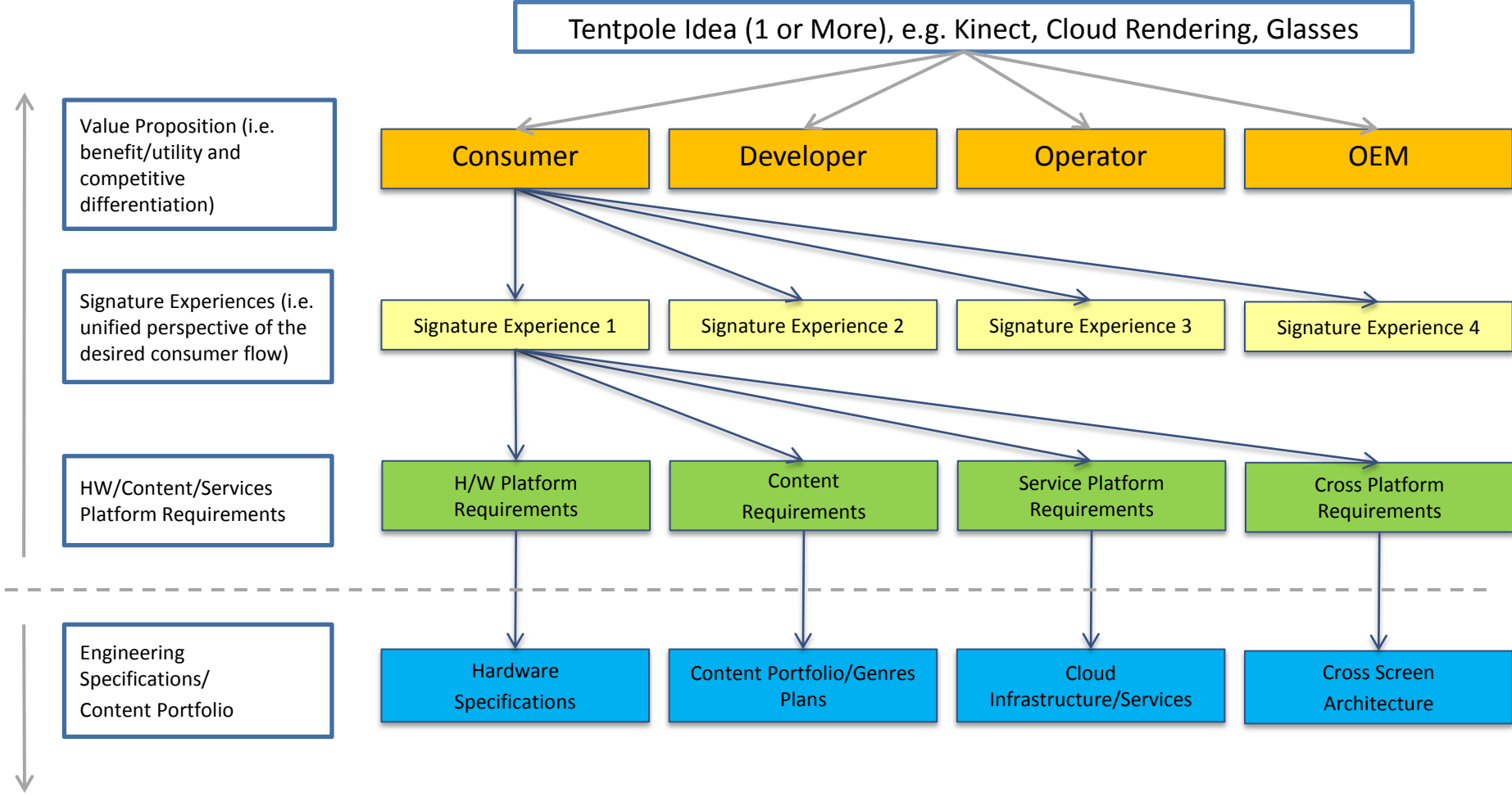


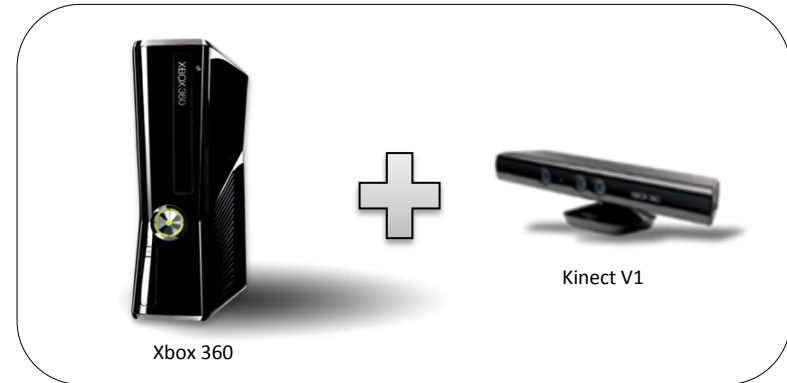
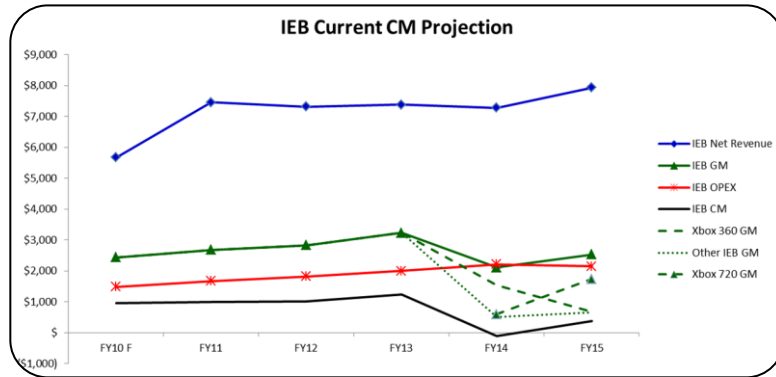
# Methodology

# 2013 Front End Process



# 2013 Overview

# Why do we need a next gen Xbox in 2013?



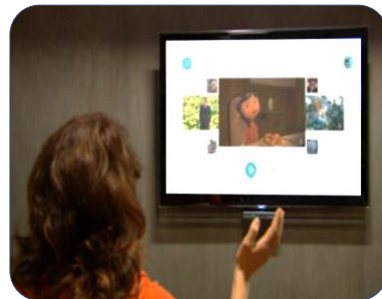
## Business Needs and Competitive Threats

- Gen 7 (Xbox 360) console business will decline in 2013.
- New threats from Apple (AppleTV) and Google (Google TV).
- Gen 8 consoles will launch from Sony/Nintendo (CY 2012-CY 2013).

## Xbox 360 Limitations

- No full fidelity AAA Games + Kinect V1 sensor
- Will not support full range of XTV platform scenarios (e.g. 1080p video + Video Chat + HTML5 Apps)
- Lacking modern entertainment capabilities (e.g. Blu-ray, Native 3D output, 2x1080p in/out)
- Can't run "always on"/low power states
- Can't run multiplexed or concurrent applications and services

# What are the Opportunities for a Next-Gen Xbox?



## Modern Entertainment Box

- Blu-ray
- Native 3D & Flexible Video output/Compositing
- Video Acceleration (2xHD video dec, 1xHD enc)
- Multiple Power States
  - Full Power
  - Media Playback
  - Idle
  - Streaming
  - Standby

## Competitive Differentiation

- Next-Gen AAA games (4x-6x > Xbox 360)
- Next-Gen Sensors (Kinect V2, Glasses)
- Exclusive 720 content and experiences
- Concurrent apps/scenarios (i.e. multiplex/concurrent apps)

## Appeal to Broad Audiences

- Full XTV support (i.e. linear TV, TV apps, DVR, Always on)
- Online Content (Netflix, WebApps/Content/Svcs)
- Video/Music Marketplace
- Media Hub
- A/V form factor
- Quiet. Cool. Green.

