

VALVE

PRESSKIT

// CORPORATE INFORMATION

FOUNDED

September 1996

OWNERSHIP

Wholly owned by Valve, L.L.C.

HEADQUARTERS

Kirkland, WA

BACKGROUND

Valve is an entertainment software company based in Kirkland, Washington, founded in 1996 by a group of veteran Microsoft executives and engineers. Today, Valve is comprised of over 40 of the industry's leading artists, programmers, and writers. In the company's four-year history, it has risen from unlikely new entry to industry leader—producing a string of best-selling, critically acclaimed PC entertainment products.

PRODUCTS

Half-Life, released in November 1998, has won more than 50 Game of the Year honors worldwide and been called "a smash hit" by the *Wall Street Journal*. Half-Life was named "Best PC Game Ever" in the November 1999 issue of *PC Gamer*, the world's best-selling PC games magazine. In addition, Half-Life has become one of the best-selling PC action games of all time.

Team Fortress Classic is a multiplayer add-on for Half-Life that challenges players to engage in team-based strategic battles. Since its release in April of 1999, Team Fortress Classic has become one of the most popular games on the Internet, with thousands of players and dozens of Web sites dedicated to the game and its community.

Counter-Strike is a multiplayer action game built on the Half-Life engine. Counter-Strike mixes elements of strategic gaming into its unique blend of team-based action play. Today, more gamers are playing Counter-Strike than the sum total of all other action games combined—making it the most popular online action game of all time.

PARTNERSHIPS

Valve has strategic partnerships with the following companies:

Acer	GameSpy	Nvidia
AMD	Gateway Computers	Plantronics
ATI	Gearbox	Sierra On-Line
AT&T	Hi-Net	Sony
Cisco Systems	Intel	Speakeasy
Creative Artists Agency	InterNAP	Streaminghand
Dell Computer Corporation	Korea.com	Telia Internet A/S
Digital Bus	Microsoft	Telstra
EnVizion Technologies	Nexon	Telus
		Yummy

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SENIOR STAFF

Gabe Newell – Managing Director

Gabe is the founder and managing director of Valve, L.L.C. Before starting Valve, Gabe held a number of positions in the Systems, Applications, and Advanced Technology divisions at Microsoft, where he worked for 13 years. His responsibilities included running program management for the first two releases of Windows, starting the company's multimedia division, and leading the company's efforts on the Information Highway PC.

Scott Lynch – C.O.O.

Prior to joining Valve, Scott was a Senior Vice President at Sierra On-Line where he created and managed the Sierra Studios business unit publishing a number of products, including Half-Life. During his 5-year tenure at Sierra, Scott held a number of different positions in business development, acquisitions, finance, investor relations, and product development. Before joining Sierra, Scott worked in the public accounting industry at Coopers and Lybrand where he worked in both the audit and tax departments managing a range of clients from small start-ups to Fortune 500 companies. Scott is a graduate of the University of Washington Business School, with a concentration in accounting, and a certified public accountant in the state of Washington.

Yahn Bernier – Senior Software Engineer

Yahn received his undergraduate degree in Chemistry from Harvard University. He then went on to study law at the University of Florida School of Law. After law school, Yahn moved to Atlanta and spent five years practicing patent law there. Yahn's law practice was focused in the areas of computer software, chemistry, biochemistry, and mechanical engineering. In his spare time, he authored the popular "Quake" level editor BSP, and because of this work, he was contacted and recruited by Valve, L.L.C. in late 1997. Currently, Yahn is developing the network aspects of Valve's future titles, including *Team Fortress 2*.

Kelly Bailey – Senior Designer

Formerly a product unit manager at Microsoft, Kelly has a programming background that includes consumer multimedia, database engines, and networking. In addition to serving as senior designer, Kelly did all of the music and sound effects for Half-Life and wrote sound code to create character speech and DSP reverb effects for the Half-Life engine.

Ken Birdwell – Senior Software Engineer

Ken has contributed to a wide range of projects in the last 15 years. These include in-circuit emulators (CodeTap), 3D surface reconstruction (Surfgen), 3D prosthetics design tools (Shapemaker), and satellite networking (Microsoft's Broadcast PC). He also wrote one of the first graphical shells for multiplayer online games for CompuServe's Sniper. Oddly enough, Ken has a BFA from Evergreen State University, where he studied painting, photography, and animation. As one of Valve's senior software engineers, Ken designed and implemented the skeletal animation system and many other engine components for *Half-Life*.

Pat Goodwin – Vice President of Finance

Pat graduated *Magna Cum Laude* with a B.A. in Economics from the University of Washington and holds an M.B.A. with emphasis in Finance and Accounting from U.C.L.A. After serving tenure as a Senior Accountant and Consultant for Price, Waterhouse, Coopers in Los Angeles, Pat moved to Seattle where he served as C.F.O. for success start-ups Briazz, Inc. and Door-to-Door Storage before joining Valve.

