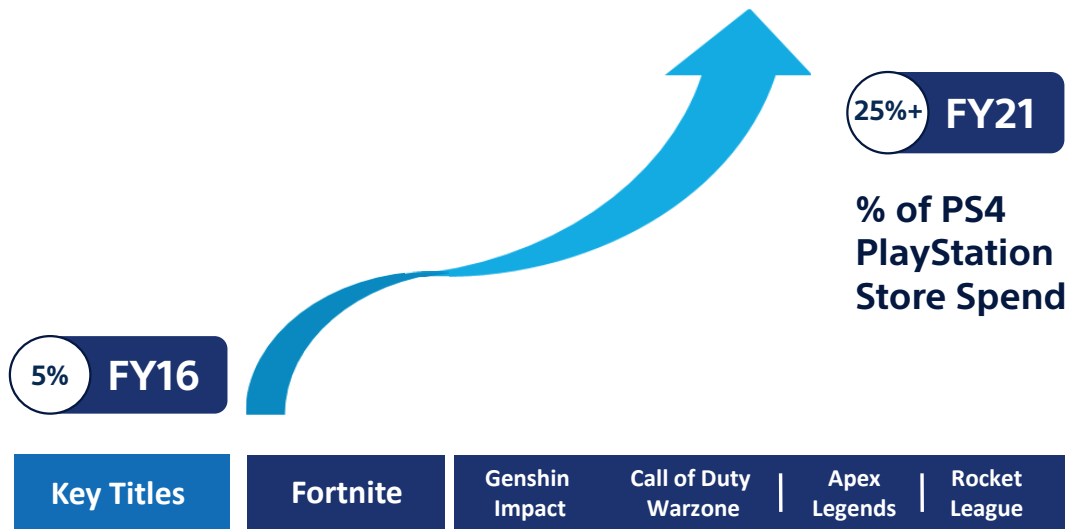
COVID-19 Accelerated Strong Digital Shift in PS4 Spend



PS Store Revenue % by Console



Free to Play: A Significant Share of PS4 Spend



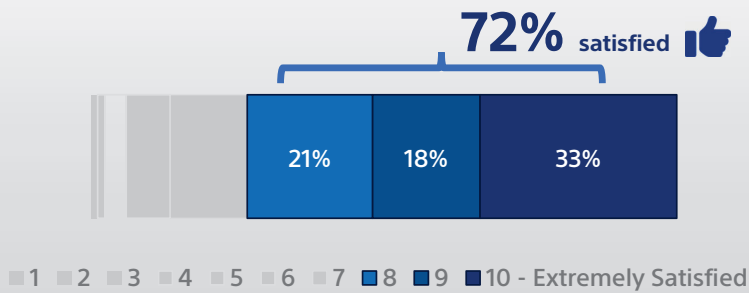
G&NS Segment

PlayStation Plus on PS4: Sustained Performance

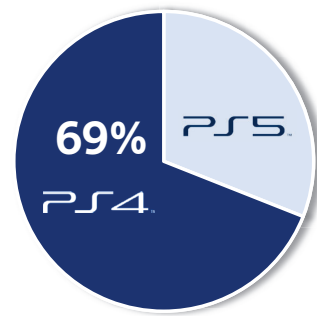
Primary Reasons Why People Subscribe



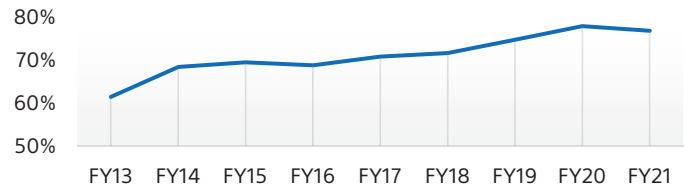
Overall PS4 Plus Subscriber Satisfaction



% of Total Subs Base (March 2022)



PS4 Renewal Rate



* COVID-19 & Fall Guys drove unprecedented engagement in FY20 Sony Group Corporation | 16

PS4 vs. PS3: Much Stronger Late Life Cycle

MAU



March 2015
(Final Month of FY14, 2nd Year of PS4)

36.1M
users

March 2022
(Final Month of FY21, 2nd Year of PS5)



84.0M
users

Average Annual Spend Per Active Console*

FY 2014
(2nd Year of PS4)

\$68

FY 2021
(2nd Year of PS5)