## Scale The Business

- Embedded platform architecture (unified hardware portfolio)
  - Console
  - STB
  - Embedded TVs
  - Phones
  - Slates
  - Glasses

# What is the IEB 2013 Consumer Offering?



Xbox 720



Kinect V2



## Hardware

- **Xbox 720**
  - 4x-6x Games > Xbox 360
  - Full XTV Support
  - ODD (Blu-ray, CD/DVD)
  - Online/Web content
- **Kinect V2 Sensor**
  - Better 3D Play Space (closer, wider, deeper)
  - Improved Voice Rec.
  - 4 Player tracking
  - Dedicated Processing
  - Improved HD RGB Cam.


## Content

- **Core Titles**
  - The best core content (Halo, Fable, GOW, etc)
- **Broad Gaming**
  - Kinect Titles (Kinect Sports, Kinectimals, New genres)
- **Linear TV**
  - Bring your own service
  - OTT video service
- **HD/3D Movies**
  - Video Marketplace
  - Blu Ray
- **XTV Applications**
  - TV App Store


## Services

- **New Dashboard**
  - NextGen interface (NUI enabled)
- **NextGen Service Experiences**
  - Exclusive to Xbox 720

# When: Xbox 720 versus the competition



- **PRODUCT:** Apple TV – next generation
- **PRICING:** \$99 (just announced and in market)
- **KEY FEATURES:** Streaming, HD, Rent all iTunes Content + Netflix. Small, Cool and Quiet (no fan), and cheap.
- **VALUE PROP:** 3Screen Synchronized Media. Works w/your iPxxx



- **PRODUCT:** ONLIVE Micro Console (announced)
- **PRICING:** \$4.95/Month+Games.Console Est <\$99
- **KEY FEATURES:** AAA Games, Instant Access, Multi-Player
- **VALUE PROP:** AAA Gaming For Less (initial)\$



- **PRODUCT:** Google TV (Announced Android OS Extension)
- **PRICING:** Free to Consumer. Free to Partner.
- **KEY FEATURES:** Search, H.264, Adobe Flash, Full Browser
- **VALUE PROP:** Simplified EPG: broadcast + internet

First Gen 8 Console

- **PRODUCT:** Wii2 (heavily rumored/blogged)
- **PRICING:** <\$249 (historical assumption)
- **KEY FEATURES:** HD, Digital Dist, Local Storage, NUI
- **VALUE PROP:** HD Video + Accessible Gaming.

- **PRODUCT:** PS4 (Speculation)
- **PRICING:** <\$399 (historical assump.)
- **KEY FEATURES:** 3D, BluRay, GoogleTV
- **VALUE PROP:** Tech Forward. All-in-One

# Xbox 720 Overview

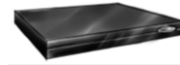
Note: Kinect V2 will be an incremental improvement over V1

- Higher accuracy vs Kinect V1
- Stereo imaging vs mono

## Kinect V2



- Improved Voice Recognition
- Better 3D Play Space recognition (closer, wider, deeper)
- Four Player concurrent tracking
- Dedicated HW Processing
- Better HD RGB Camera



## Xbox 720 (6x Performance)

### System Pool

Native XTV/Video STB  
V1/V2 Kinect Sensor Processing  
Connectivity for  
Glasses/Sensors/Peripherals

### App Pool

Dedicated resources for next gen gaming  
Dedicated resources for Xbox 360 gaming (HW)

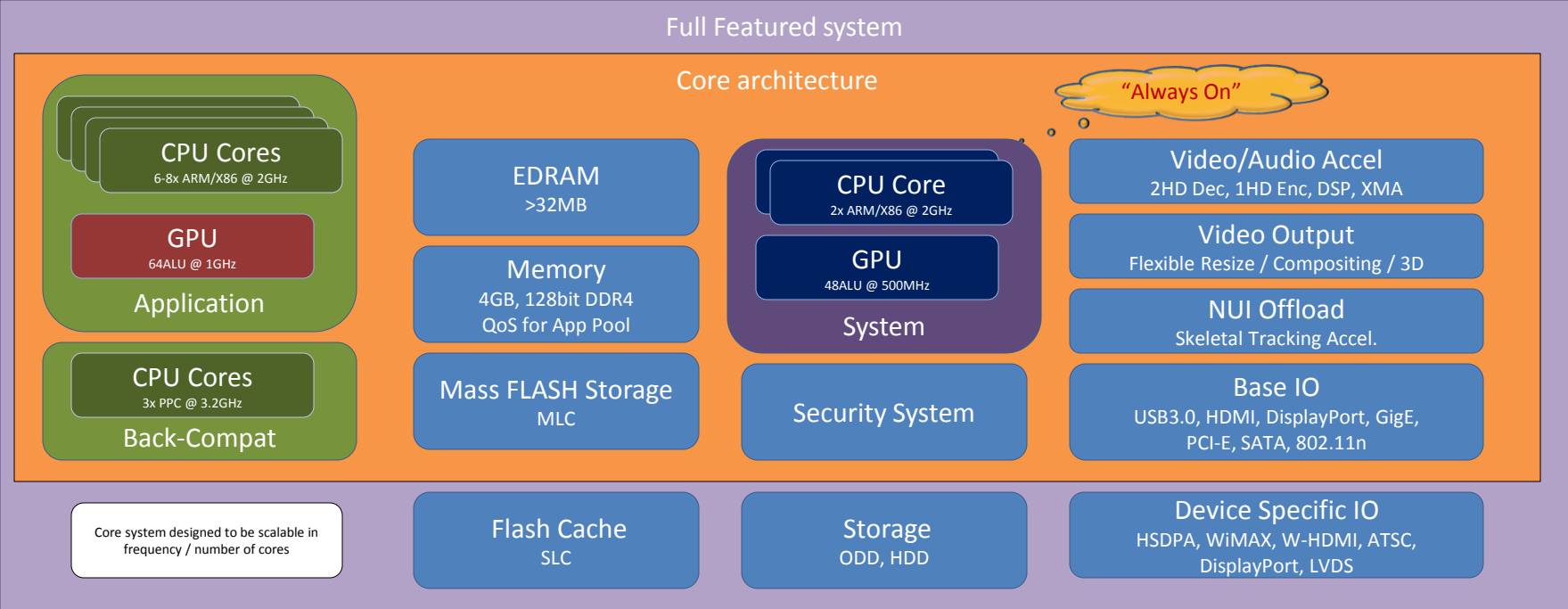
True 1080p and Full 3D



**XBOX  
LIVE**



# How will we do it - Yukon Architecture Snapshot



| Perf Target (x360) | Process             | SOC Power | System Power | SOC Cost | System Cost (COGS) | Standby Power |
|--------------------|---------------------|-----------|--------------|----------|--------------------|---------------|
| ~8x                | 22nm SOI/<br>28nm G | ~50W      | ~120W        | ~\$50    | ~\$225             | <500mW (SOC)  |

# How will we do it - Key Hardware Features

Licensable architecture (both for incoming and outgoing licensing)

Power consumption optimized architecture ( "always-on" operation, low power media playback)

Binary compatibility for title through cost reductions (10yr lifecycle)

Support for alternate form factors / devices with different total system feature set

Split Application/System Resources: Allows Title compatibility through cost reductions and different device types

Modular design to facilitate SKU updates later in lifecycle

Latest Core Technologies: DX11.1+, 3DTV

Updated Security Architecture: Apply learning from Xbox360

Dedicated Video/Audio Engines (decode, encode, transcode)

Embedded Memory: eDRAM, option for eSRAM

Flexible IO: Devices change over time and different form factors. Likely 2x2 802.11n WiFi, USB3, GigE (WakeOnLan), SATA

Coherency: All devices (GPU/IO/CODECs/etc.) go through MMU, can be coherent with CPU

# 9/24 Agenda

## Agenda

The Road Ahead

2011-2015

2013 Console Value  
Prop

Consumer  
Developer  
TV Operator  
OEM

2013 Signature  
Experiences

Xbox 720  
Unique  
Experiences

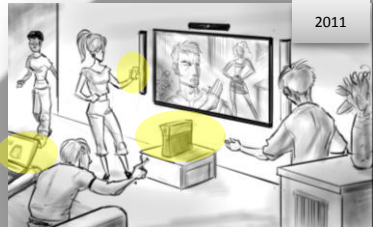
# The Road Ahead 2011 – 2015



# The Road to Fortaleza

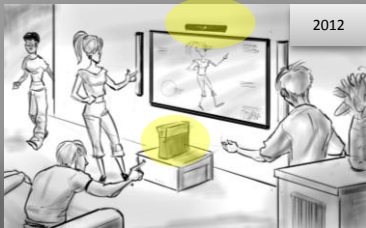
TV App Platform launches on Xbox 360, Phone and PC

2011



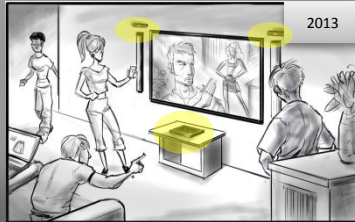
XTV Pay TV service launches on Xbox 360, Phone and PC

2012



Xbox 720 and Kinect V2 launches. One Box. Input 1.