Doug Lombardi – Director of Marketing

Doug arrived at Valve after his tenure at Sierra On-Line, where he held the position of senior marketing manager in charge of the launching of several products, including Half-Life, in addition to overseeing press relations and online communications for the Sierra Studios business unit. Prior to his move to Seattle, Doug launched *boot* magazine for Imagine Publishing and *Gamecenter.com* for CNET in San Francisco. He migrated to entertainment software from the music industry in 1994.

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Jay Stelly – Senior Software Engineer

Jay joined Valve from Tetragon where he was lead engineer and 3D engine developer of Virgin's *Nanotek Warrior*. Before that, he developed titles for Sony Playstation & 3DO. Jay informally began his career in digital entertainment at age 9, when he wrote his first computer game. His first published work came at age 15, when a game he wrote was published on a magazine cover CD. Jay currently serves as the senior software engineer at Valve, and is a lead on the production of Valve's next generation engine technology.

Mike Dunkle – Product Manager

Mike previously held the position of Director of Sales and Marketing - Games Unit, at Applied Microsystems Corporation. Mike established contracts with Microsoft and Red Jade to design and produce development systems for these companies' gaming platforms. Prior to this, Mike held positions as Director of Strategic Alliances and Director of Product Marketing in the High Speed Network Unit at AMC. Before he arrived at AMC, Mike held management positions in sales and marketing with Applied Precision Incorporated, where he established worldwide distribution channels and drove all aspects of product development.

Rick Ellis – Senior Engineering Lead

Rick previously held the position of Chief Technologist - Games Unit, at Applied Microsystems Corporation. During his tenure at AMC, he established the games unit by securing a deal with Nintendo and Microsoft to design and produce the development systems for Nintendo's GameCube and Microsoft's Xbox gaming consoles. Rick is author of ten patents (some pending) in real-time emulation, high-speed networking, and wireless communication. Rick graduated with a BA in Economics and a minor in CSCI from the University of Washington in 1987.

PORTFOLIO

Collectively, the Valve team has contributed to the creation of the following titles:

Aces of the Pacific	Gunship 2000	Quake Command
Bat's Entertainment	Internet Gaming Zone	Rex Nebular
Castle Infinity	Materia Prima Texture Library	Rise of the Triad
Civilization	Mech Commander	Shadow Warrior
Countdown	Mech Warrior 3	Sidewalk.com
Doom Special Playstation Edition	Microsoft Access	Sniper
Doom 64	Microsoft Bob	Star League Baseball
Double Dragon V	Microsoft Excel	Star League Basketball
Dr. Floyd's Desktop Toys	Microsoft Windows	Stellar Fire
Duke Nukem 3D	Microsoft Windows NT	Sting: All This Time
Duke Nukem Plutonium Pack	Microsoft Word	S.W.A.T. 3D
Eastwood	MSN	Take-A-Break Pinball
F-15 Strike Eagle	Muppets Inside	Wild 9's
F-15 II	Nanotek Warrior	WorldCraft
Final Doom	Nintendo Power Magazine	Zork Nemesis
Fling!	OS/2	
Fun 'N' Games	Pirate's Gold	

Founded in 1996, Valve develops entertainment software. *Half-Life* is Valve's debut title. Since its release in November 1998, *Half-Life* has won over 50 Game of the Year Awards from publications that include *PC Gamer*, *Computer Gaming World*, and CNET's *Gamecenter*. More information about Valve is available through the company's Web site at www.valvesoftware.com.

AWARDS AND ACCOMPLISHMENTS

Half-Life

Half-Life was named 1998's **Game of the Year** by over 50 international media outlets, including:

MAGAZINES

Gaming Magazines

PC Gamer (March 99)
 PC Games (Feb 99)
 PC Accelerator (March 99)
 Computer Gaming World (April 99)
 Ultimate PC – UK (Holiday 98)
 CGW - UK (April)
 PowerPlay - Germany (Holiday 98)

Mainstream Newspapers & Magazines

The Telegraph - UK
 Gry Komputerowe magazine – Poland
 -*First Person Shooter Game of the Year*

Television

NBC Giga - Germany

ONLINE

Videogame Press

CNET GameCenter:
 - *Half-Life: Action Game of the Year*
 - *Valve: Developer of the Year*
 GameSpot:
 - *Action Game of the Year*
 Antagonist Games Network
 Gamesmania -Germany

Mainstream

Teen People Online
 Houston Chronicle

Enthusiast Online

Blue's News
 Gamers World
 GamePower
 Game Over Online:
 - *Game of the Year*
 - *Action Game of the Year*
 Download.net
 Gamers Depot
 Gamezilla:
 - *Game of the Year*
 - *Best Action Game*
 *HL won both Editor's Choice and Reader's
 Choice in each category
 Digital Entertainment On-Line
 -*Game of the Year*
 -*Best Action Game*
 Loony Games'
 sCary's website
 Game Asylum:
 Half-Life: *Action Game of the Year*
 Valve: *Developer of the Year*
 Voodoo Extreme
 -*Action/Arcade Game of the Year*
 -*Game of the Year*

INDUSTRY AWARDS

At the 1999 Game Developer's Conference, *Half-Life* won five Spotlight Awards, including: *Best PC Game*, *Best Action Game*, *Best Use of Graphics*, *Best use of Audio*, and *Best Artificial Intelligence*.

