

ACTIVISION

BILZZARD®

Fourth Quarter and CY 2009 Results

February 10, 2010

Safe Harbor Disclosure



The statements contained in this presentation that are not historical facts are forward-looking statements. The company generally uses words such as "outlook", "will", "remains", "to sell", "plans", "believes", "may", "expects", "intends", and similar expressions to identify forward-looking statements. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. The Company cautions that a number of important factors could cause Activision Blizzard's actual future results and other future circumstances to differ materially from those expressed in any such forward looking statements. Such factors include, without limitation, sales levels of the Company's titles, shifts in consumer spending trends, the impact of the current macroeconomic environment, the seasonal and cyclical nature of the interactive game market, any further difficulties related to World of Warcraft in China, the Company's ability to predict consumer preferences among competing hardware platforms, declines in software pricing, product returns and price protection, product delays, retail acceptance of our products, competition from the used game market, adoption rate and availability of new hardware (including peripherals) and related software, industry competition and competition from other forms of entertainment, rapid changes in technology, industry standards, and customer preferences, including interest in specific genres such as music, first-person action, and massively multiplayer online games, protection of proprietary rights, litigation against us, maintenance of relationships with key personnel, customers, licensees, licensors, vendors and third-party developers, including the ability to attract, retain and develop key personnel and developers which can create high quality "hit" titles, counterparty risks relating to customers, licensees, licensors and manufacturers, domestic and international economic, financial and political conditions and policies, foreign exchange rates and tax rates, and the identification of suitable future acquisition opportunities. These important factors and other factors that potentially could affect the Company's financial results are described in the Company's Annual Report on Form 10-K for the period ended December 31, 2008 and subsequently filed quarterly reports on Form 10-Q. The Company may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in the Company's assumptions or otherwise. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after today, February 10th, 2010, or to reflect the occurrence of unanticipated events.

For a full reconciliation of GAAP to non-GAAP numbers and for more detailed information concerning the Company's financial results for the fiscal quarter ended December 31, 2009, please refer to the Company's earnings release dated February 10th, 2010.

Activision Blizzard 2009 Highlights



- **Delivered better than expected non-GAAP financial results**
 - Record EPS, operating margin, and operating cash flow
- **Increased retail share to 16% in US/Europe**
 - Executed the largest entertainment launch, setting a five day sell through record with Call of Duty Modern Warfare 2
 - Call of Duty Modern Warfare 2 became our 3rd title in last few years to exceed \$1Bn in retail sales
- **Digital - #1 in subscription based MMORPG category worldwide**
 - #1 title overall in online subscription with Blizzard Entertainment's World of Warcraft

* Digital inclusive of: Online subscriptions, Digital game downloads, Downloadable Content (DLC), Value Added Services (VAS), and Mobile

Strong performance in challenging market

For the **console**
Activision Publishing plans to...

launch some of the most anticipated
downloadable content for **Call of Duty**

For **World of Warcraft**
Blizzard Entertainment plans to...

launch the next expansion pack
Cataclysm, and offer players additional
value added services

For the **PC**
Blizzard Entertainment plans to...

release **StarCraft II** which will also be
available for download on the new
Battle.net site and offers new and unique
gameplay opportunities

Note: Digital includes Online subscriptions, Digital game downloads, Downloadable Content (DLC), Value Added Services (VAS), and Mobile

Expect digital growth across our portfolio in 2010

ATVI well positioned for 2010



- **Strong 2010 slate**

- Activision Publishing – anchored by strong lineup of proven properties
- Global leader in Digital: World of Warcraft, StarCraft II
- Digital initiatives - DLC, Battle.net, Select brand extensions onto iPhone

- **Key financial drivers:**

- Increased operating leverage with focused lineup, greater Digital mix
- Continued execution vs. 30% long-term non-GAAP Operating Margin target
- Strong cash position of approximately \$3.3 Billion

- **Shareholder value focus**

- Announced second* \$1 Billion share repurchase authorization
- Announced first annual cash dividend of \$0.15 per share

* 2008 Share repurchase authorization was extended to \$1.25Bn and completed in December, 2009

Creating long term value for our shareholders

Activision Blizzard 2009 Results



GAAP	Original 2009 Outlook*	2009 Actual
Net Revenue	\$4,200M	\$4,279M
EPS	\$0.22	\$0.09
EPS, ex-Impairment	\$0.22	\$0.28

Non-GAAP**	Original 2009 Outlook*	2009 Actual
Net Revenue	\$4,700M	\$4,775M
EPS	\$0.61	\$0.69

	As of 12/31/08	As of 12/31/09
Cash & Investments	\$3.1B	\$3.3B

* Original 2009 Outlook provided on 2/11/09

** Non-GAAP information reconciliation tables in the appendix at the end of the press release

Better than expected non-GAAP performance for 2009

Activision Blizzard 4Q 2009 Results



GAAP	Prior Outlook*	4Q 09
Net Revenue	\$1,328M	\$1,557M
EPS	(\$0.04)	(\$0.23)
EPS, ex-Impairment	(\$0.04)	(\$0.04)
Non-GAAP**	Prior Outlook*	4Q 09
Net Revenue	\$2,218M	\$2,495M
EPS	\$0.43	\$0.49
	As of 9/30/09	As of 12/31/09
Cash & Investments	\$2.7B	\$3.3B
		LTD
Share Repurchase Program		\$1,250M @ \$10.87