\$151

*Excluding the spend on console itself and on second-hand discs

G&NS Segment



New Growth Vectors

Commercial
Expansion

Portfolio
Expansion

Audience
Expansion

New Growth Vectors



New Growth Vectors



1. New PlayStation Plus

A New Service Proposition - Combining the best of both:



TIER 1: ESSENTIAL

SAME AS PLUS TODAY

TIER 2: EXTRA

CATALOGUE OF 400+
PS4 & PS5 GAMES ON DAY 1

TIER 3: PREMIUM

- CLOUD STREAMING IN MAJOR MARKETS
- TRY BEFORE YOU BUY
- CLASSIC GAMES

To improve customer experience, grow our subscriber base and enhance monetization

OFFER BETTER
CONSUMER VALUE

IMPROVE RETENTION

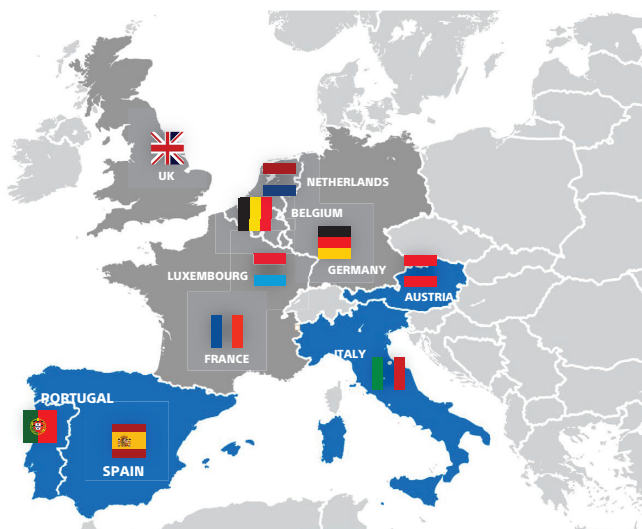
GROW THE BASE
>50M IN FY22

INCREASE ARPU

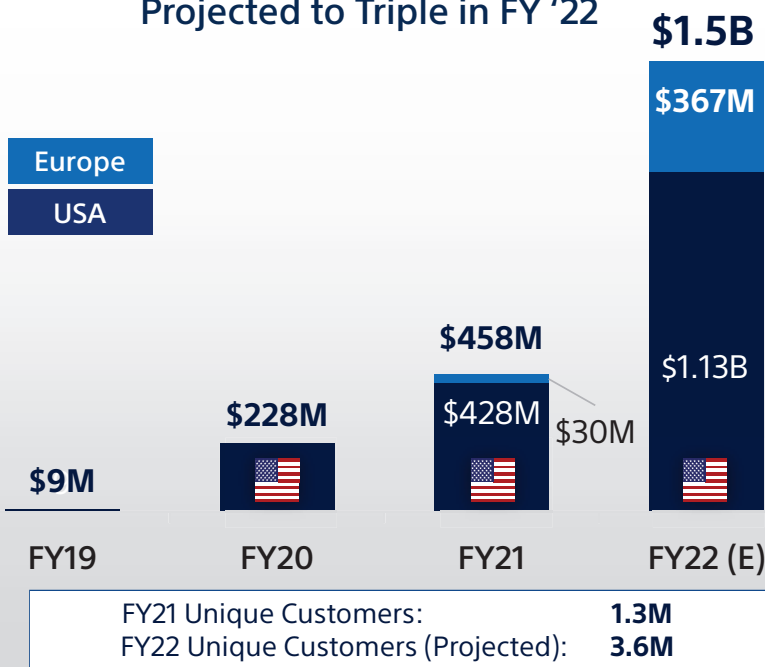
2. PlayStation Direct: Continued Growth

Future European Expansion

Expected in Early Calendar Year 2023
Iberia, Italy, Austria



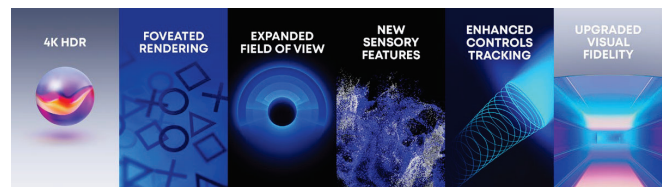
PlayStation Direct's Revenue Projected to Triple in FY '22