.// AWARDS AND ACCOMPLISHMENTS . PAGE 2

“The closest thing to starring in an action movie”

— *The Chicago Tribune*

“Half-Life ranks without question as a landmark game.”

— *Computer Gaming World*

“Half-Life is the best action game ever made. Period.”

— *Daily Radar*

“What Valve has done is nothing less than raise the standard for what gamers should expect from an action game.”

— *CDMAG.com*

“11 out of 10.”

— *PC Accelerator*

“A smash hit.”

— *The Wall Street Journal*

“You can kiss any free time you have in your life goodbye when in possession of this finely crafted piece of work.”

(review score: 96%)

— *PC Home (UK)*

“In years to come, Half-Life will remain a benchmark for aspiring developers to match. “Uniquely compelling and unbelievably immersive.” “Any review, no matter how gushing, would do it scant justice.”

(review score: 96%)

— *PC Gamer (UK)*

“The thinking man’s Quake II ... There’s just so much here to rave about ... We

doubt that anything will come along to match Half-Life in the foreseeable future.”

(review score: 95%)

— *PC Format (UK)*

“An absolutely essential purchase...Half-Life is bloody fantastic...Valve’s masterpiece can happily lay claim to being the game of 1998.”

— *PC Gaming World*

“Half life isn’t just worthy of praise for being different, it also happens to be bloody marvelous ... Intelligent, frightening, jaw-dropping, and bloodthirsty. This isn’t just a game, it’s an experience.

Believe the hype. Your faith will be more than rewarded.”

— *PC Review*

“Wreathed in atmosphere, drenched with imagination, mined with surprise, Half-Life will devastate all who touch it.”

— *Edge*

“A pant-wetting, ground-breaking, genre-busting, ball-breaking game that doesn’t do things by half.”

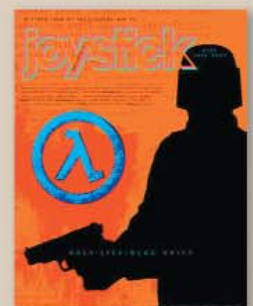
— *Ultimate PC*

“It is genuinely shout-out-loud terrifying. Half-Life is a virtual world of horror and pain, and it toys with your mind. Pull yourself together – it’s only a game.”

— *PC Zone*

“Best PC Game Ever”

— *PC Gamer Magazine*



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SPACE INVADER

A small games startup is gunning for big publishers

Gabe Newell is annoyed that no one else stepped up to the plate. The CEO of Valve (page 40) in Kirkland, Washington, would much rather focus on making games for the PC like the hits *Half-Life* and *Counter-Strike*, which have sold more than a million copies to date.

But Mr. Newell got fed up with the waiting for game publishers and technology companies to propose a workable way to sell computer games directly to consumers over broadband connections. The slow rollout of broadband and the timidity of publishers—they don't want to offend their retail partners—forced Valve to develop Steam, a service for downloading games over a broadband connection. publisher, Vivendi Universal's Sierra Entertainment, to package its games and distribute them to retailers. Now it will distribute its own and other developers' games directly to consumers in competition with its partner Sierra.



Video Game: Mr. Newell wants to distribute games over the Internet

To do this, Valve is hooking up with ISPs like AT&T and GameSpy Industries, which matches players for online games. "This marks a huge shift in the industry from a retail focus on online distribution and e-commerce," says Mark Surfas, CEO of GameSpy.

Mr. Newell says that Valve has the technology to make broadband game distribution work. The company developed Steam using the cash from its hit games, and it already has a network of servers. It also has a network of loyal consumers who play Valve games a total of 56.7 million hours per month.


Steam can get gamers up and running in a matter of minutes, thanks to a clever distribution system that delivers only the files needed to start a game just as a user needs them.

Mr. Newell figures that 75 percent of Valve's current customers already have broadband; he also estimates that Valve can realize a gross profit of \$30 on each title by releasing a game using Steam, compared with a gross profit of \$750 by releasing a title through the retail channel with a game publisher. Steam will also be tightly controlled to cut down on game piracy.

But we're not sure whether Steam will become mainstream or just an enclave of hard-core gaming. Publishers are skeptical. "It has some promise, but it is unproven," says Mike Ryder, president of Sierra Entertainment, with the typically cautious attitude of a game publisher. "We don't want to be on the bleeding edge of technology."

Whatever the outcome, Steam has stirred the hearts of independent-minded game developers, who are eager to use it to distribute their games. If Steam succeeds, game publishers—particularly those who don't make their own games—need to think of a better way to add value, or they'll find themselves cut out as middlemen.

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TECHNOLOGY & BUSINESS

Triumph of the mod

Player-created additions to computer games aren't a hobby anymore -- they're the lifeblood of the industry.