2013



Fortaleza Glasses [Wifi] Revolution in Living Room

2014



Fortaleza Glasses [Cell Radio/4G] Revolution in Mobile

2015








Xbox experiences served up from the cloud. Instantly on any screen.

2015



## Summary of Top Level Consumer Benefits and Positioning

|   | 2011   | 2012   | 2013  | 2014   | 2015   |
|---|--|--|---|--|--|
| Consumer Positioning  | <b>Best Games and Entertainment for Everyone in the family.</b>                    | <b>World Class TV and Web Entertainment on the Xbox 360</b>  | <b>Next Generation Entertainment.<br/>One Box. Input 1.</b>                       | <b>Interact with the world in a revolutionary way.<br/>See for yourself.</b> | <b>Latest and greatest Xbox experiences.<br/>Instantly on any screen.</b>    |
| Hardware<br>                | High definition games and entertainment platform for all consumers.                | Next Generation TV/Web on your Xbox 360. New Haptic controller.  | The <b>Only</b> box you need for premium living room entertainment                | Breakthrough Heads up and Hands Free Device                                  | Enjoy premium experiences on existing or inexpensive hardware.               |
| Sensors<br>                 | Enjoy great physical/social games solo or with a friend.                           | Control your TV experiences via Gesture, Voice and Touch   | Natural Input that adapts to you and your world                                   | Seamless integration of the digital world with the physical world            | Enhance your experiences with innovative local sensors                       |
| Content/<br>Transmedia<br> | Best games for the core and broad. New Hero/exclusive content. Begin our TV story. | Broad entertainment portfolio (Linear TV, Apps, Hero Content, Web Content)<br>Two way interactive applications | Exclusive Next Generation Games and Transmedia Experiences                        | Contextual applications and experiences for your life.                       | Access to the latest and greatest experiences without upgrading hardware     |
| Services<br>               | Deliver great TV experiences.<br>One Unified Service.                              | Personalization Services (New Guide, Recommendations, New Live Tiers)<br>Consume one experience at a time.     | Enjoy multiple experiences at a time. Mix and match services based on your needs. | Real time information on people, places and objects.                         | Instant on Experiences Everywhere. Access your entire Entertainment library. |
| 3 Screen<br>              | XBL on Windows Phone.<br>XBL on Windows.<br>XBL on Console.                        | Synchronized Web Transmedia Experiences across your TV, Phone and PC   | Synchronized Rich Client experiences across your TV, Phone and PC                 | Largest and most immersive screen, in the living room and on the go.         | Enjoy the <b>Complete</b> Xbox experience, Any Time, Any Where, Any Screen.  |

# 2013 Console Value Proposition

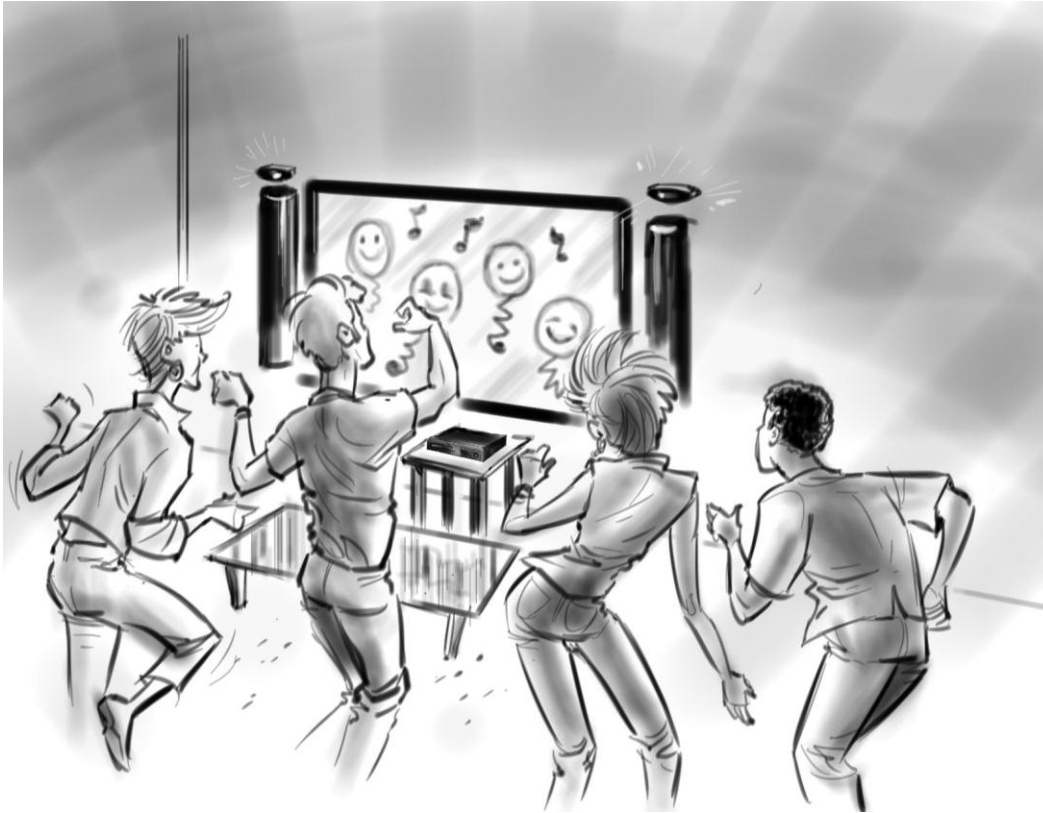


# The ONLY box you need for premium living room entertainment.



- **The BEST:**
  - Gaming
  - Next Gen TV (full XTV support)
  - Physical Media (Blu-ray, CD, DVD)
  - Online experiences
- **Whole Home DVR:**
  - Record in the background and serve up to any device in the household
- **Remoting Server:**
  - Stream and play your AAA games remotely to any device
- **Designed for your living room:**
  - Sophisticated, silent, always on, green device

# Natural Input that adapts to YOU and YOUR WORLD



- **Play with your entire family:**
  - Supports four player full body tracking
- **Adapts to you:**
  - Play seated or standing
- **Adapts to your world:**
  - Don't rearrange your living room, Kinect can see your living room better than ever

# Exclusive Next Generation Games and Transmedia Experiences



- **The Best Content:**
  - Get all the *latest and greatest* content and genres (Halo, Fable, GOW, Edutainment etc.)
- **Next Generation Experiences:**
  - The most realistic games combining core AAA content, live video streams and rich meta-data in “real-time
- **Concurrent Experiences:**
  - Enjoy multiple experiences at once. Mix and match based on your needs (e.g. watch football scores with an NFL ticker as you play Gears of War 5)

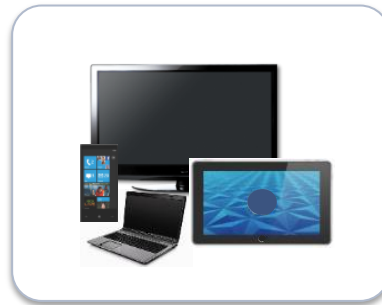
# Synchronized Rich Client experiences across your TV, Phone and PC



- **Gaming companions:**
  - Leverage available screens to enhance primary gameplay. E.g. privately select your play on your personal screen and watch the result on the big screen.
- **TV companions:**
  - Learn more about an actor on screen or where to buy the dress she is wearing without interrupting your viewing experience
- **Play, Pause, Resume:**
  - Start watching on one screen, pause and pick up on another, pause again and return to primary screen. All perfectly synchronized. Move experiences seamlessly across devices.