3. PS VR2: New Levels of Immersion



New controller with great ergonomics, haptic feedback and adaptive triggers



Enhanced Resolution and Tracking



Connect to PS5 with a single cord to simplify setup and improve ease-of-use









20+ major first-party and third-party titles confirmed for PS VR2 at launch

Portfolio Expansion



G&NS Segment

4. Ongoing M&A Activities: FY21 to Date

Announcement Date	Company	Type	Description	Location	#FTE ¹
May 3, 2021	 DISCORD	Investment	Communication Platform	San Francisco, CA	-
June 29, 2021	 HOUSEMARQUE	Full Acquisition	Console Game Developer	Helsinki, Finland	80
July 1, 2021	 nixxes	Full Acquisition	PC Focused Porting Developer	Utrecht, The Netherlands	55
September 8, 2021	 FIRESPRITE	Full Acquisition	Game Developer (Console, PC, Mobile, VR)	Liverpool, UK	265
September 30, 2021	Bluepoint	Full Acquisition	Console Game Developer	Austin, TX	69
November 4, 2021	 DEVOLVER DIGITAL	Investment	Indie Game Developer & Publisher	Austin, TX	-
December 10, 2021	 [valkyrie] Entertainment	Full Acquisition	Game Developer (Console, PC, Mobile)	Seattle, WA	45
January 31, 2022	BUNGIE ²	Full Acquisition	Live Services Developer & Publisher	Bellevue, WA	826
March 21, 2022	HAVEN	Full Acquisition	Live Services Developer	Montreal, Canada	61
May 3, 2022	ACCELBYTE	Investment	Backend-as-a-Service	Seattle, WA	-

1: Full-time employees (FTE) at time of acquisition. Investments will not include FTE.

2: The acquisition is subject to certain closing conditions, including regulatory approvals.

4. Ongoing M&A Activities: Bungie Synergies

Bungie to SIE

Live Services Expertise to PlayStation Studios

Help Build SIE Live Services Center of Excellence

Live Services Business Operations to Platform Business

SIE to Bungie

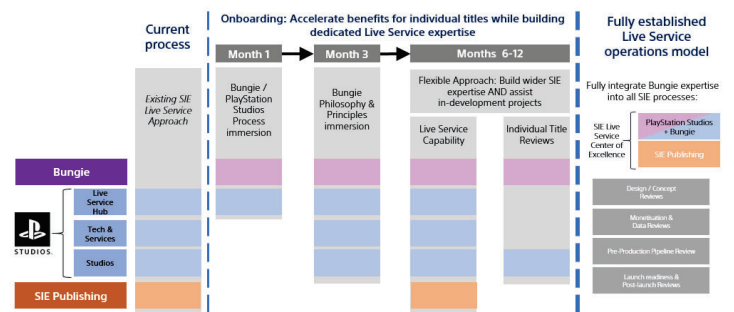
Leverage Scale of SIE Publishing & Platform (Marketing, Global Business Operations)

PlayStation Studios Central Services

G&A Support (Legal, Finance, Accounting, HR)

Expected closing of Bungie acquisition to be completed in Q3 FY22

Integration Plan



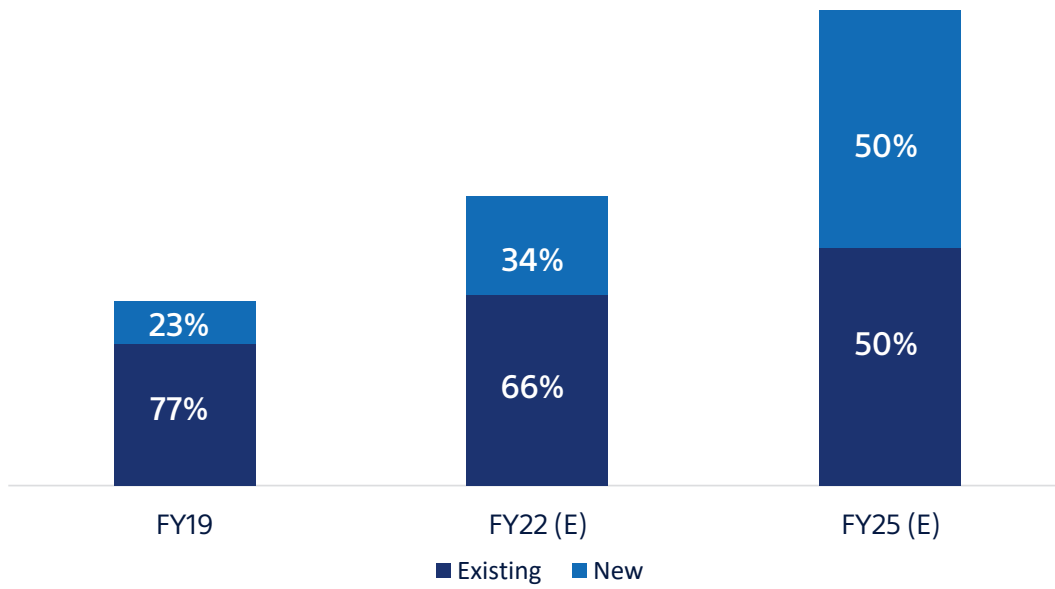
Preparation for integration underway and will be mobilized once deal is closed



