A. id Software Technology Licensing.

B. Introduction.

We've been licensing game technology at id for a very long time - longer than any other player in the 3-D game engine licensing business. This may sound surprising because we haven't done a lot of engine license PR in the past and don't publicly campaign for engine license sales. Real insiders know our low-key approach belies the value of the technology and the role it continues to play in determining the landscape of next generation 3-D games.

The game industry acknowledges that id technology is truly in a class of it's own. QUAKE, QUAKE II, and QUAKE III Arena are synonymous with groundbreaking game play and bleeding edge technology. These three titles have combined to sell over 4 million units (and counting). No other 3-D game engine technology provider can approach the combined licensee commercial success of Heretic, Hexen, Hexen II, Heretic II, Soldier Of Fortune, Kingpin, Half-Life, Half-Life: Opposing Force, Half-Life: Counter-Strike, Daikatana, Sin, Heavy Metal: Fakk 2, Star Trek: Elite Force, Anachronox, American McGee's Alice, and Return to Castle Wolfenstein - all produced using our technology. More titles utilizing groundbreaking id technology are coming in Medal of Honor Allied Assault, Team Fortress II, James Bond 007: The World is not Enough, Soldier of Fortune II: Double Helix, and Jedi Knight II: Jedi Outcast. This list of titles, spanning three generations of id technology, underscores our licensing philosophy: do a limited number of technology licenses with top-shelf developers who have the ability to produce hit titles.

While we intend to continue to abide by that philosophy with respect to the QUAKE III engine, we're broadening our approach to technology licensing overall. We've decided to launch a multi-tiered initiative aimed at assisting established and new developers bring top notch 3-D action games to market utilizing id's QUAKE, QUAKE II, and QUAKE III Arena technology. id's new offerings within these tiers will offer almost any development team something that is valuable and within its budget. Every engine comes complete with all of our internal tools including converters and exporters that work with popular modeling and animation tools including 3D Studio MAX, Lightwave and others (this does not necessarily include licenses under the GPL). The process is typically as simple as exporting the data from a program like 3D Studio MAX and then converting it to game data using the included converter. The engine license will also include the Q3Radiant world editing system, which has been used to do world design for many leading titles, including other engine titles. Full source for all tools is also included, should the licensee need to provide for special requirements specific to their game. Plus all platform ports owned by id are included without additional cost [1]

Without further ado, here's what we have and what it costs, all in plain English and in one place. It's not short, but it's required reading if you're thinking about building your own 3-D engine or using a licensed engine for a game development project or really any real-time 3-D application.

"Computer Gam
Hall of Fame
April 199

C. The GPL'd Quake Engine.

"Quake is the biggest, baddest, and bloodiest 3-D action game ever conceived"
- PC Gamer

Many people are aware that the original QUAKE source code was publicly released by id in 1999 under the GNU General Public License ("GPL") [2]. However, many people don't realize exactly what releasing the source under the GPL means, and don't understand how to exploit the opportunity to use the code. Thus, the GPL'd QUAKE engine is perhaps one of the most under utilized game technologies available. If, for example, you have an amateur team that is long on talent but short on cash and needs a proven engine to develop a game that can be distributed commercially, it doesn't get much better than "Free." If

"The most important PC game ever"
- PC Zone

"The Vanguard of a terrifying new level of immersive interactivity"
- Computer Gaming World

you abide by the GPL terms, then the QUAKE technology is truly just a gift from id. And, unlike some "bargain" licensors, we don't impose ANY restrictions on your distribution channel: retail, Internet, shareware, magazine coverdisk – whatever YOU choose. This is really the perfect way to get noticed as a company or design team because you can do something cool and get paid, too.

For teams that don't want to operate under the GPL, we're now offering a "non-GPL" QUAKE engine license for a flat fee of $10,000 per title [3] with no backend royalty whatsoever. This means that you can grab the source and tools from our FTP site and sign a separate agreement with us, allowing you to keep your source modifications confidential (if you like). The network code alone is worth many times that fee. Remember this engine is the foundation for what Valve did with Half-Life, and the software and OpenGL rendering is still as fast as it ever was. Even if you're not making a first person shooter but want to use some of the best mid- to high-latency network code ever designed (QUAKEWorld), you can sign up and not have to release your rendering source code. This is also useful if you are interested in making a commercial game for a budget price, but want to keep the enhancements and features you develop for the engine confidential and "proprietary." So while it's not the cutting-edge technology it once was, it can still form the basis of a great game for a fraction of the price of other "cheap" engines.

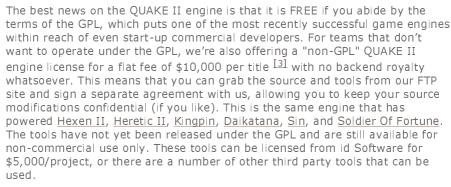## D. The GPL'd QUAKE II Engine.