By **Wagnor James Au**

April 16, 2002 | The wall went down last month. From now on in computer gaming, there were to be no real barriers between creator and audience, or producer and consumer. They would be collaborators in the same imaginative space, and working as equals, they'd create a new medium, together.

That announcement was made, if you listened closely enough, at the annual [Game Developers Conference](#) in San Jose, when Valve Software founder Gabe Newell unveiled [Steam](#), a broadband distribution network that would offer instant updates to recent Valve games and new titles from [Valve](#) and other companies. Listed among the new titles was "Day of Defeat," a multiplayer add-on to Valve's best-selling first-person shooter (FPS), "Half-Life."

But that last offering isn't a game at all, really, and it wasn't created by Valve or any other company. "Day of Defeat" is a mod -- a fan-made modification to a pre-existing game. Or, in modder jargon, it's a "total conversion," the most ambitious form of mod, in which all the graphics and gameplay of the original title have been reshaped by fans to create an entirely new experience. In this case a group of enthusiasts took the sci-fi trappings of "Half-Life" and transmuted them into a battle zone for ultrarealistic, squad-based combat set amid the ruins of World War II's European theater.

"We told ourselves this would be the most tactically realistic FPS war game ever made," says Kelly Thornton, one of "DoD's" main creators. None of them were members of the industry, like Thornton, many were college students. During breaks in his school schedule, for example, John Morello often plowed 40 hours a week into the project. While earning a master's degree in business, Thornton devoted about 20 hours a week, as did team member Travis Smith. (Even though, Smith adds, "I am still in high school.")

According to Newell, Valve's new service was built with mods in mind. "Steam will really help with the distribution part of creating a successful mod," Newell tells me by e-mail. "For a product that has a distinct audience (which "Day of Defeat" has, with its very strong World War II emphasis), I'd think they would benefit from this kind of approach." Not just for "DoD" but the other mods as well, "it will create a smoother transition between the amateur world and the professional world."

Considering the investment and risks, it's striking that Steam would feature mods so prominently. It's a for-profit network, bolstered by partnerships with companies like AT&T and Acer, including compensation provisions for modders who choose to go for-profit. When Steam officially launches this summer (80,000 gamers are already enjoying its public beta test), several other mods will join "Day of Defeat," along with the professionally made titles, all for a subscription fee of around \$12 a month. Commercial prospects for this venture -- especially in Asia, where Internet cafes in countries like Taiwan and Korea have made online gaming phenomenally popular -- are enormous.

And Steam's success will depend in great part on modders like team "DoD." Which, when you think about it, is a little like HBO devoting its prime time schedule to action movies shot by high school kids in their back yard. And getting massive ratings as a result.

But it's possible to do just that. According to Jakob Jungles, another "DoD" developer, version 2.0 (released in February) soon attracted more online players than almost any other multiplayer action game. (All but Valve's "Counter-Strike," that is, which also began as an amateur mod.) That would make "Day of Defeat" more popular online than premium releases like "Medal of Honor" from Electronic Arts, and "Return to Castle Wolfenstein" from Activision -- two recent shooters also set during World War II.

"I had visions of success when I first saw some of the new professionally developed WWII first-person shooters," another "DoD" developer recalls. "[And] saying to myself, 'We're better than those guys, and we're just a group of dudes!'"

Mods have been with the game industry for at least a decade, but as the inclusion of "Day of Defeat" on Steam proves, they've truly come into their own. Many of the best game companies now count on modders to show them the way creatively and to ensure their own survival in a savagely competitive market. This stands in marked contrast to the music and film industry, which vindictively discourages fans from tinkering with their content and clings to an outdated interpretation of copyright. By fostering the creativity of their fans, their more agile peers in the game industry have not only survived but prospered.

In a sense, mods also represent the most visible success of the free software movement on the larger culture. For the millions who play computer games, the same ethos of volunteerism and shared ownership that characterizes free software has helped utterly transform the gaming experience and the \$8 billion-plus gaming industry.

How they reached this peak is a story stretching back at least 20 years. What follows are a few select milestones on the way to the summit.

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REPORT March 22, 2002

Valve Changes Online Gaming Rules

Half-Life creator proposes a .NET-style initiative for computer games.

The most popular online game in the world is Counterstrike. It began life as a user-created mod for Half-Life, and became a phenomenon. Counterstrike is multiplayer only, and pits teams of SWAT-style operatives against terrorists. There are as many as 1.5 million players playing Counterstrike worldwide. Valve Software hired the development team for Counterstrike, and has added it to their portfolio of titles.

You'd think that Gabe Newell, CEO of Valve, would be very happy about this—but he isn't, for a number of reasons. For one thing, other people are making money using his company's product. This is happening in Internet cyber cafes in the Far East, where users get together in coffee house environments and play against each other. If you look at most EULA's (end user licensing agreements) for computer games, using the software for commercial purposes is frowned upon, unless additional licensing is granted.