G&NS Segment

5. Expanding Our IP: Increasing New IP Investment

PlayStation Studios Investment by IP Type



5. Expanding Our IP: Leverage Beyond Gaming

Broaden Franchise Awareness

Monetize Our Most Beloved Franchises Beyond the Gaming Category

Give Existing Fans More Ways to Engage



Movies



Retail

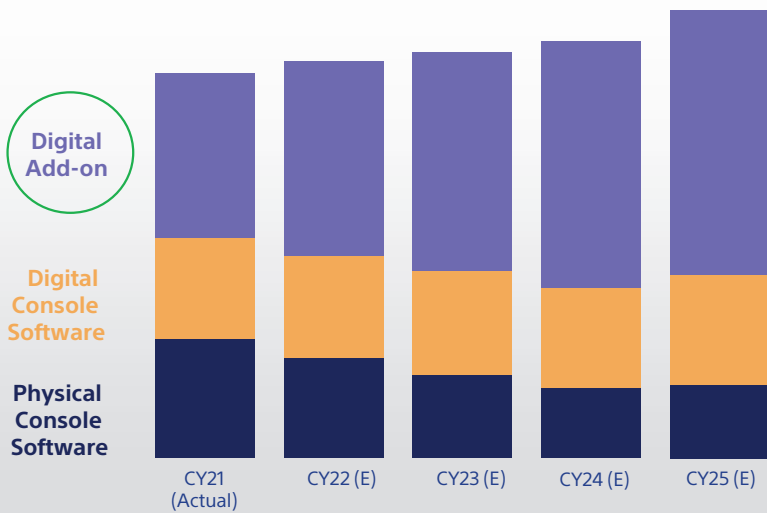


TV Series

G&NS Segment

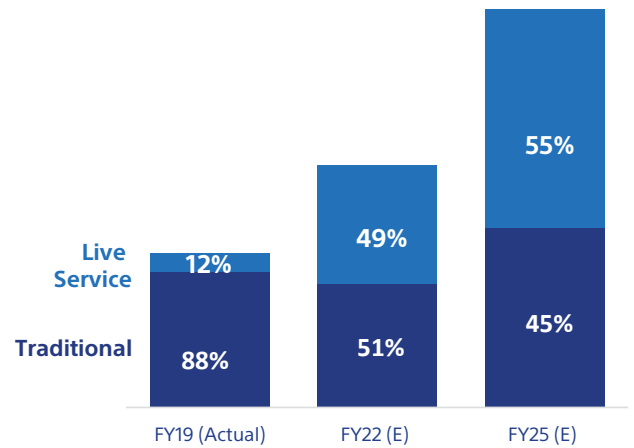
6. Live Services: Invest to Capture Category Growth

Projected Gaming Category Growth*



*Source: Projections from IDG Consulting, 2022 Q1
 **Source: PlayStation Studios internal projections

