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Elevation Partners' First Investment Creates BioWare, Pandemic Partnership

*Valued at \$300 million, strategic deal brings
together two premier game developers*

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The private equity firm Elevation Partners has announced the formation of a creative and management partnership with Pandemic Studios, LLC and BioWare Corp. (bioware.pandemicstudios.com), two leading independent video game developers. The combined investment, including future capital needs, will be more than \$300 million, creating one of the world's best-funded and largest independent game development houses.

"BioWare and Pandemic are truly among the greats of worldwide game developers. We at Elevation are proud to have been chosen by them to be their partners and to work with them in growing their businesses," said John Riccitiello, a managing director at Elevation Partners and CEO for the new holding company, BioWare/Pandemic Studios.

The companies each have two co-founders, and under the deal, all four will become shareholders and senior executives in BioWare/Pandemic Studios. The deal also gives employees of both companies an ownership stake in the new business.

"Our most valuable assets are the people who make it all happen," said Josh Resnick, president of Pandemic Studios. "Our creative, production and operational staff are as vital to our success as directors and stars are to blockbuster films, and we are giving them the stakeholder recognition they deserve. Our mutual goal is to build the industry's best place for talent."

Greg Zeschuk, joint CEO of BioWare Corp, said that the cash infusion will take pressure off both companies to rush games to market before their time. “Great video games don’t roll off the assembly line—they are an art form, as lovingly crafted as a film, musical score, or novel,” Zeschuk said. “That means taking the time to nurture top talent, then letting that talent work its magic. Fans are the real winners in this deal, because we will now have the resources and creative discretion to make the right decisions for our products. This is truly a new way of doing business.”

Pandemic is known for its top-selling action/adventure titles; BioWare is the leading independent developer of story- and character-based role-playing games. Both will retain their separate brands and creative teams, and continue to operate in their respective cities: BioWare in Edmonton, Canada; Pandemic in Los Angeles and Brisbane, Australia. Both studios plan future expansions at these and other locations.

The cash infusion will allow Pandemic and BioWare to rapidly support new game consoles ensuring each title has the necessary resources to achieve the highest quality. Andrew Goldman, Pandemic Studios’ CEO, said that publishers remain vital to the business. “This is still very much a collaboration with our publishing partners. We will continue to innovate and deliver top-quality hit games and they will continue to transform that creativity into blockbuster titles.”

“BioWare and Pandemic will use our new alliance as a launch pad for exchanging creative ideas, cutting edge technologies and top talent while retaining our distinctive cultures,” said Ray Muzyka, joint CEO of BioWare Corp. “In a business where developers often must sell out to survive, this deal is refreshingly new: a partnership of equals.”

Behind the deal: Facts and stats

The transaction value, including future capital needs and rollover of the founders’ shareholdings, will be more than \$300 million, making the BioWare/Pandemic alliance one of the world’s best-funded and largest independent game development efforts. The combined group will immediately have more than 450 employees, with offices in Los Angeles, Edmonton, Canada, and Brisbane, Australia.

The deal creates a new holding company, BioWare/Pandemic Studios, comprised of management from Pandemic, BioWare and Elevation Partners.

- **Pandemic** is a leading force in the action/adventure category, with four major hit games, three of which are original Pandemic-created IPs, in the last 18 months: Mercenaries™, Destroy All Humans™, Full Spectrum Warrior™, and Star Wars Battlefront™ (look for Star Wars Battlefront™ II, published by LucasArts in stores now). In addition to the upcoming release of Full Spectrum Warrior: Ten Hammers™ (to be published by THQ), Pandemic is developing a number of new, unannounced original titles with forward-looking technology for next generation platforms at its two studio locations. For more information on Pandemic and its games go to www.pandemicstudios.com.

- **BioWare** is an industry powerhouse known for its role-playing games rich in story and character. Releases include the hit franchises Baldur's Gate™, Neverwinter Nights™, Star Wars™: Knights of the Old Republic™, and BioWare's own IP Jade Empire™, as well as the upcoming new IP titles, Mass Effect™ (to be published by Microsoft) and Dragon Age™. BioWare has also developed innovative new technology, including the BioWare Eclipse Engine™, for next generation platforms with its Technology Architecture Group and online content for its community of 2.75 million registered fans at www.bioware.com.

- **Elevation Partners** is a newly formed private equity firm that makes large-scale investments in market-leading media, entertainment, and consumer-related businesses. It focuses on investing in intellectual property and content oriented businesses, as well as traditional media and entertainment companies, where it can partner with management to enhance growth and profitability through a combination of strategic capital and operational insight. Elevation Partners had its final close on a \$1.9 billion fund this past August. The six partners are Fred Anderson, former EVP and CFO of Apple Computer, Bret Pearlman, former senior managing director of The Blackstone Group, Marc Bodnick, a founding principal of Silver Lake Partners, John Riccitiello, the former president and COO of Electronic Arts, Roger McNamee, a co-founder of Silver Lake Partners and Integral Capital Partners and Bono, lead singer and co-founder of the rock band U2. For more information, visit www.elevation.com.

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