# 2013 Audience Value Proposition

# Xbox 720 Value Proposition



## Consumer

- The **only** box you need for premium living room entertainment

## Developer

- Amplify your creativity and profit with reach, differentiation and best in class tools.

## Operator

- Acquire, engage and monetize high ARPU customers with differentiated experiences.

## OEM

- Differentiate your offerings and deliver integrated product portfolios. Drive new service revenue streams.



## Consumers: The **ONLY** box you need for premium living room entertainment



### **All Your Entertainment. One Box.**

The best TV, gaming, BluRay and online experiences on one box - designed for your living room. Enjoy in your living room or anywhere in your home.



### **Natural Input that Adapts to You and Your World**

Kinect sees your living room better than ever which means there's no need to re-arrange furniture. Play seated or standing with your entire family.



### **Exclusive NextGen Games and Transmedia**

The latest and greatest next generation content. The most realistic games combining AAA content, live video streams and rich meta-data in real-time. Enjoy multiple experiences at once or on their own.



### **Synchronized Across Devices**

Use your phone, slate or PC to enhance primary game play or learn more about what you're watching on TV. Start watching on any screen - pause - resume on another.

## Developers: Amplify your creativity and profit with reach, differentiation and best-in-class tools



### Target Multiple Platforms

A unified Windows 8 foundation makes it easier to build integrated applications across Xbox, PC, and Windows Phone environments.  
Easier to port applications across devices.



### Kinect with More

Build high fidelity, differentiated experiences with motion based games for up to 4 people.



### Manage Your Franchise

New tools that make it easier to create captivating cross medium and cross screen (i.e., transmedia) scenarios.  
Real time consumer analytics.



### More Ways To Make More Money

Flexible monetization options for your offerings.  
From code to 100's of millions of customers with no hassle.

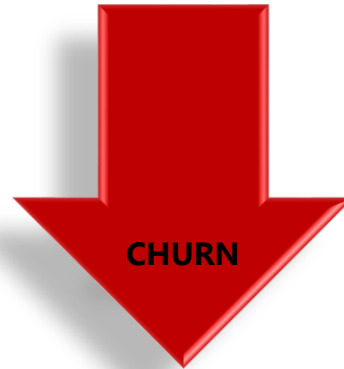


## Operators: Acquire, engage and monetize high ARPU customers with differentiated experiences. Real time analytics for what your customers want.



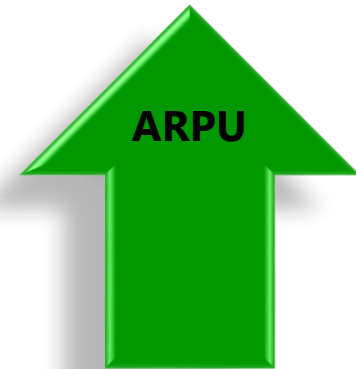
### Acquire More Customers

**Increase Subs** and reduce SAC by leveraging a global install base of Xbox 360/720, Windows Phones, PCs and an expanded set of CE devices (including your STB).



### Exclusive Experiences

**Minimize Churn** with innovative and differentiated experiences customized for your service.



### Know Your Customers

**Better Increase ARPU** by giving your customers what they want. Increased analytics for targeting and a platform to deliver the best in class 3 screen experience.

# OEMs: Differentiate your offerings to sell more. Build integrated product portfolios and drive new service revenue streams.



## Differentiate Your Offerings

Attract more customers by creating more compelling experiences available only on your devices



## Increase Profitability

Leverage differentiated experiences for premium pricing. Increase revenue sources with our platform



## Build a Unified Ecosystem

Increase customer lifetime value by selling additional devices. A common architecture allows you to create a portfolio of unified devices



## Best of Xbox Live

Connect to the best value added entertainment services, application marketplace and leverage world class content creator platforms

# 2013 Signature Experiences

## 2013 Experience Ideation Goals

---

2013  
experiences  
must ONLY  
be possible  
on the 720  
architecture

Should NOT be possible on the Xbox 360 + Kinect V1

---

Should NOT be directly possible on current gen competitor platforms (i.e. Wii, PS3 + Move, Apple TV, Google TV, etc.).

---

Experiences should NOT pick any obvious competitor “next gen” scenarios (based on their observed strategy/trajectory), unless we think we can do something differentiated/superior/unique.

---

Should NOT require *glasses* or *cloud processing*. Those will be layered in post 2013.

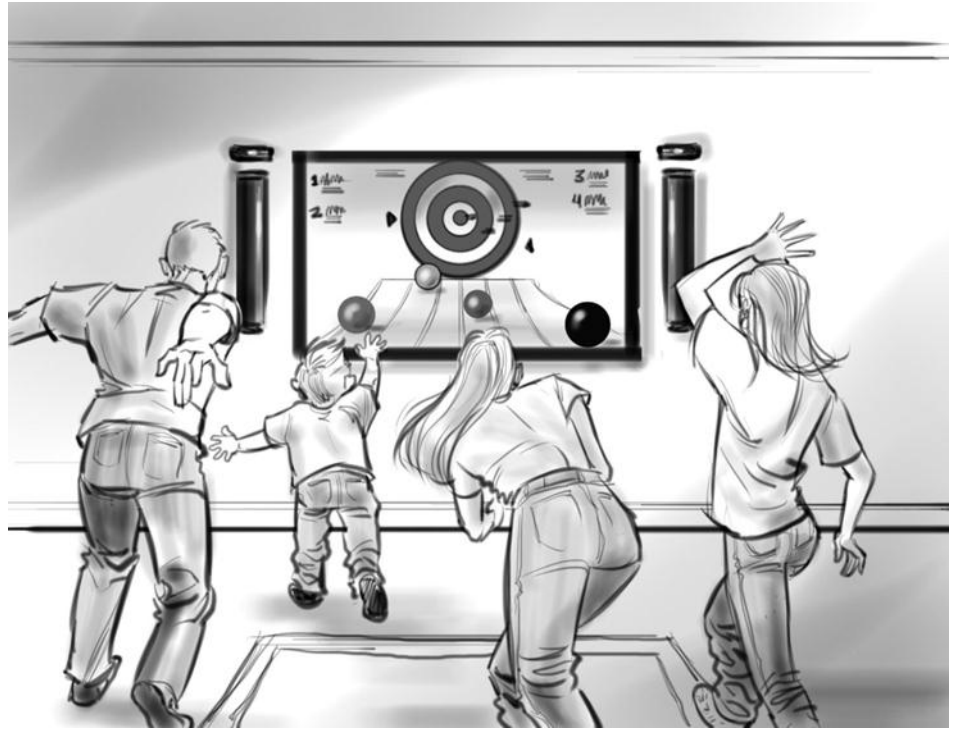
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## Next Generation Kinect Gaming

*A new more accurate Kinect sensor with dedicated application and system resources enables a whole new generation of Kinect experiences. Experience full fidelity next generation graphics with a full body high precision sensor.*

## Simultaneous Four Person Play



*Play together with the whole family. Kinect v2 means better playspace recognition, no controller required and everyone playing together.*



## Feel the Experience with Props

*Feeling is believing. Feel the crack of the bat, the kick of the rifle or the shake of the wheel as you speed through the turn.*

All Your Entertainment. Input One.