PS5 Investment by Business Model**



6. Live Services: Grow First-Party Monetization & Portfolio Diversity

A More Diverse First-Party Portfolio

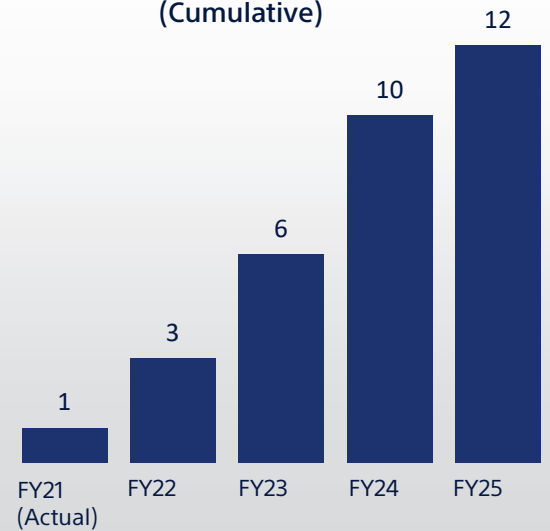
Single-Player Game Catalog



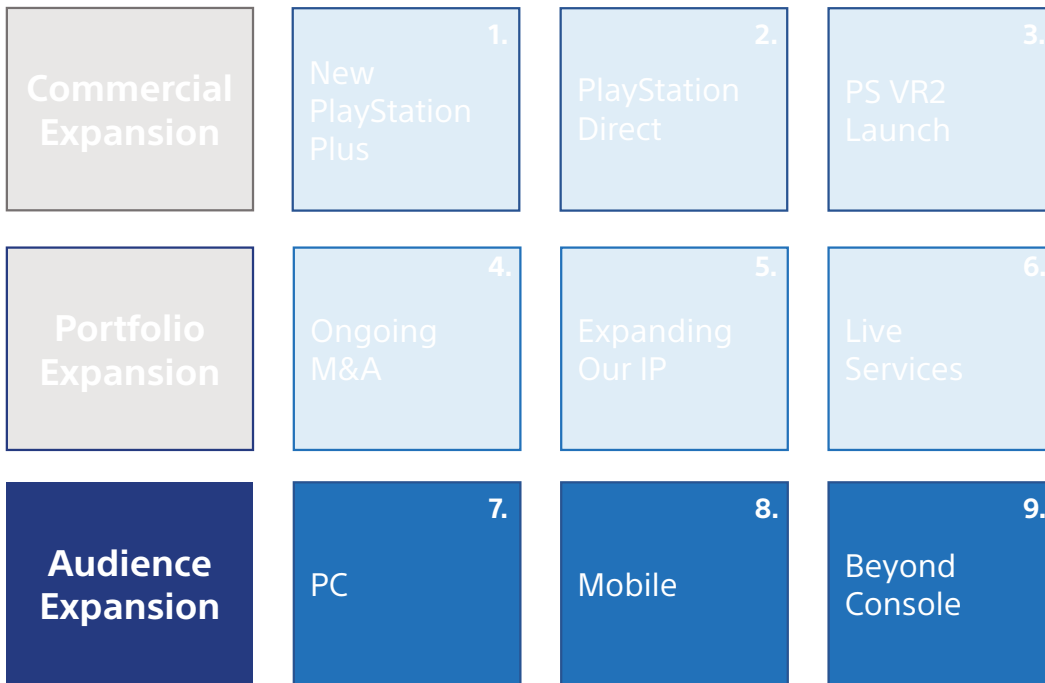
Live Services Game Catalog



Projected Number of SIE Live Service Franchises by Year (Cumulative)