Second, there's the difficult issue of customer support. If you've ever played a multiplayer game online, you may have encountered the dreaded message: "Client and server version mismatch". Simply put, your version of the game doesn't match the version running on the server. So you have to hurt down the patch and install it. On top of that, there's the whole issue of cheating. There are numerous user-created cheats, ranging from simple invulnerability—generally easy to spot—to more subtle cheats, such as having larger ammo allotments.

Finally, it's back to money again. The relationship between development studios and publishing houses has often been a somewhat prickly one, and has gotten worse as the number of publishing companies has diminished during the industry-wide consolidation of the late 1990's. On top of that, distributors and retailers often charge significant placement fees for endcaps and premium shelf space. The net result is that the actual developer may only see \$7-8 of the \$40 retail price.

So Valve Software began working on a software and networking infrastructure they eventually dubbed Steam. Steam is a set of services that allow applications to be downloaded over the net. At first blush, this seems like a nearly impossible proposition, as many games consume an entire CD, or even multiple CDs.

But the developers at Valve noticed that the actual working set of a running game is much smaller—sometimes as little as ten megabytes. What if you restructured the binaries to only download the immediate working set? This still would require a broadband connection, but could be more attractive to broadband users. In fact, it's Valve's contention that even a user of a large game title can be up and running faster than a typical CD install could complete.

Valve tested the waters by conducting a survey on their web site, and discovered that as many as 75% of their users have broadband connections. It's unclear how scientific this sample is, as online survey samples are notoriously self-selecting. On the other hand, many countries are aggressively building nationwide broadband infrastructures. For example, 60% of the households in Korea have some form of broadband connection, and the Korean government has a stated goal of 80% penetration of 20 megabit connections by 2005.

Steam allows developers to offer a number of services:

- **Make online purchase and downloading of game content a simple process.**
Offer flexible, cafeteria-style pricing (buy the whole nine yards, buy increments, or buy a subscription)
- **Offer significant piracy protection.** If there's no CD to copy, and most content lives on centralized servers, then it becomes much harder to pirate.
- **Prevent cheating because content is managed by the central servers.**
- **Ensure that patches and other content are automatically downloaded so that all users have the same version.** There would be also rollback procedures, in case an update broke something in the application.
- **Track usage models (for online games), so that developers can see how users are playing the game.** This allows them to make improvements and add new, interesting content.

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CD-ROM EDITION

Valve's Story-Telling Computer Game Is a Hit

By DEAN TAKAHASHI

Staff Reporter of THE WALL STREET JOURNAL

The team at computer game company Valve LLC wanted to tell a story. The problem was the game designers couldn't do it.

So Gabe Newell and his partner Michael Harrington turned to Marc Laidlaw, a science fiction novelist, for help.

Mr. Laidlaw, author of "The Third Force" and "The 37th Mandala," plotted and twisted and, after a marathon tweaking, scripted a brand new game. Valve's "Half-Life" started shipping in mid-November.

The game has turned into a smash hit, ranking No. 4 in revenue for PC games for its first two weeks on the market, according to market researcher PC Data Inc. Sierra Studios, which published the title for Valve, expects to recoup its advance on royalties within the first month of sales and says it is its best-selling title in its history.

The game's success also may signal a shift in the marketplace. "We think this is a real test," says Mr. Harrington, 34 years old, "something that could split the games industry between 'Saving Private Ryan' and 'The Barney Movie.'"

"We had great technology, but we didn't feel the story was working. Our world wasn't real enough," says Mr. Newell, of the company's previous efforts. The company's designers worked with Mr. Laidlaw to fix that and did so only after a year's nerve-racking delay and an extra \$1 million.

"Half-Life" now seamlessly combines "smart" characters endowed with arti-

cial intelligence with scripted animations. Characters, such as guards, for instance, are smart enough to dive away from exploding grenades, or if they can't get away, an animation will kick in and they'll scream "Oh No!"

Up to now, hard core gamers haven't given a hoot about a story. But "Half-Life" may indicate that is changing. The

Messrs. Newell and Harrington, two Microsoft Corp. programmers who got rich from stock options, started the company in Kirkland, Wash., in a building overlooking Lake Washington in 1996.

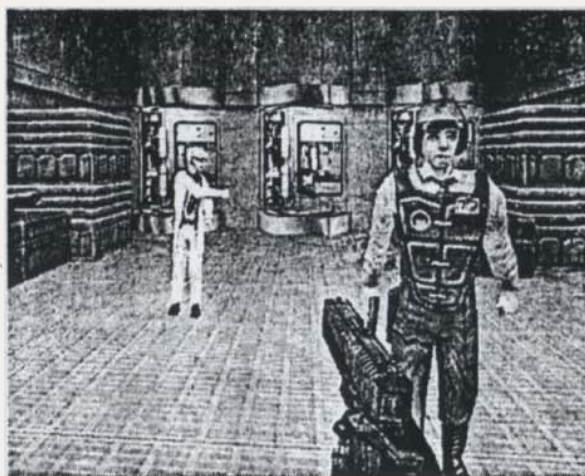
They visited the mecca of 3-D games, a company in Dallas called id Software Inc., which created the "Doom" and "Quake" 3-D action titles where the object is to shoot everything that moves. They licensed id's 3-D "engine," the software code that served as core technology for their game. And more importantly, they hired talented free-lance game programmers.