*Prior Outlook provided on 11/5/09

**Non-GAAP information reconciliation tables in the appendix at the end of the press release

Better than expected non-GAAP performance in 4Q 09

Key Building Blocks for 2010



1. We expect significant growth in Digital primarily driven by **Blizzard Entertainment**
 - StarCraft II and Battle.net, World of Warcraft: Cataclysm
 - First full year of operating performance in China with new partner
2. We expect a **strong Activision Publishing slate** of new titles including:
 - Several titles based on the best selling franchises in company history
 - Two new intellectual properties
 - Strong catalog based on top sellers of 2009
 - Exciting new downloadable content
3. We expect to **increase the operating income contribution** of our music business
4. We will continue **our productivity improvement efforts** in order to **expand operating margins** while investing in our products

Focus on delivering continued profit growth In 2010

Activision Blizzard Financial Outlook



Outlook	GAAP 2010*	Non-GAAP 2010*	GAAP 1Q 10*	Non-GAAP 1Q 10*
Net Revenue	\$4.18B	\$4.40B	\$1.12B	\$525M
COGS (Prod/MMOG)	31%	31%	33%	31%
Op Ex incl. Royalties	49%	40%	36%	60%
EPS	\$0.47	\$0.70	\$0.20	\$0.02
Share Count	1.29B	1.29B	1.31B	1.31B

**1Q 10 and FY 2010 outlook is provided as of 2/10/10*

Our outlook is subject to significant risks and uncertainties including declines in demand for our products, competition, fluctuations in foreign exchange rates and tax rates, and counterparty risks relating to customers, licensees, licensors and manufacturers, and risks relating to the ongoing ability of Blizzard's licensee, NetEase, to commercially operate World of Warcraft in China without interruption. Our outlook is also based on assumptions about sell through rates for our products and the launch timing, success and pricing of our new slate of products, And current macroeconomic conditions increase those risks and uncertainties. As a result of these and other factors, actual results may deviate materially from the outlook presented today.

US/EUR Hardware Outlook



US and Europe Installed Base

Current Gen. Platforms	12/31/09 Installed Base	Estimated CY2010 Increase	Estimated 12/31/10 Installed Base
Xbox 360	32M	8M	40M
Playstation 3	23M	9M	32M
Wii	51M	12M	63M
Handhelds	112M	18M+	130M+
Total	218M	47M+	265M+

Source: NPD, Charttrack, GfK

New technology could drive hardware late in the year

2010 US/EUR Software Overview



- Expect software for 360/PS3/Wii to be up low to mid single digits
- Expect software for PS2, DS, PSP to decline
 - PS2 expected to be down significantly
 - DS and PSP expected to be down double digits
- Expect total software to be flat to down mid single digits
- Expect Digital to be up over 20%

Source: Activision Blizzard internal estimates;

Note: Digital includes Online subscriptions, Digital game downloads, Downloadable Content (DLC), Value Added Services (VAS) and Mobile

We expect retail and digital software to be up approximately 5-8%

Activision Publishing Highlights



For 4Q 2009:

- **#1 3rd Party Publisher** in the US and Europe
- **Gained 1.6 share points** in US over prior year to over 22%

For CY 2009:

- **Gained 1.8 share points** in US and Europe over prior year to 16%
- **#1 and #2 3rd Party franchises** in Call of Duty and Guitar Hero
- **#1 game overall** in Call of Duty Modern Warfare 2
- DJ Hero the **highest grossing new IP** launched in 2009
- Activision Publishing* generated **21% Non GAAP operating margin**

**Activision Publishing non-GAAP operating margin reflects results excluding Distribution*

Source: NPD, Charttrack, GfK

Strong portfolio and execution in 2009 positions us well for 2010

Activision Publishing Update on Major Genres



2009

2010 Expectations



- Increased Share to 51%
- Guitar Hero a top 5 franchise
- DJ Hero #1 New IP
- Units up on PS3 and Xbox 360

- Fewer SKUs serving a broader audience
- Reduction in SKUs: from 25 to 10
- Increased SW mix
- Rightsizing costs to reflect smaller slate
- Two major releases for 2H'10:
 - Guitar Hero
 - DJ Hero



- Unprecedented success with Modern Warfare 2
 - Excellent game quality
 - Retail and marketing execution
 - Favorable competitive environment

- Continue to annualize the franchise
- Outlook more conservative
- Potential for upside in selling into largest franchise audience to date

Source: NPD, Chartrack, GfK

Major genres remain large and attractive

Activision Publishing Strong 2010 Lineup



CALL OF DUTY

GUITAR HERO

TONY HAWK RIDE

DREAMWORKS
SHREK
FOREVER AFTER
THE GAME

TRUE CRIME



blur

SINGULARITY

007

Two new IPs + Stable of proven franchises

Blizzard Entertainment Highlights



- World of Warcraft strong going into expansion pack year
 - Global subscribership of approximately 11.5M subscribers
 - Solid adoption of Value Added Services
 - Working towards regional expansion and Wrath Of The Lich King launch in China
- 2010 shaping up as biggest in Blizzard history
 - 1st time in 12 years with 2 major products expected in same calendar year
 - StarCraft II beta testing ready to launch this month
 - WoW Cataclysm improvements to benefit experienced and new players alike
 - Innovative in-game VAS and community features for WoW
- Battle.net – designed to be the **premier** online gaming destination
 - Connects the Blizzard Entertainment community
 - Foundation for future Blizzard Entertainment online games
 - Advanced communication features for players to chat across World of Warcraft realms and across Blizzard Entertainment games

Cataclysm, StarCraft II, Battle.net, Diablo III - Solid pipeline for the future

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*The reconciliation tables are in the earnings release and on our website along with the replay webcast.