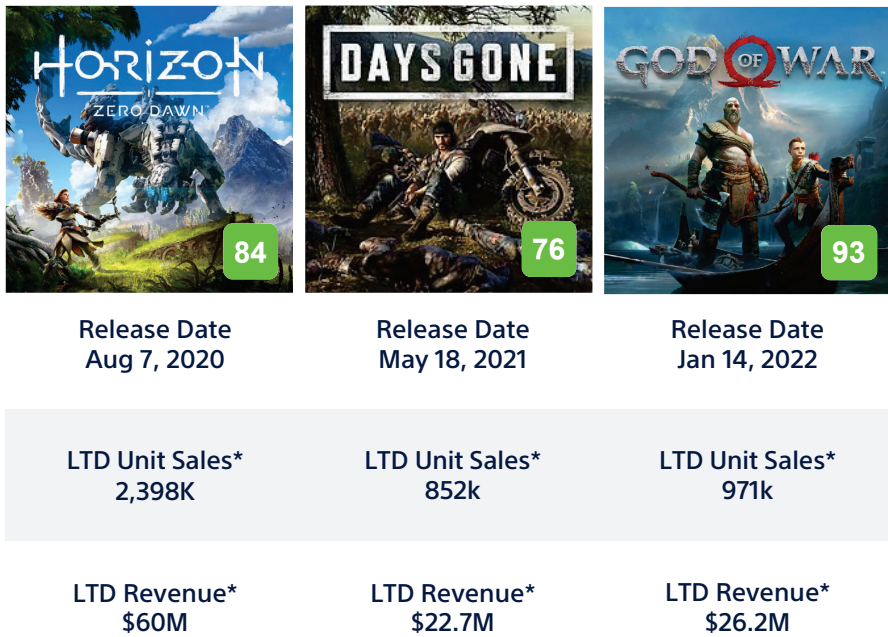


Audience Expansion

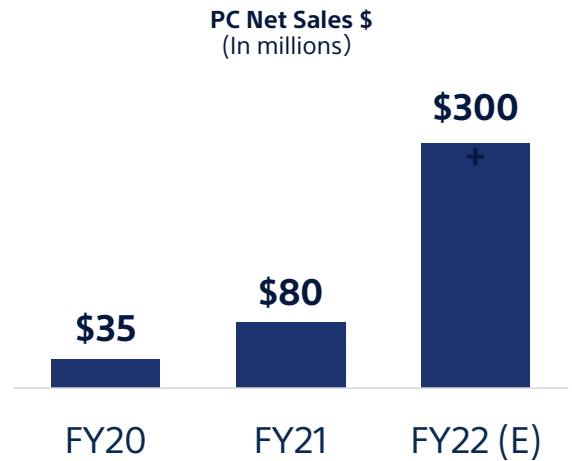


G&NS Segment

7. Exponential Growth to be Sustained by PC Titles Beyond FY22



Significant YOY Growth



Ratings Source: Metacritic as of May 4, 2022
*As of March 2022

8. Mobile Strategy: Aggressive Growth Plans

Leverage partnerships to build leading mobile development and publishing capabilities within SIE

Co-development of top IP with industry leaders

- Partner with respected, established and successful mobile developers
- Extend our franchises to more players and regions
- Remain faithful to the values of PlayStation Studios
- Acquire credibility, visibility, and learnings

Establishing network of internal studios and projects

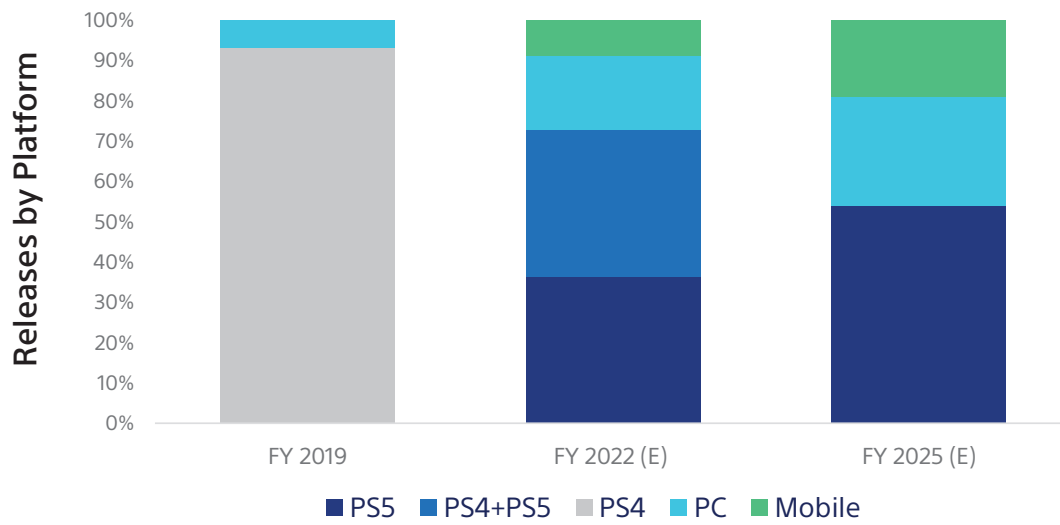
- Internal studios build mobile expertise
- Strategic partnerships with boutique teams
- Publish external games that fit within broader PlayStation Studios portfolio
- Expand to cross-platform where relevant

Building world-class centralized publishing team and tools

- Leadership talent from top mobile companies
- Best practices, processes, and tools optimized for cross-studio learning
- Build publishing operation in parallel to production