"Gabe told us we had a plane ticket waiting," says Steve Bond, who was working for Pizza Hut at the time. Mr. Bond, 24, joined on the spot when he arrived in Kirkland for a job interview, and his friend John Guthrie, 25, showed up a week later, both of them penniless except for their computers. Mr. Newell rented them an apartment, bought them some furniture, put them on the payroll and bought them plenty of pizza.

What Valve did was succeed in developing a technology that allowed the story telling to proceed. The animation was a hundred times faster than other games, since a programmer only had to instruct the computer to move the outline of a character rather than every single dot comprising the image. That allowed Mr. Laidlaw to imbue the characters with more human qualities. He also insisted on other novel-like conventions, like making sure the player always saw the action from Mr. Freeman's eyes, "because you ruin the experience of immersion if you switch from first person to third person in a novel."

The whole combination of animation, artificial intelligence and scripted dialogue gave Valve far more room to tell a story than a typical 3-D shooting game would allow.

"We've been flabbergasted by the response," says Mr. Newell, who treated his entire staff to a vacation in Cabo San Lucas.



A scene from the PC game "Half-Life"

game has won numerous awards and its word-of-mouth buzz is building. Says Steven Okino, a Stanford University post-graduate researcher: "It's almost like being in a science fiction movie."

The Valve crew modeled some of the action after the gripping action film "Aliens." Part science fiction and part-horror, gamers can play the role of Gordon Freeman, a theoretical physicist in a top secret research lab in Arizona where an experiment goes horribly wrong. The object isn't just to shoot everyone on sight, but to unravel a puzzle and to enlist other characters as allies. "It starts out calm, and things get weirder and finally everything all falls apart," Mr. Newell says.

The story may sound like a routine B-movie—and it is loosely based on the Stephen King novella "The Mist," where a dense fog arises around a secret military base and with it come monsters who terrorize a city—but the effect is like an "immersive world," says Mr. Harrington.

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GAME THEORY

Charles Herold

Where Death Is Final, and Caution Is a Must

IN the world of multiplayer first-person shooters, death holds all the terror of a hangnail. Players know that death is only a momentary inconvenience and that in the blink of an eye they will once again be alive and heavily armed.

Such is not the case with *Half-Life: Counter-Strike*, a game that puts the discomfort back into having a bullet pass through one's brain. *Counter-Strike* is a mod — short for modification — for the action game *Half-Life*. A mod is a new game created out of an existing game, and anyone with the time and inclination can create one. *Counter-Strike* turns *Half-Life*, a single-player game about a scientist fighting an alien invasion, into a multiplayer game in which terrorists and counterterrorists battle through a variety of scenarios.

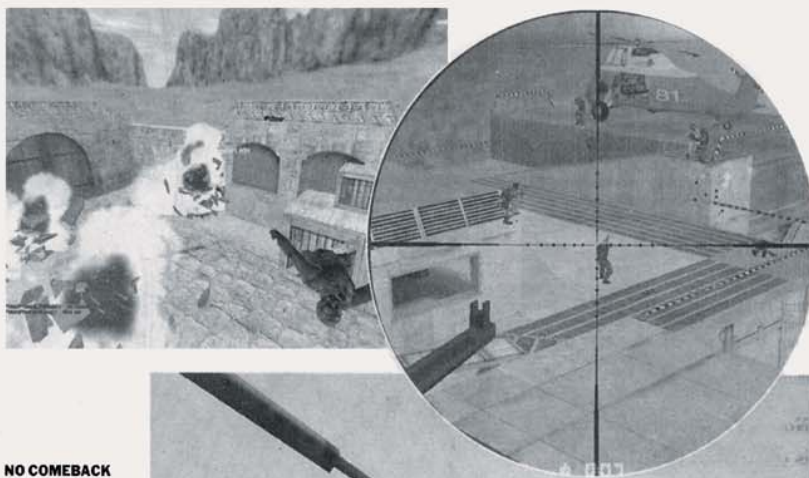
First released in 1999 by the mod designer Minh Le and his *Counter-Strike* team as a free download for owners of Sierra's *Half-Life*, *Counter-Strike* has become the most popular of all multiplayer action games. This popularity has moved Sierra to release a standalone version of the mod for people who don't own *Half-Life*. Besides *Counter-Strike* it contains other multiplayer mods like *Team Fortress Classic* and the western-theme *Wanted*, making it the ultimate package for those who consider battling monsters with artificial intelligence a hollow experience compared with battling real human minds.

What makes *Counter-Strike* so compelling is the threat of death that hangs over the player. In most multiplayer games death is a hiccup, at the end of which the player is resurrected. There is no resurrection in *Counter-Strike*. Each mission lasts five minutes, and if you die before it ends, then you are out of the game, although you can still watch the survivors battle it out.