*Simplify your world with one box that delivers all your entertainment, including next generation gaming, linear TV, movies, music, applications and more.*





## Transmedia Gaming and Entertainment



*With all your entertainment brought together, its easy to create and mix gaming and video for completely new and innovative experiences that break down the walls between TV, movies and gaming. Watch and play a match of Tiger at St. Andrews and see his shots inserted in real time in your game experiences.*

## Transmedia Games and Linear TV



*New entertainment experiences with multiple TV streams incorporated into a single Game environment, e.g. enjoy your virtual Sports Bar with your Fantasy Football league.*



## Transmedia Applications You Control

*Full access to media and apps allow the consumer to control their transmedia experience. Call up related content like game hints or pull up your fantasy league ticker while playing Gears of War.*

## Media Hub



*Record TV in the background and serve up to any device in the household. Stream your personal videos, music, photos and more and play them back from any device. Start and play your favorite Xbox games from other devices like phones and PCs with RemoteFX technology.*

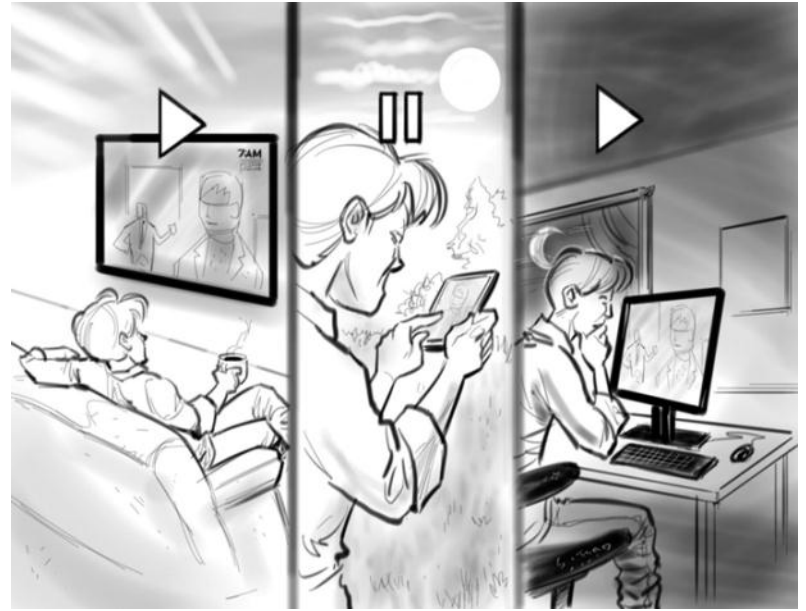
## PC/Phone/Slate as companion devices



*Your entertainment keeps getting better with Xbox 720 by instantly expanding the experience to all your companion devices. Your phone, laptop, slate are seamlessly integrated into 720 experiences.*

## Pause and Play Across Devices

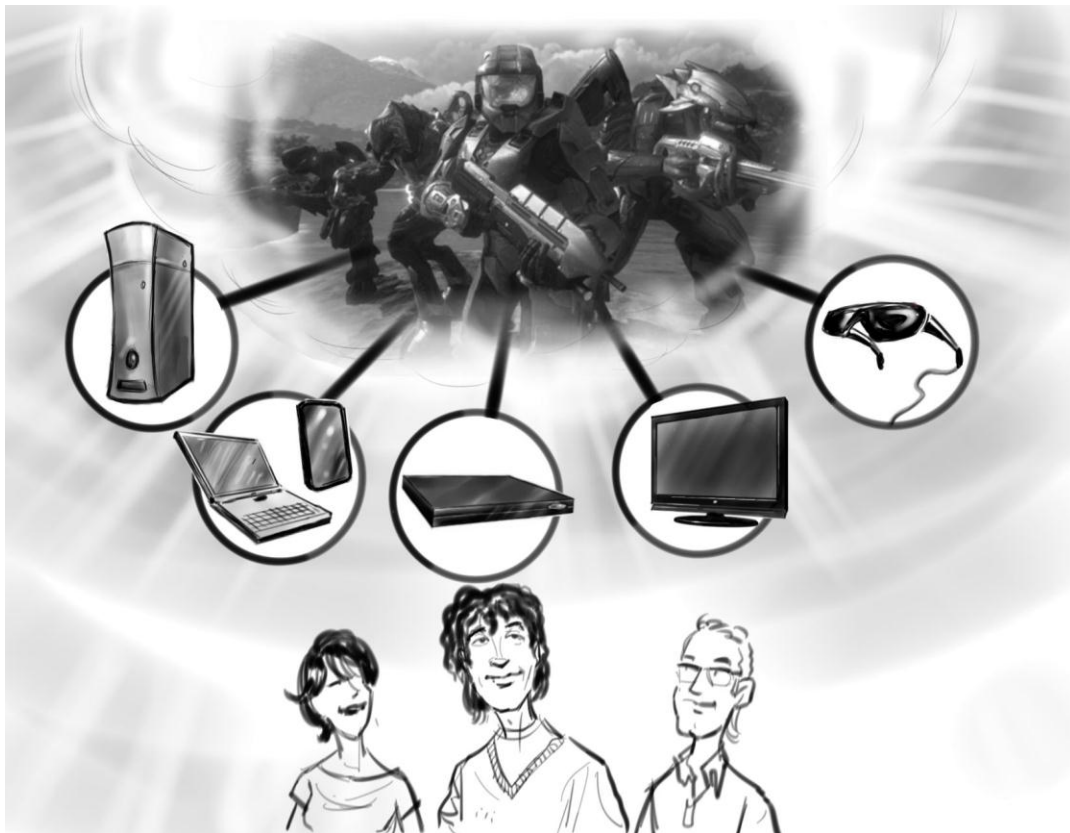
*Take your entertainment everywhere. Start on one screen but instantly pause and play it again from any other device makes it best way to enjoy your TV, movies and music when you're on the go.*