Evolving Shape of First-Party Portfolio

Significant Growth of PC and Mobile Within Our Portfolio



9. Console and Beyond



A transformation from PlayStation's current console-centric approach to a future where large elements of our community extend beyond the console

More Platforms

PC & Mobile

Virtual Reality

Cloud

Metaverse

Better Experiences

PS Plus

Discord Integration

Store

PlayStation Direct

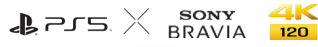
G&NS Segment

SONY

The Importance of Group Collaboration

G&NS Segment

Transformative Sony Group Collaboration



Perfect for PlayStation 5
BRAVIA XR
PS5

BRVIA XR
PS5
Sound coming from the action

PLAYSTATION PLUS VIDEO PASS

crunchyroll
IS ON PS5

SONY MUSIC
SONY PICTURES
SONY

Amplify IP Synergies

Build Brand Relevancy

"DEATHLOOP"
X
MADISON BEER REMIX

MARVEL
SPIDER-MAN
MILES MORALES

©2022 CTMG. All Rights Reserved.

ESG Initiatives: SIE is Turning Intention into Actions

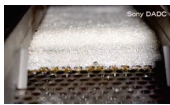
ENVIRONMENT



- **Our Community:**
 - Players submit **377 ocean & forest game creations in Dreams** – shown at **UN COP26**
 - SIE has invested in **633,000 trees** to be planted around to world, linked to **player activations** in game, in support of United Nations **Play4Forests 1 million trees goal**



- **Our Services:**
 - Our **PS Plus cloud streaming service** has achieved **78% renewable electricity & carbon neutrality** (2020 baseline)

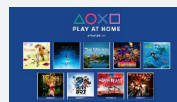


- **Our Products:**
 - **10% of the plastic** we used to manufacture **PS game boxes** was **recycled** from post-industrial waste in FY21

SOCIETY



- **Our Community:**
 - More than **17,000 PlayStation products** such as consoles and games were donated to **Child's Play** for distribution in their **global network of 185 hospitals**



- **Our Products and Services:**
 - **60 million free games redeemed** as part of our **"Play At Home"** initiative during the COVID19 pandemic

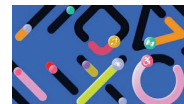


- **Our Workforce:**
 - **Employees donated \$3.3 million** towards more than **2,300 different causes**, including match-funding by our **PlayStation Cares** program (\$273,000 was towards causes aiding the Ukraine crisis)

GOVERNANCE



- **Our Community:**
 - **PlayStation Career Pathways Program** created offering technology & gaming **scholarships, mentorships & internships** to underrepresented groups; starting with **MLB & Jackie Robinson Foundation** partnership



- **Our Products and Services:**
 - **PlayStation.com accessibility destination** launched covering **features available** on our consoles & PlayStation Studios games
 - PlayStation 5 accessibility enhanced adding **six screen reader languages** (total now 15) & **mono audio headphones option**



- **Our Workforce:**
 - Achieved **top score** & awarded as one of the **Best Places To Work** for **LGBTQ+ & Disability Inclusion** by both **HRC & Disability:IN**

G&NS Segment

PlayStation: The Road to Profitable Transformation

1.
Thriving
Core Business



2.
Powerful New
Growth Vectors

COMMERCIAL
EXPANSION

PORTFOLIO
EXPANSION

AUDIENCE
EXPANSION

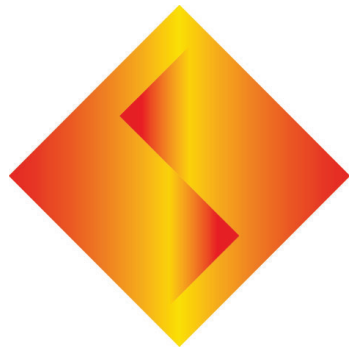
3.
Transformative
Sony Group
Collaboration



SONY



G&NS Segment



Sony
Interactive
Entertainment

SONY

SONY is a registered trademark of Sony Group Corporation.

Names of Sony products and services are the registered trademarks and/or trademarks of Sony Group Corporation or its Group companies.

Other company names and product names are registered trademarks and/or trademarks of the respective companies.

Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Sony adopted International Financial Reporting Standards (IFRS) starting in the three months ended June 30, 2021, in lieu of the previously applied generally accepted accounting principles in the United States (U.S. GAAP). Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of COVID-19 and developments relating to the situation in Ukraine and Russia could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.