The most common type of multiplayer game is death match, which is simply free-for-all carnage. Death match is a chaotic world of unbridled violence where soldiers and monsters run around with bazookas and flame throwers. You can die several times a minute. *Counter-Strike* aims for more of a real-world experience. Death is easy to come by; one bullet to the head or two or three to the body will end your life.

Counter-Strike is not a death match game but a team play one. While there are other multiplayer team play games, most allow players to ignore the team and just run around and shoot people as they do in death match.

In *Counter-Strike*, teamwork is unavoidable. Both staying alive and killing the enemy can be done only with the assistance of your team. Players tend to travel in groups, with the bravest or most foolhardy taking the lead as others watch their back. Running pell-mell through a door is suicide. Instead a group of soldiers will approach a door, pause, peek in and perhaps throw a grenade into the



NO COMEBACK
Half-Life: Counter-Strike, a multiplayer action game, involves blasting away, above, zeroing in on a target, above right, and terrorists battling through a variety of scenarios.



[KK]quickSanD : 92(Health)
FIRE1 for Next Target FIRE2 for Prev Target JUMP to Change Modes
Your text messages can only be seen by other Spectators

room before entering. There are three basic missions in *Counter-Strike*: counterterrorists try to rescue hostages, counterterrorists try to get a V.I.P. out of a danger zone or terrorists try to blow something up. These missions are played out in a variety of locations, and the same mission will be played over and over. It is a learning experience, as players observe enemy tactics and learn from the most experienced players on their own team. Even though there is no real command structure, strategies develop through collaboration.

Watching the creation of these strategies is fascinating. In one mission the counterterrorists had to walk through a canyon toward a bunker where hostages were being held. The terrorists waited with rifles equipped with scopes, picking off counterterrorists as they exited the canyon. The only other way into the terrorist stronghold was through an underground elevator, but a terrorist would shoot through the elevator ceiling whenever anyone tried to ride it.

In mission after mission, the terrorists won. But there was an ar-

mored truck parked near the counterterrorists' home base. A few players tried riding the truck through the canyon and died in a hail of bullets; then it was determined that if the truck stopped near the canyon exit, it could be used as a shield from behind which counterterrorist snipers could shoot the enemy. The counterterrorists started winning.

With its emphasis on strategy, *Counter-Strike* rewards players for intelligence and caution rather than speed and firepower. It is an unusual game in which the most successful players are not necessarily those with the fastest Internet connections. A smart player with a 56K modem can repeatedly kill someone connected through a cable modem.

My favorite mission is a hostage scenario in an Italian village. It's a lovely village where chickens populate an outdoor market and Italian music plays from a radio in the villa where the hostages are held.

It was here that I began to learn the nature of *Counter-Strike*. After a few missions I realized that a certain number of terrorists almost always ran down a certain street, trying to get to the hostage rescue zone so they

could ambush any counterterrorist trying to bring the hostages in. I ran into a doorway off that street and waited. A terrorist ran by and I shot him in the back, then got a second one. The next mission I followed the same strategy with similar results. The third time as I stood in that doorway a terrorist ran straight into it, guns blazing. I died.

Now a ghost, I floated above the action, watching my fellow teammates die, unable to help, unable even to shout out a warning. All I could do was chat with my fellow ghosts, contemplate my mistakes and plan for my next life.

Is *Counter-Strike* as accurate in its portrayal of death as it is in its portrayal of warfare? Do ghosts hover above us, planning a better life in which they will live longer and kill more of their enemies? Perhaps this is a game with profound philosophical implications. Or maybe it's the bullet in my brain talking.

Half-Life: Counter-Strike, developed by Valve, published by Sierra; \$29.95; for Windows 95, 98 and NT; for ages 17 and older.

E-mail: Herold@nytimes.com

Games

DEVELOPMENT A LA MOD

Custom game MODIFICATIONS have become big hits. BY SCOTT TYLER SHAFER AND DEAN TAKAHASHI

EVEN BEFORE they started shipping Half-Life, back in March 1998, developer Valve and publisher Sierra Studios suspected they had a hit game on their hands. But they never foresaw that the game would enjoy a vibrant—and profitable—second life thanks to a college student.

A year and a half after they released Half-Life, a “first-person shooter” involving a scientist fighting for survival, Minh Le, then a 21-year-old computer studies major at Simon Fraser University in Burnaby, Canada, fiddled with the popular PC game’s code and created a mod, short for modification. The mod, which Mr. Le titled Counter-Strike, took the game far beyond Half-Life. Counter-Strike is an online game for multiple players, featuring one team in the role of terrorists and another in the role of counterterrorists.

Counter-Strike became so popular that by the time the fourth beta version came around, Valve started helping Mr. Le and his team write their code. Later, the software company helped them arrange for Sierra to publish their mod. In August 2000, Sierra (a unit of Vivendi Universal’s Havas Interactive) started selling Counter-Strike as a packaged add-on to Half-Life.

