

# Microsoft and Activision extend deadline to close \$69 billion deal under close regulatory scrutiny

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Visitors passing an advertisement for the video game 'Call of Duty' at the Gamescom fair for computer games in Cologne, Germany, Aug. 22, 2017. Microsoft has signed an agreement with Sony to keep the “Call of Duty” video game series on PlayStation following the tech giant’s acquisition of the video game maker Activision Blizzard. The announcement was made Sunday, July 16, 2023 in a Twitter post by Phil Spencer, who heads up Microsoft’s Xbox. Credit: AP Photo/Martin Meissner, File

The deadline for Microsoft's \$69 billion acquisition of video game company Activision Blizzard has been extended as the companies seek to close a deal that has been challenged by regulators in the U.S., as well as by the U.K.'s Competition and Markets Authority.

Microsoft believes that pushing back the deadline to Oct. 18 will provide enough time to work through the remaining regulatory issues, said Brad Smith, the company's president.

"We are confident about our prospects for getting this [deal](#) across the finish line," Smith said.

The extension comes with a bigger termination fee, should the deal be called off, and a number of other new agreements.

Tuesday marked an important deadline for the deal announced 18 months earlier. Both Microsoft and Activision had agreed that either party could walk away from the planned merger if it hadn't closed by then, triggering Microsoft to potentially have to pay a \$3 billion breakup fee unless both sides decided to renegotiate.

That termination fee has been increased to \$3.5 billion with the extension. If the deal does not close by Sept. 15, it will increase to \$4.5 billion.

"I am happy to share that based on our continued confidence in closing our deal, the Activision Blizzard and Microsoft boards have mutually agreed not to terminate the deal until after October 18," Activision Blizzard CEO Bobby Kotick said in a note to employees.



Microsoft CEO Satya Nadella arrives at the Phillip Burton Federal Building and U.S. Courthouse, in San Francisco, on Wednesday, June 28, 2023. A judge handed Microsoft a big victory on Tuesday, declining to stop its \$69 billion takeover of video game maker Activision Blizzard. Credit: AP Photo/Noah Berger, File

He emphasized that it's already been granted approval in 40 countries, which [includes those in the European Union](#), and he was confident the U.K. concerns would be resolved.

Microsoft spent this month working to resolve longstanding legal challenges from antitrust enforcers in the U.S. and U.K. who argued the merger would harm competition.



The deal was effectively clear to go in the U.S. this week, especially after the Supreme Court decided against hearing a last-ditch effort to block the takeover from gamers who have described themselves as fans of popular Activision titles Call of Duty, World of Warcraft, Overwatch and Diablo.

Justice Elena Kagan rejected the emergency appeal without comment on Tuesday. Kagan handles emergency matters from California and other western states.

But the U.K. remained an obstacle, though one that's likely to be surmounted.



A sign is seen outside the Activision building in Santa Monica, Calif. on

Wednesday, June 21, 2023. A U.S. appeals court on Friday, July 14, rejected a bid by federal regulators to block Microsoft from closing its \$68.7 billion deal to buy video game maker Activision Blizzard, paving the way for the completion of the biggest acquisition in tech history after a legal battle over whether it will undermine competition. Credit: AP Photo/Richard Vogel

The Competition and Markets Authority initially [rejected the deal](#), but later pushed back its final decision so it can consider Microsoft's argument that [new developments](#) mean its acquisition can go through.

A judge on Monday conditionally approved a joint request from Microsoft and the British regulator to delay upcoming proceedings, enabling both sides to further negotiate.

Daniel Beard, an attorney representing Microsoft in the U.K. case, told the judge Monday he was grateful the process is moving quickly because "the U.K. is the only impediment to closing and speed is of the essence."

Among the additional information sought by the judge was Microsoft's Sunday announcement of a deal addressing concerns from top rival Sony, maker of the PlayStation console that's a competitor to Microsoft's Xbox. Microsoft said it signed a deal with Sony to keep Call of Duty on PlayStation for at least 10 years.



The logo for Microsoft, and a scene from Activision "Call of Duty - Modern Warfare," are shown in this photo, in New York, Wednesday, June 21, 2023. A judge handed Microsoft a big victory on Tuesday, declining to stop its \$69 billion takeover of video game maker Activision Blizzard. Credit: AP Photo/Richard Drew, File





Scenes from "Candy Crush Saga," left, by Activision Blizzard, and "Crash Team Rumble," from Activision Publishing, are shown in this photo, in New York, Wednesday, June 21, 2023. A judge handed Microsoft a big victory on Tuesday, declining to stop its \$69 billion takeover of video game maker Activision Blizzard. Credit: AP Photo/Richard Drew

Such a deal would also appear to address at least one of the concerns about loss of competition brought by the U.S. Federal Trade Commission, which sued in December to stop the deal.

The FTC hasn't said if it will continue to fight the takeover after a [federal judge](#) and a federal appeals court both denied its attempt to stop the deal from closing. The FTC could still continue a case set for the agency's in-house judge in August, but that wouldn't preclude the two

companies from completing the merger beforehand.

Phil Spencer, head of Microsoft's Xbox division, said in an email to employees: "While we can technically close in the United States due to recent legal developments, this extension gives us additional time to resolve the remaining regulatory concerns in the UK."

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