"The best game ever!"
- PC Gamer

QUAKE II is one of id Software's all time best-selling titles, and **as of December, 2001 this critically acclaimed engine is also available under the GNU General Public License ("GPL")** [2]. With more advanced hardware and software rendering and updated network code, the GPL'd QUAKE II engine is the best value in engine licensing - period. The recent success of Soldier of Fortune and Anachronox prove that in the hands of a talented developer, the QUAKE II engine can power a game that looks as good as almost any action game on the market.

The best news on the QUAKE II engine is that it is FREE if you abide by the terms of the GPL, which puts one of the most recently successful game engines within reach of even start-up commercial developers. For teams that don't want to operate under the GPL, we're also offering a "non-GPL" QUAKE II engine license for a flat fee of $10,000 per title [3] with no backend royalty whatsoever. This means that you can grab the source and tools from our FTP site and sign a separate agreement with us, allowing you to keep your source modifications confidential (if you like). This is the same engine that has powered Hexen II, Heretic II, Kingpin, Daikatana, Sin, and Soldier Of Fortune. The tools have not yet been released under the GPL and are still available for non-commercial use only. These tools can be licensed from id Software for $5,000/project, or there are a number of other third party tools that can be used.

If you're looking for the most "bang for your buck" - congratulations, your search is over.

E. The QUAKE III Arena Engine.

"Game of the Year"
- PC Accelerator

The crown jewel of id technology is the QUAKE III Arena engine. Shaders, curved surfaces, 32-bit color, special effects, bleeding-edge networking and super-smooth speedy hardware rendering is what this state-of-the-art engine is all about. QUAKE III Arena engine licensees are part of an exclusive club that will remain exclusive because we are capping the total number of licensee companies [4].

An added benefit of the QUAKE III Arena license is that it also includes our CD key security system for piracy prevention. Used successfully in QUAKE III Arena, Star Trek: Elite Force, and Return to Castle Wolfenstein this system has proved to be the scourge of the hacker world. Using the industry accepted DES64 encryption algorithm, the key generator and authorization server provide a high level of security for online gameplay protection.

"The current state of the art in gaming graphics..."
- PC Magazine

In contrast to companies who do nothing but create technology, our goal is to

have a small number of exceptionally high quality QUAKE III Arena engine licensees. This assures the licensees that they will not have to sell into a market confused and crowded with numerous other games using the same technology. With the QUAKE III engine you'll get more attention from the gaming press and more attention from game fans than any other technology currently available. And you won't have to worry about being a one-liner in one of our press releases touting our licensing prowess: we don't do engine licensing press announcements unless you want one.

Further, you get to keep the technology you create. We don't ask that you give us your proprietary technology, which can stifle licensee innovation and creativity. If another of our licensees likes something that you come up with, we allow you to license your innovations to other licensees. [5] This allows licensees to build equity within their own modified engine, which they can license out or keep to themselves for use in future licensed titles.

This focus on an exclusive group of licensees will allow our small team of game development programmers to better serve the technical needs of our engine licensees. The id technology team doesn't consist of hired coding hands that are focused on cranking out lines of code without regard to results, but real game industry veterans. The engine architect, John Carmack, is an owner of the company, so licensees don't have to worry about the technical backbone departing the company and leaving the licensees in the lurch. You also don't have to worry about whether a "promised" feature or fix will actually be implemented or not because we show you exactly what you are licensing. And we can offer you real-world advice on what works and what doesn't work for commercial games using the engine because we are our own guinea pigs for all features we implement into the code.

You also get the benefit of all the technology advancments that id has made through the development of QUAKE III: Team Arena and Return to Castle Wolfenstein, released in November of 2001. This includes all of the AI, scripting, camera and effects that were added in the creation of Return to Castle Wolfenstein.

If your title requires the best technology available, this is what you're looking for. You absolutely will not find a more elegantly coded engine. But, honestly, it's not for everyone. It takes a technically savvy team to use, and it's not priced for a "me too" title. For a single title [6] license, we charge a $250,000 guarantee against a 5% royalty of the wholesale [7] price for the title. Not cheap, but it pays for itself with the marketing caché alone.

If you are interested in the QUAKE III Arena technology and would like to experiment with it before contacting us, simply purchase a copy of the game, then download the game source and tools from our technology downloads page.

F. All Platforms Included with All Engines.

Our technology is unsurpassed in the number of operating systems that it operates under. All of these are included with any of the licenses. For example, when you license the QUAKE III Arena engine, you get Mac and Linux in addition to the PC for no extra up-front cost. You'll also have the ability to use the Dreamcast port of the engine without additional up-front cost, as well as any other operating system or console ports for which we own the source code. Both the QUAKE and QUAKE II engines have similar features and cross-platform functionality.

Don't under-appreciate this feature. Even though other technology may appear to cost less from an advance standpoint, you have to consider what you're getting, especially if you're designing a title with cross-platform appeal. Hundreds of thousands of dollars of engineering work goes into these engine ports and all of our licensees have access to them.