Counter-Strike has since been named action game of the year by several top gaming publications. Half-Life, which is necessary to run Counter-Strike, was still among the 20 top-selling games as of early February, according to *PC Data*, the

computer industry’s primary source for software, hardware, and video game information—this nearly three years after Half-Life’s initial release. Counter-Strike’s popularity keeps growing (see “Numbers Game,” below). Using the software development kit that Valve provides, fans continue to create new scenarios, weapons, and characters for Counter-Strike.

A handful of gamers from around the world—including Utah, South Africa, and Germany—took the same software development kit and, collaborating over the Internet, built a single-player mod called Gunman Chronicles on top of the Half-Life engine. Valve helped them clean up their code, then put them in touch with Sierra. Five months later, in November 2000, Sierra published Gunman Chronicles, which quickly became a top ten game. Players who come up with a successful mod do it mainly for glory: they

get to put it on their résumé, and maybe, like Mr. Le, get a job at a game company.

The success of Valve and Sierra has changed how developers think about both their titles and their players. Many developers are now following Valve’s lead and making modification tools for their own games. Electronic Arts’ Maxis division released tools four months prior to the debut of its highly anticipated game, *The Sims*, a people-simulation game in which players control the daily life of a household. “The idea behind that was to get would-be players excited about the release and hope they’d develop characters and scenes to upload to the game upon its release,” says Will Wright, designer of *The Sims*.

It worked. When the game shipped in February 2000, *The Sims* already had 250,000 players and 50,000 player-created characters. Players added their own story lines, put their own faces on characters, and hung their favorite art on the walls. To date, *The Sims* has sold more than 3 million copies worldwide; it’s one of the most successful computer games in history.

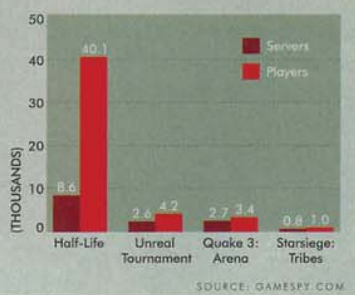
Some developers dislike the idea of users modifying their games. Tim Schafer, president of the games startup Double Fine Productions, thinks the game designer, not the users, ought to create and control stories. Joking with Mr. Wright, creator of *The Sims*, Mr. Schafer recently said of user-enhanced games, “You’re just lazy programmers trying to get the users to do your work.” Mr. Schafer, who created *Grim Fandango*, a sort of interactive novel, for LucasArts Entertainment, prefers to create games with stories that propel users through a narrative.

And despite the success of Counter-Strike, most developers see user-modified games as a means to get gamers hooked, not a substitute for good game design. “It takes \$5 million and two to four years to make a game,” says Warren Spector, a game designer at Ion Storm and creator of *Deus Ex*. “If you want to be competitive, you have to keep the users hooked on it. We’re counting on the community to keep the game alive until we can release the next game.” 🍷

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Computer Games

From The Economist print edition

Counter-culture

Jan 4th 2001

THE computer games industry has much in common with the movie business. Sales of games, at \$20 billion a year worldwide, equal global box-office takings. Both games and films come in a baffling variety of genres, many of which are incomprehensible to outsiders. And, every now and then, a low-budget cult classic is plucked from obscurity and put on general release. That is what has happened to "Counter-Strike", the Internet's most popular "first person" shoot'em-up action game.

The first-person genre was originally made popular by "Doom", which is now a classic. Unlike games in which players view the action from above, first-person games offer a fully realised three-dimensional landscape seen from a first-person perspective—so that as you move around, you see the world along the barrel of your gun.

What makes such games particularly addictive is the opportunity to play against others over the Internet. The most popular multiplayer scenario is called a "deathmatch"; at any one time there are tens of thousands of machines around the world hosting round-the-clock deathmatches. Popular games with a deathmatch mode include "Quake III", "Unreal Tournament", and "Half-Life". But just as one Hollywood action movie is much like another, there is little difference between these games, which vary only in the complexity of their graphics and the choice of weapons available. "Counter-Strike" is different, and it is these differences that explain its popularity.

For a start, "Counter-Strike" is inherently team-based, pitting a gang of terrorists with a particular aim (bombing a target, assassinating someone, guarding hostages) against a team of counter-terrorists whose mission is to stop them within a five-minute time limit. Individual players who charge ahead of their teams do not last long. Strategy and co-operation with the other members of the team assume vital significance.

Among the many features of "Counter-Strike" is that players who are killed do not instantly come back to life. Instead, they must sit out for the rest of the round. During this time they can fly around the game world, passing through walls like ghosts, and observing the action. They can also exchange text messages with other dead players, but they cannot communicate with players who are still alive (for whom they would otherwise be able to act as spies).

In other words, once you are dead, you are out until the next round. This rule, combined with the fact that most of the weapons in "Counter-Strike" can kill with a single well-aimed shot, encourages players to take their mortality (within the game, at least) seriously, and play far more cautiously.