

EXHIBIT A-1

## Milestone Schedule for First Product

MS#	Date Due	Description	Amount
	LOI	Paid LOI Payments	\$ 600,000
M0	09/03/02	Contract Signing, prelim production schedule	\$ 423,000
M1	10/04/02	Game Engine Selection	\$ 368,637
M2	11/05/02	Assessment Demo	\$ 380,000
M3	12/05/02	TDD first pass and Cube/Xbox assessment demos	\$ 335,000
M4	01/15/03	Prototype Final Design and Preproduction TBD	\$ 574,329
M5	02/14/03	PS2 Prototype	\$ 335,000
M6	03/14/03	Xbox/Cube Prototypes / Full Production Schedule	\$ 360,000
M7	04/11/03	Level production 1	\$ 345,000
M8	05/12/03	Level production 2	\$ 335,000
M9	06/10/03	Level production 3	\$ 341,000
M10	07/10/03	Level production 4	\$ 345,000
M11	08/11/03	Level production 5	\$ 343,000
M12	09/10/03	Level production 6	\$ 360,000
M13	10/10/03	Level production 7	\$ 341,000
M14	11/10/03	Level production 8	\$ 495,000
M15	12/15/03	Level production 9	\$ 385,000
M16	01/15/04	Level production 10	\$ 341,000
M17	02/16/04	Level production 11	\$ 335,000
M18	03/01/04	Alpha	\$ 195,000
M19	04/05/04	Beta	\$ 335,000
M20	05/03/04	1st Party Submissions (all versions & languages)	\$ 335,000
M21	06/01/04	Code Release	\$ 133,034
M-Move	TBD	Payments required for moving to new space. Date to be based on lease signing and furniture purchases.	\$ 160,000
TOTAL			\$ 8,500,000

## Notes to Milestone Schedule:

- i. The above milestone dates are for purposes of establishing delivery dates only; such dates are approximate for making milestone payments. No milestone will be deemed completed until all applicable deliverables are delivered to Activision. Milestone payments will be made when the deliverables constituting each applicable milestone are actually submitted by Developer and are accepted and approved by Activision in accordance with the terms of this Agreement.
- ii. The milestones in this schedule may be reasonably amended or supplemented upon mutual written agreement of the parties. Payments for all milestones shall be ten (10) days of acceptance of each milestone.
- iii. Notwithstanding the foregoing Milestone Schedule, the parties agree that in order to expedite Activision's review and approval of the Milestones, Developer will deliver a full Build (or other appropriate deliverable requested by Activision, e.g. design document) at least once per month, prior to the delivery for approval of the Alpha Version, and every week thereafter. All Builds should be delivered via one of two methods: (a) by internationally recognized overnight courier for first normal delivery of the business day or (b) digitally via File Transfer Protocol ("FTP"); if Builds or files are sent digitally, they should be sent via FTP to Activision's FTP server, with all FTP transfers to be completed by 9:00 A.M. PST. The parties agree that in order to facilitate digital transfer of assets contained in each Build, the transmitting party shall have a connection to the Internet no slower than ISDN (128kbps sustained at any time of day through a reliable Internet Service Provider) with T1-rated speed or better connection being recommended. This connectivity, if it is not already in place, should be installed and fully functional no later than two (2) months prior to scheduled Code Release. The parties agree that the frequency of the deliveries of the Builds may have to be increased by mutual consent in accordance with needs of quality assurance testing as the Beta Version enters the stage prior to the Code Release.
- iv. The Final Milestone Schedule ("FMS") (if one has not already been completed by the time the parties execute this Agreement) shall be defined in a written amendment that clearly specifies the milestone descriptions and will be determined following completion and acceptance of the final TDD, final GDD and Prototype before any subsequent milestones are approved for payment. All "TBD's" shall be replaced with deliverables or such FMS will not be acceptable. The FMS will include detailed definitions of each milestone; these definitions will serve as Activision's basis for tracking the progress of the Products. Milestone definitions shall conform, unless otherwise directed in writing by Activision, to the following specifications:

The FMS will consist of three "phases": (1) the Pre-Production Phase, (2) the Production Phase ("Work-In-Progress"), and (3) the Testing Phase (Alpha, Beta, and Code Release). Expected details for each phase are described below:

1. Pre-Production. Pre-production milestones must include the following:
  - 1.1 Execution of Agreement
  - 1.2 Descriptions of exact deliverables to Activision
  - 1.3 Descriptions of what these deliverables represent vis-à-vis the contemplated final Product (i.e., to what extent do the pre-production deliverables suggest the final look, interface, performance, etc., of the contemplated final Product)
  - 1.4 By the final milestone of the pre-production phase, delivery of the following will have been included in the pre-production milestone definitions: (a) a final GDD, as further defined below; (b) a final TDD, as further defined below; (c) a final budget; and (d) a prototype (if and when applicable)
2. Production ("Work-In-Progress"). Production milestones must include the following:
  - 2.1 A detailed description of all physical assets to be delivered at the milestone (i.e., software, documents, sketches, designs, etc.)
  - 2.2 The FMS
  - 2.3 A final production schedule
  - 2.4 A description of the major achievements that these assets represent
  - 2.5 The percentage of completeness on the final Product that the deliverable represents;
  - 2.6 Deliverables are expected to indicate the progress of sections and sub-sections of the Product. For instance, if the Product is "level-based," work-in-progress milestone definitions will show per-level progress (i.e., "in this milestone, complete designs for level 7 are delivered, 50% of the implementation of level 6 is delivered," etc.).
  - 2.7 During the course of the production milestones, the following additional deliverables must be defined:

- 2.7.1 Tradeshow demos (when applicable);
- 2.7.2 Press tour demo (when applicable).

3 **Testing (Alpha, Beta, Code Release).** Definitions of Alpha, Beta, and Code Release to be included in the Final Milestone Schedule are provided below. In addition, the Testing Phase will include the following milestones:

- 3.1 Downloadable demo (when applicable);
- 3.2 Third Party Submission (when applicable);
- 3.3 Third Party Approval (when applicable).

4 **ALPHA**

- 4.1 Developer is expected to deliver a working Alpha version of the Product. "Alpha" is defined as follows:
- 4.2 Suitable for submission into Activision's Quality Assurance Department for bug testing. Although the Product is not yet complete, Developer has moved from "development" mode into "tuning" mode.
- 4.3 All features and playability are in and working.
- 4.4 Substantially all, and all gameplay-critical, artwork and animation have been completed (and where incomplete, there is limited place holder art in the game), with the understanding that additional changes may need to be made (as a response to gameplay tuning, bug reports, etc.).
- 4.5 Substantially all, and all gameplay critical, music and sound effects are implemented.
- 4.6 Bugs remain, and the game play may need adjusting. The Product might not include copy protection, title screen, credits.
- 4.7 All cinematic sequences are implemented, including opening, mid-game, and end-game sequences.
- 4.8 Installer is 100% functional.
- 4.9 At this stage, anyone looking at the Product will have a very good understanding of exactly what the final Product will be, with very little, if any, additional explanation.
- 4.10 At Alpha, Developer is expected to deliver all game assets to be translated for the localized versions of the Product.
- 4.11 The contents of the milestone shall be in accordance with the current approved Game and Technical Design Documents, as well as with Activision's comments on the previous milestone.
- 4.12 Server code is implemented and running and anti-cheat mechanisms are implemented and running.

5 **BETA**

- 5.1 Developer is expected to deliver a working Beta version of the Product. "Beta" is defined as follows: The Product is complete, to the best of the Developer's knowledge, and all that remains is final approval from Activision's Quality Assurance department. Developer has moved from "tuning" mode into "bug response" mode.
- 5.2 Activision's stated requests for improvements or enhancements have all been implemented and accepted by Activision.
- 5.3 Developer has finalized all features that were to be put into the Product (including copy protection, title screen, credits screen, installer, etc.) and has thoroughly tested and adjusted the Product to Activision's satisfaction.
- 5.4 As far as the Developer is concerned, the product is basically free of substantial bugs.
- 5.5 Gameplay tuning is complete.
- 5.6 The Product is up to Developer's quality standards and, to best of Developer's knowledge, to Activision's quality standards as well.
- 5.7 Product is ready to enter final quality assurance testing and hardware compatibility. Activision can, once Activision has tested the Product to Activision's satisfaction, release the Product, as is, for manufacture and distribution.
- 5.8 At Beta, Developer is expected to deliver final version of all game assets to be translated for the localized versions of the Product, along with at least one localized version of the product using translated assets provided to developer.
- 5.9 The contents of the milestone shall be in accordance with the current approved GDD and TDD, as well as with Activision's comments on the previous milestone.

6 **CODE RELEASE**

- 6.1 Developer is expected to deliver a final version of the Product, suitable for release in the United States, and other territories using the U.S. version of the Product. "Code Release" is defined as follows:
- 6.2 The Product is 100% complete, all items on Activision's bug report are marked as "closed," and the Product is ready for manufacture and commercial distribution by Activision. Developer will have fixed any and all bugs that Activision determines must be fixed.
- 6.3 Along with the final version of the Product, Developer is expected to deliver the following:
  - 6.3.1 Final, documented source code.
  - 6.3.2 Final assets, including text files, sound files, art assets (including bitmaps, models, textures, etc.), video assets, etc., in a form suitable to recreate all in-game assets.
  - 6.3.3 Updated GDD and TDD.