# Cloud Value Proposition 2015



## Enjoy premium experiences on existing or inexpensive hardware



- Access to the Latest and Greatest;
- No New Hardware Required

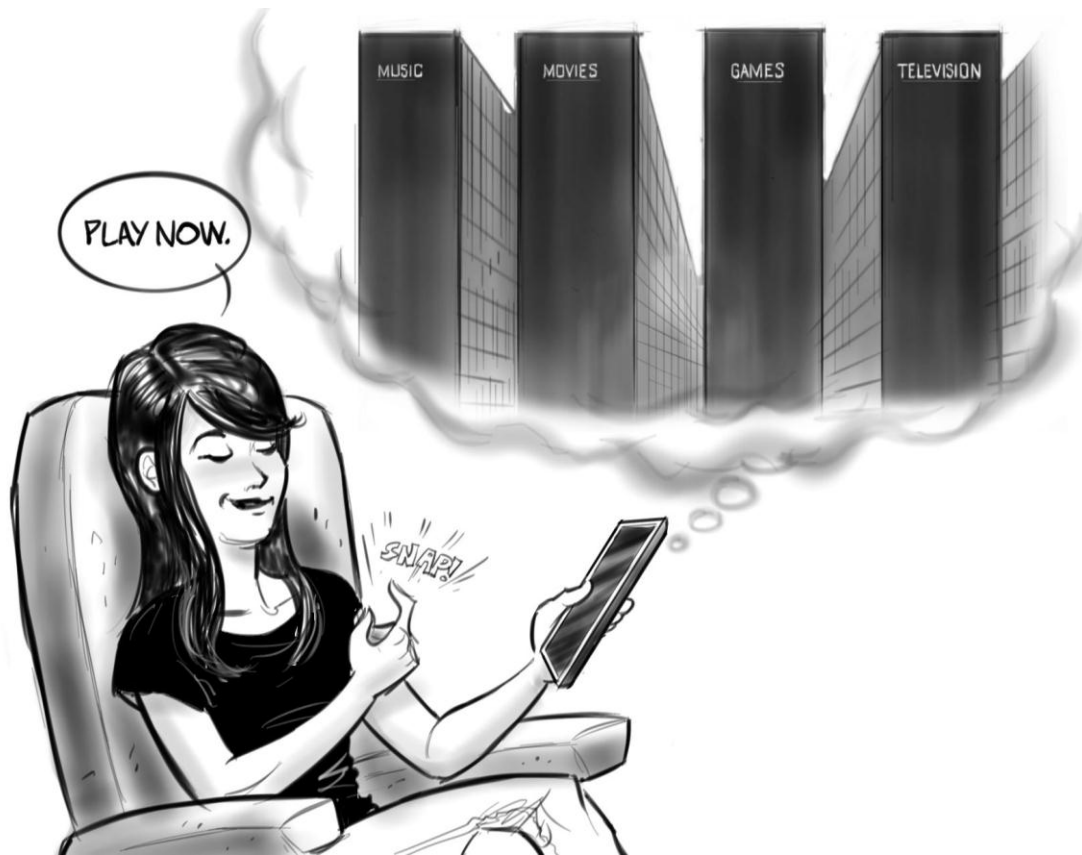


## Access to the latest and greatest experiences without upgrading hardware



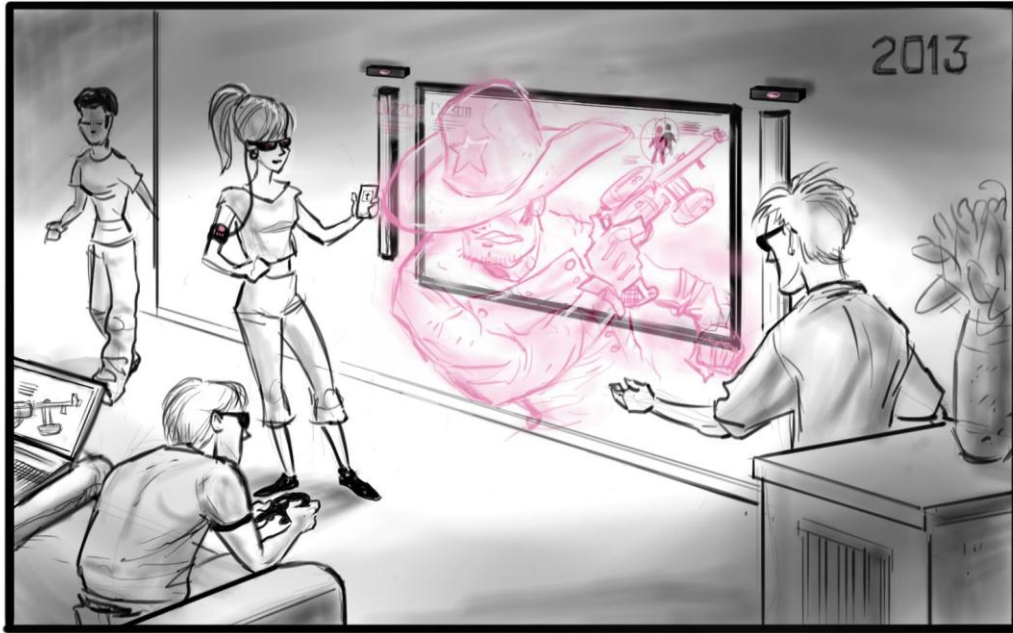
- Never need to upgrade hardware again.

## Instant on Experiences Everywhere. Access your entire entertainment library



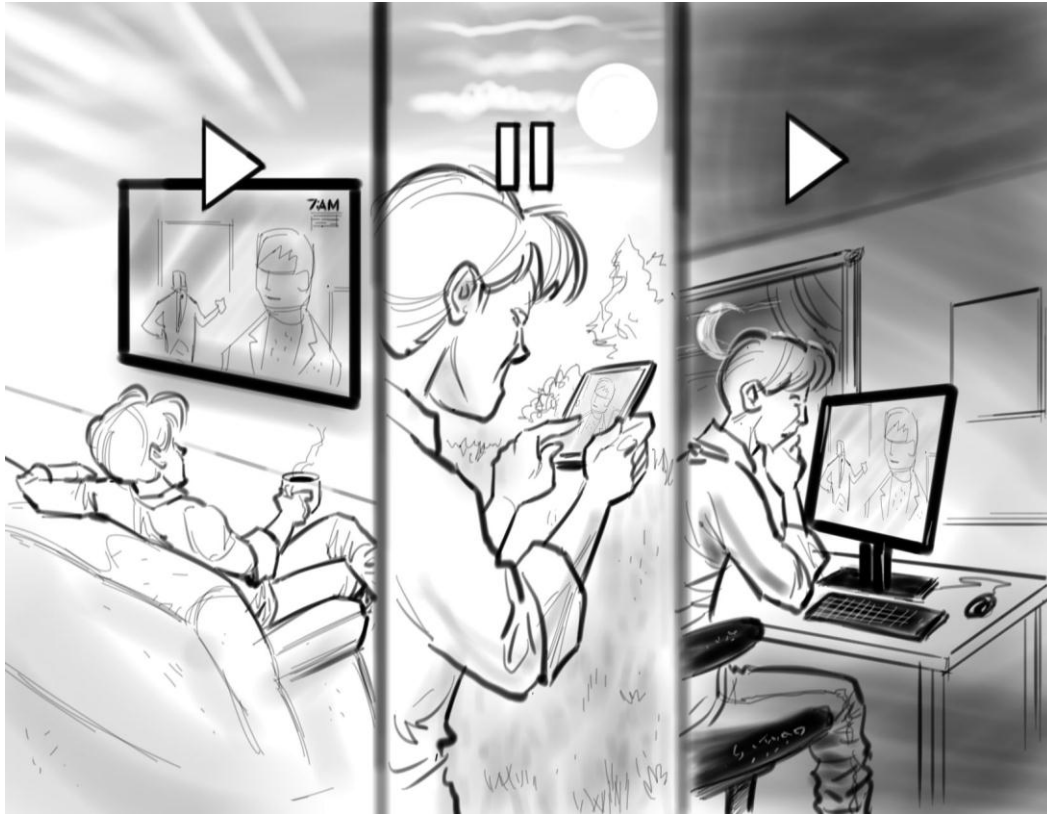
- All your entertainment served up from the cloud.
- Enjoy instant access to Xbox experiences, anywhere, anytime.

## Enjoy the Complete Xbox experience, Any Time, Any Where, Any Screen.



- Cloud serves up full immersion experiences everywhere.
- The game is all around you in the real world.

# Play. Pause. Resume. Across devices



- Start watching on one screen, pause and pick up on another, pause again and return to primary screen.
- All perfectly synchronized.

# Business Model

## Business Model Considerations

### ➤ **Launch Price Point**

- \$299 (with Kinect V2)