G. Best Technical Support Ever!

"Multiplayer Game of the Year"
- GameSpot

"Quake III Arena refines the genre and takes it to new places"
- Los Angeles Times

"...Quake III will revolutionize the industry"
- PC Magazine

"The best multi-player PC shooter becomes the best new multi-player N64 shooter"
- Next Generation

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- IGN

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- Computer
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"...Wolfenstein'
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QUAKE III
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Included with the engine is extensive documentation covering use of the Q3Radiant world editor as well as a comprehensive "shader" guide. Additional documentation may be made available, depending on specific needs. We have recently introduced a technical mailing list. All licensees are invited to sign up to receive it. The mailings will be designed to alert licensees to issues and availability of new source drops. Our outreach effort also allows an open forum for discussion with the best game developers in the world.

...nobody, and nobody can cod like John Carm proves th - CGW / Z

QUAKE III Arena licenses also include a one time, full-day question and answer session with John Carmack on the engine as well as an information session on level design and shader construction with one of the level designers and or artists. Additionally, time can be made available in special cases with other areas of the programming staff to address particular needs. The schedule for these particular services will depend somewhat on staff availability, project deadlines and real world situations, but we try to provide as much support and helpful information as possible.

H. Other Strengths

"NO OTHER GAME ENGINE LICENSING COMPANY COMPARES TO ID'S TENURE IN LICENSING OR FINANCIAL STABILITY."

Another under appreciated benefit of being an id licensee is that you have id Software standing behind the technology. No other game engine licensing company compares to id's tenure in licensing or financial stability. We don't have venture capitalists breathing down our necks to do "X" number of engine licenses, or generate "X" dollars of licensing revenue. The company is completely free from debt. When we make decisions, it's because we believe it's the right thing to do, not because someone needs the revenue to get "booked" in a certain quarter or because we have to have a certain amount of cash to meet our debt covenants. Besides our rent, we don't have any long-term obligations to any third parties – a claim almost no one else can make. And no one will ever be able to match our experience in delivering hit FPS games with the world's best technology, since id invented the entire genre with Wolfenstein 3-D.

I. The Technology Works in Non-Game Applications, Too

3-D applications are really all the rage, but few software products can compete with the technical sophistication of our 3-D rendering engines. Our technology can function well as the basis for 3-D web browsers, real time architectural walk-throughs, virtual museums, team building exercises and countless other applications. Whatever 3-D rendering application you're considering, it will certainly behoove you to evaluate our engines. The pricing for non-game applications is the same for game titles for the QUAKE and QUAKE II engines. Alternative licenses for QUAKE III Arena engine will be considered on a case-by-case basis.

...there's no de Arena is, abo wonder of so technolo - USA To

The bottom line here is that if you have an idea and think that an id engine could help you, let us know. We're willing to take a look at any serious application, provide feedback and discuss the licensing options with you.

J. Licenses for IHVs.

"...the best 3D engine on the market and the best graphics I've ever seen in a first-person shooter." - CNN.com

Hardware manufacturers have an opportunity to license the QUAKE III engine at a special rate with no royalty. For these licenses, where no competitive product will be created and the intent is to develop specialized content for QUAKE III Arena to show off hardware features or distinguish your equipment from your rivals, we charge a $150,000 flat fee. This allows you to take the source code and create new maps, modify existing id maps [8], or implement new features that only operate on your hardware or are specifically optimized for your hardware. It makes a great tool for use at trade shows because you are basically guaranteed to be showing something that your competitors won't. The license includes access to all source and tools, as well as game content.

K. Conclusion.

In summary, there's something here for many different types of teams, games and budgets. Our tiered approach recognizes that not everyone is looking for

[id Software]. recognized worldwide lead first-person

the exact same thing in a technology license, not every team has the same budget, and not every entertainment title is intended to "redefine gaming." One thing that everyone does want from a technology license is a solid foundation to build their game or application on, and whether you're interested in the QUAKE, QUAKE II or QUAKE III technology, they are all solid engines that give you the firm foundation that you need.

games
- Wedbush I
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Industry Report

If you're interested in pursuing a license with us for any of our technologies, please contact Todd Hollenshead, CEO, id Software via email at toddh@idsoftware.com. Be sure to put "Engine Licensing" in the subject.

L. Endnotes.

- Royalties on ports are incremental on QUAKE III Arena engine licenses.

- See http://www.fsf.org/copyleft/gpl.html for further information about the GPL and a copy of the license.

- This license is only for the original QUAKE or QUAKE II engine owned 100% by id Software and does not include any of the open source GPL modifications that have been released for the engine.

- Our current list includes Activision, Electronic Arts, and Ritual Entertainment. Some of these have multiple licenses. The cap is for new licensees through July 1, 2001 and applies to game development licenses only.

- Certain restrictions apply pertaining to id Software maintaining it's proprietary interest in the underlying engine technology.

- For multiple title licenses, we will work with licensees to discount the individual title price both from an advance and royalty standpoint based on the number of titles included in the agreement and the anticipated development timeframe.

- Less Cost of Goods Sold and certain other allowable deductions.

- Subject to prior approval.

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