#### TECHNICAL DESIGN DOCUMENT

A TDD is a document that must set up the parameters, identify the potential hurdles, and establish the strategies, choices and options for the development and production of the Product. The TDD shall include, but not be limited to, the following information:

- 1 Product overview from a technical standpoint
  - 1.1 a description of the finished product;
  - 1.2 minimum and ideal requirements of the target system and the manner in which the Product will perform in each instance under each such requirements;
  - 1.3 general technical design strategy;
  - 1.4 potentially difficult technical issues or techniques anticipated in the production of the Product;
  - 1.5 asset conversion processes;
  - 1.6 art, interface and marketing concerns; and
  - 1.7 description of all tests performed during the development process that determines the technical viability of the Product.
- 2 Code design
  - 2.1 List and description of major/critical software routines and algorithms used in the development and production of the Product. (This includes any tools/utilities used in or developed specifically for the Product).
  - 2.2 Description of significant data structures to be employed in the Product (modules organization, etc.).
  - 2.3 Indication of what parts of computer code created for the Product will be changed in order to accommodate a new platform.
  - 2.4 Memory map of both the hard drive usage and the RAM memory usage.
  - 2.5 Description of memory management codes.
  - 2.6 Delivery of a medium map.
- 3 List of all proposed participants on the Product
  - 3.1 This section should include a brief biography of each person engaged by Developer in the production of the Product together with a list of the specific responsibilities/tasks attached to each of them.
- 4 Description of the hardware/software environment in which the Product will be developed
  - 4.1 This section should describe in detail the development system hardware configuration (which should include the language/compiler to be used). It also should provide a list of all software tools and the stages (i.e., alpha, beta, final) that these tools are to be used by the programmers, artists, and sound and music professionals involved in the production of the Product. This section also should include an assessment of the hardware versus manpower.
- 5 Backup plans
  - 5.1 This section should include a description of potential alternative production scenarios if the assessed risks associated with the proposed production plan make such plan unfeasible.



Developer shall submit a first draft of the TDD that conforms to the specifications set forth above in order to provide Activision with the opportunity to review and comment on such draft. If Activision accepts such first draft as being in conformance with the specifications set forth above, then Activision shall provide detailed written comments to Developer on the first draft within ten (10) business days. Developer then shall revise the first draft and deliver a final TDD that addresses each of Activision's comments and conforms to the specifications set forth above.

## GAME DESIGN DOCUMENT

A GDD is a document that serves as the preliminary basis upon which a Product will be produced. The GDD will include, at a minimum, responses to the following questions:

- 1 Concept
  - 1.1 What is the basic concept?
  - 1.2 What is the "high concept" of the game?
- 2 Design
  - 2.1 What is the basic interactive design?
  - 2.2 What is the planned interface? Provide a detailed description of the game's interface and controls.
  - 2.3 What is the planned perspective (1st person vs. 3rd person)?
  - 2.4 What is the basic interactive structure (e.g. chapters vs. great middle section, Levels, etc.)?
  - 2.5 What is the "heart" of the gameplay (e.g. speed, actions, style, continuous, turnbased, etc.)?
  - 2.6 How does multi-player work?
  - 2.7 How difficult is the game?
  - 2.8 How long will it take the average player to complete?
- 3 Story
  - 3.1 What is the basic story? Include a fully developed back-story (context and subtext).
  - 3.2 What is the genre?
  - 3.3 What is the tone?
  - 3.4 What is the basic narrative?
  - 3.5 What is the "heart" of the story?
  - 3.6 Is it a linear story?
  - 3.7 What is the player's goal and why would they want to accomplish it?
  - 3.8 Who does the player play? Single/multi player?
  - 3.9 Are there other key characters?
- 4 Gameplay
  - 4.1 Description of play.
  - 4.2 Describe a typical play session including what the player does, what happens, player response, and so forth. The idea is to give a kinetic sense of gameplay.
  - 4.3 Describe each mission or Level of the game (as applicable).
  - 4.4 Preliminary maps of each Level or mission of the game (as applicable).
  - 4.5 Describe all characters and enemies in the game.
  - 4.6 Provide a written walk-through of a sample path through the entire game.
  - 4.7 Provide sample art (in the form of conceptual drawings or CGI).
  - 4.8 Provide a detailed description of the sound design (music and effects).
  - 4.9 Provide a detailed description of any cinematic sequences (as applicable).
- 5 Market
  - 5.1 Who is the target audience and what are their expectations?
  - 5.2 Is this a product for core gamers or more "mass-market"?
  - 5.3 Does this product target one core audience or multiple audiences?
  - 5.4 How does this product compare with its competition?
  - 5.5 What is the key competition for the product?
  - 5.6 What does this product offer that they don't?
  - 5.7 What do they offer that this product doesn't?
  - 5.8 What competitive products are in development?

5.9 This should also function as a potential list of Do's and Don'ts for the production team.