### ➤ **Lifecycle**

- 10 year lifecycle with > 100 MM lifetime units

### ➤ **Profitability**






- GM positive every year of the lifecycle

### ➤ **SKU strategy**

- Flexibility to support multiple SKUs/Config over lifetime






# Appendix

# IEB Product Roadmap and Strategy







|   | 2011   | 2012  | 2013   | 2014  | 2015   |
|---|--|---|--|---|--|
| <b>Business Strategy</b>  | <ol style="list-style-type: none"> <li>1. Broaden Xbox appeal to new audiences via Kinect experiences</li> <li>2. Drive Profitable 360 EOL (Console, Games, Services)</li> <li>3. Launch Xbox Content Creator Platform and TV App Store (XTV)</li> </ol>                   | <ol style="list-style-type: none"> <li>1. Launch Xbox Pay TV service (New B2B Distribution Channel) on 3 screens</li> <li>2. Launch Low Cost Xbox 360 (Xbox 361)</li> <li>3. Solve Home Networking + Content Passthrough</li> </ol>                                 | <ol style="list-style-type: none"> <li>1. Launch Next Gen Xbox 720 + Kinect V2 Sensor for core and broad audiences</li> <li>2. Deliver next-gen/720 Transmedia content and services</li> <li>3. Drive "embedded XTV" into STBs/Embedded TVs</li> </ol> | <ol style="list-style-type: none"> <li>1. Drive Living Room disruption via "Kinect Glasses" experiences</li> <li>2. Drive XTV distribution via low cost embedded Xbox solutions (TVs, STBs, Phones and Slates)</li> </ol> | <ol style="list-style-type: none"> <li>1. Drive mobile disruption via "always connected" Glasses</li> <li>2. Cloud Rendering Platform for gaming, video and apps.</li> <li>3. Deliver "instant on, ambient" Xbox experiences to any screen, any where</li> </ol> |
| <b>Platform</b><br>             | <ol style="list-style-type: none"> <li>1. HTML5 Webstack on Xbox 360</li> </ol>  | <ol style="list-style-type: none"> <li>1. Xbox 361: Low cost Xbox 360</li> <li>2. NUI Remote for TV experiences</li> <li>3. HD Homerun + HDMI Pass Through + Home Networking</li> </ol>   | <ol style="list-style-type: none"> <li>1. 720: &gt; 6x perf + 360 back compat. Always on, low power, green.</li> <li>2. "Full" XTV Platform Support</li> <li>3. Transmedia 720 architecture</li> <li>4. Embeddable architecture (TV, STB)</li> </ol>   | <ol style="list-style-type: none"> <li>1. Kinect Glasses: New glasses delivering ambient experiences</li> <li>2. New Xbox Embedded SKUs (Phone, Tablet)</li> </ol>  | <ol style="list-style-type: none"> <li>1. Cloud Rendering Platform + Micro Console</li> </ol>  |
| <b>Sensors</b><br>              | <ol style="list-style-type: none"> <li>1. Kinect V1 (Mono vision/depth, i.e. single camera/microphone)</li> </ol>  | <ol style="list-style-type: none"> <li>1. Kinect V1 (Mono vision/depth, i.e. single camera/microphone)</li> </ol>   | <ol style="list-style-type: none"> <li>1. Kinect V2 (K2): (Stereo sensors, i.e. two cameras/microphones)</li> </ol>  | <ol style="list-style-type: none"> <li>1. Kinect Glasses + Band (Living Room)</li> </ol>  | <ol style="list-style-type: none"> <li>1. Kinect Glasses + Phone (3G/4G)</li> </ol>  |
| <b>Content/ Transmedia</b><br> | <ol style="list-style-type: none"> <li>1. Games for core and broad (Kinect)</li> <li>2. TV Apps</li> <li>3. Hulu + Web/OTT content</li> <li>4. New Hero 1<sup>st</sup> Party Experiences</li> <li>5. Simple Transmedia Experiences (No native platform support)</li> </ol> | <ol style="list-style-type: none"> <li>1. Games for core and broad (Kinect)</li> <li>2. XTV Pay TV Service: Full Screen TV @1080P, Overlays (VC +Full Screen) @720P</li> <li>3. Hero 1<sup>st</sup> Party Content</li> <li>4. Additional Web/OTT content</li> </ol> | <ol style="list-style-type: none"> <li>1. 1<sup>st</sup> and 3<sup>rd</sup> Party Games (launch portfolio/gaming) for core/broad</li> <li>2. Simulcast Transmedia architecture on 720 console (Consumer controlled)</li> </ol>                         | <ol style="list-style-type: none"> <li>1. 1st and 3rd Party Content for Glasses</li> <li>2. Screen Zero Transmedia</li> </ol>   | <ol style="list-style-type: none"> <li>1. 1st and 3rd Party Content for Glasses Mobile Applications/Entertainment</li> </ol>   |
| <b>Services</b><br>             | <ol style="list-style-type: none"> <li>1. Scotch/XTV Apps Platform Services for Xbox 360, Phone and PC.</li> <li>2. TV App Marketplace</li> </ol>  | <ol style="list-style-type: none"> <li>1. New 360 dashboard</li> <li>2. Social and Recommendation Engine.</li> <li>3. New Live Tiers</li> </ol>   | <ol style="list-style-type: none"> <li>1. New 720 Guide</li> </ol>   | <ol style="list-style-type: none"> <li>1. Glasses Appstore</li> </ol>   | <ol style="list-style-type: none"> <li>1. Wideband connected glasses services</li> </ol>   |
| <b>3 Screen</b><br>            | <ol style="list-style-type: none"> <li>1. Synchronized cross screen/device TV experiences via Scotch platform</li> </ol>   | <ol style="list-style-type: none"> <li>1. Linear/Pay TV content delivered to 3 screens.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Companion screens provide input/output capabilities</li> </ol>   | <ol style="list-style-type: none"> <li>1. Kinect Glasses creates "Screen Zero" Transscreen experiences</li> </ol>   | <ol style="list-style-type: none"> <li>1. Kinect Glasses create on the go/location aware experiences</li> </ol>  |








# Full Consumer Benefits and Positioning

|  | 2011  | 2012  | 2013  | 2014  | 2015   |
|--|---|---|---|---|--|
| <b>Consumer Positioning</b>  | <b>Best Games and Entertainment for Everyone in the family.</b>   | <b>World Class TV Entertainment on the Xbox 360</b>   | <b>Next Generation Entertainment. One Box. Input 1.</b>   | <b>Interact with the world in a revolutionary way. See for yourself.</b>  | <b>Instant access to Xbox experiences. Any Time, Any Where, Any Screen.</b>  |
| <b>Platform</b><br>            | Xbox 360 is the only platform providing innovative, high quality AAA games, entertainment and applications for all consumers. | Xbox 361: A new low cost Xbox 360 for every person and room in your house.<br>XTV: Next gen TV experiences, only available on the Xbox 360. | Xbox 720: “The” entertainment box – the only box you need for next gen gaming and entertainment. Enjoy XTV entertainment on STB’s and TVs.      | Xbox 720: The only platform providing next generation “ambient” (natural input/output) living room entertainment experiences. | Enjoy instant access to Xbox experiences, anywhere, anytime. Xbox “ambient” (natural input/output) experiences, now available on the go. |
| <b>Sensors</b><br>             | Enjoy great physical/social games solo or with a friend. No controllers required.   | Control your TV/Application experiences via gesture, voice and touch.   | Kinect V2 understands your room and you better. Your whole family can now play together.  | Full immersion entertainment experiences in the living room. The game has broken out of the screen and is all around you.     | Full immersion experiences on the go. The game is all around you in the real world.  |
| <b>Content/ Transmedia</b><br> | The best games for the core and broad. New TV/Application experiences you can only get on the Xbox 360                        | “All in One” Entertainment (Games, Linear TV, Media, Apps) Enriched entertainment: Enjoy two-way interactive TV                             | The best Next Generation Games and Entertainment for the Core and Broad, on one box. High fidelity Transmedia experiences only on the Xbox 720. | Natural input/output ambient entertainment experiences unlike anything else in the market. You are in the game.               | All your entertainment served up from the cloud. Hands free/Heads Up ambient experiences “on the go”.                                    |
| <b>Services</b><br>            | New Live subscription tiers providing user flexibility. New app store providing interactive TV application experiences.       | New Pay TV subscription offer. Simplified Discovery and Recommendations service. New Entertainment Guide. Social TV.                        | Next generation guide.  | Great games, entertainment, applications and services for “ambient” experiences available from Xbox Live.                     | Instant on access to your entertainment. Connected services provide “real time” ambient experiences on the go.                           |
| <b>3 Screen</b><br>           | Synchronized cross screen/device gaming and TV experiences.   | Watch TV anywhere, anytime. Stop and Start your content across screens.   | Use your Phones/Slates/PCs for great synchronized/companion experiences with the Xbox 720.  | New “Screen Zero” Transscreen experiences   | Instant access to all your entertainment on any screen. Great On the go/location aware Transscreen experiences                           |

# Consumer Facing Messaging (In Green)

|  | 2012   | 2013  | 2014   | 2015   |
|--|--|---|--|--|
| <b>Consumer Positioning</b>  | <b>World Class TV Entertainment on the Xbox 360</b>  | <b>Next Generation Entertainment. One Box. Input 1.</b>   | <b>Interact with the world in a revolutionary way. See for yourself.</b>   | <b>Instant access to Xbox experiences. Any Time, Any Where, Any Screen.</b>  |
| <b>Platform</b><br>  | Next Generation TV/Web entertainment platform<br><br><i>A new way to enjoy TV on your Xbox 360</i>   | The <b>Only</b> box you need for premium living room entertainment<br><br><i>All Your Entertainment. One Box.</i> | Breakthrough Heads up and Hands Free Device<br><br><i>Breakthrough Heads up and Hands Free Device</i>                              | Enjoy premium experiences on existing or inexpensive hardware.<br><br><i>Access to the Latest and Greatest; No New Hardware Required</i> |
| <b>Sensors</b><br>   | Control your TV experiences via Gesture, Voice and Touch<br><br><i>Control your TV experiences via Gesture, Voice and Touch</i>                | Natural Input that adapts to you and your world<br><br><i>Natural Input that adapts to you and your world</i>     | Seamless integration of the digital world with the physical world<br><br><i>See the world in a new way</i>                         | Enhance your experiences with innovative local sensors<br><br><i>NEED CONSUMER STATEMENT</i>   |
| <b>Content/ Transmedia</b><br><br> | Broad Entertainment Portfolio: Linear TV, Apps, Hero Content, Web; 2-way interactive TV applications<br><br><i>Interactive TV on your Xbox</i> | Exclusive Next Generation Games and Transmedia Experiences<br><br><i>Captivating Storytelling</i>                 | Contextual applications and experiences for your<br><br><i>There's an experience for that.</i>                                     | Access to the latest and greatest experiences without upgrading hardware<br><br><i>Never wait for your hardware to catch up</i>          |
| <b>Services</b><br>  | Personalized Services (PEG, User/Social Recommendations, New Live Tiers)<br><i>Personalized Entertainment</i>                                  | Rich concurrent consumption of cloud delivered services<br><br><i>Configure your entertainment.</i>               | Real time information on people, places and objects.<br><br><i>The information you want when you need it</i>                       | Instant on Experiences. Access your entire entertainment library.<br><br><i>All your entertainment, at your fingertips</i>               |
| <b>3-Screens</b><br>  | Rich companion experiences across your TV, Phone and PC<br><br><i>Synchronized Across your TV, Phone, PC</i>                                   | Freeflow experiences across your TV, Phone and PC<br><br><i>Play, Pause ,Resume across devices</i>                | Largest and most immersive screen, in the living room and on the go.<br><br><i>A big screen experience without the big screen.</i> | Enjoy the <b>Complete</b> Xbox experience, Any Time, Any Where, Any Screen.<br><br><i>Anytime, Anywhere, Any Screen</i>                  |

# Developer Benefits and Positioning

|  | 2011   | 2012  | 2013   | 2014  | 2015  |
|--|--|---|--|---|---|
| <b>Developer Positioning</b>   | <b>Target the largest audience and most profitable platform for gaming and entertainment.</b>                          | <b>Leverage innovative XTV platform for new monetization opportunities.</b>   | <b>Deliver next generation transmedia/transscreen experiences at low incremental cost.</b>   | <b>Be part of the entertainment revolution. Deliver next gen “ambient experiences” on the Xbox.</b>                 | <b>Be part of the Cloud + Mobile revolution. Deliver “instant on” ambient entertainment experiences everywhere.</b>               |
| <b>Platform</b><br>            | 360 SDK/Toolset: Lowers dev cost of AAA/arcade titles.<br>Scotch/TV SDK: Simplifies creation of TV apps.               | Scotch/TV SDK: Simplifies creation of interactive TV applications<br>Target install base of Xbox 360, Windows Phones, PCs.                  | 720 SDK: Low dev cost for next gen experiences.<br>Develop for an expanded addressable market of new devices (STB's and TVs).                      | New Glasses SDK: Low dev cost for building glasses experiences.<br>Target innovative new platform.                  | Glasses SDK: Low dev cost for building “connected” glasses experiences on the go.   |
| <b>Sensors</b><br>             | Build world class 2-Player HD games with full body gesture + voice.  | Build interactive TV experiences with NUI (gesture, voice and touch).   | Build high fidelity 4 person, concurrent motion based games. Incorporate “always available” HD Kinect V2 for use in core/broad gaming experiences. | Build next gen immersive experiences that extend beyond the TV. Incorporate the living room into your storytelling. | Build heads up/hands free next gen immersive experiences for mobile computing. Incorporate the real world into your storytelling. |
| <b>Content/Transmedia</b><br> | Build traditional AAA Game titles.<br>Create interactive apps that works with or alongside TV content on the Xbox 360. | Create rich interactive TV experiences with new monetization opportunities.<br>Use franchise manager tools to build Transmedia experiences. | Build high fidelity, lifelike games out of reach of current platforms.<br>Build high fidelity Transmedia experiences only on the 720.              | Build an entire new genre of “ambient” entertainment experiences that are available no where else in the market.    | Build an entire new genre of entertainment experiences to revolutionize mobile computing.   |
| <b>Services</b><br>            | Leverage BI/CI services<br>A/B Testing, Instant Publish, Direct audience connection                                    | Leverage BI/CI services<br>A/B Testing, Instant Publish, Direct audience connection   | Leveraged unified marketplace/service to market your franchise's experiences (Video, games, apps, etc.).   | Deliver living room experiences via the Glasses Appstore  | Deliver mobile experiences via the Glasses Appstore   |
| <b>3 Screen</b><br>          | Leverage unified scotch/service to build interactive TV and gaming experiences synchronized across screens.            | Leverage unified scotch/service to build interactive TV and gaming experiences synchronized across screens.                                 | Greater flexibility and tools in how you build, deliver and blend your experiences across the 720 and multiple screens.                            | Leverage Kinect Glasses to create “Screen Zero” Transscreen experiences   | Create on the go/location aware Transscreen experiences   |

Consumer  
Positioning

***World Class TV Entertainment on the Xbox 360***

Platform



*Next Generation TV/Web entertainment platform*

Sensors



*Control your TV experiences via Gesture, Voice and Touch*

Content/  
Transmedia



*Broad Entertainment Portfolio (Linear TV, Apps, Hero Content, Web Content)  
Two way interactive TV applications*

Services



*Personalization Services (New Guide, Recommendations, New Live Tiers)  
360 provides single task consumption of services.*

3 Screen



*Synchronized Web Transmedia Experiences across your TV, Phone and PC*

Consumer  
Positioning

***Next Generation Entertainment. One Box. Input 1.***

Platform



*The **Only** box you need for premium living room entertainment*

Sensors



*Natural Input that adapts to you and your world*

Content/  
Transmedia



*Exclusive Next Generation Games and Transmedia Experiences*

Services



*720 provides richer concurrent consumption of cloud delivered services*

3 Screen



*Synchronized Rich Client experiences across your TV, Phone and PC*

# Top Level Consumer Benefits and Positioning

## Fortaleza Glasses - 2014

Consumer  
Positioning

*Interact with the world in a revolutionary way. See for yourself.*

Platform



*Breakthrough Heads up and Hands Free Device*

Sensors



*Seamless integration of the digital world with the physical world*

Content/  
Transmedia



*Contextual applications and experiences for your life.*

Services



*Real time information on people, places and objects.*

3 Screen



*Largest and most immersive screen, in the living room and on the go.*

# Top Level Consumer Benefits and Positioning

## Cloud Gaming - 2015

Consumer  
Positioning

*Latest and greatest Xbox experiences. Instantly on any screen.*

Platform



*Enjoy premium experiences on existing or inexpensive hardware.*

Sensors



*Enhance your experiences with innovative local sensors*

Content/  
Transmedia



*Access to the latest and greatest experiences without upgrading hardware*

Services



*Instant on Experiences. Access your entire entertainment library.*

3 Screen



*Enjoy the **complete** Xbox experience, Any Time, Any Where, Any Screen.*

# Additional questions to answer for Todd

## **Microsoft Wide Platform**

- What is the difference in building on non Microsoft device vs building on non microsoft (i.e. android devices)?
- What is the reason people will come to Microsoft platforms?

## **Elaborate on the Cross Platform Benefits anywhere.**

- How do you articulate the difference in year one vs year four.
- Vertical compatibility vs horizontal compatibility. How does it run on the old.
- What are our principles. Are we going to have Android or Microsoft. What do we want to do about application versioning.
- Case study for iOS, Android, Windows, Xbox, etc.

## **Value Propositions**

- Amp up the OEM stuff/Win on the OEM
- Win on the content/exclusive on our platform.