

# Activision Blizzard

## AUDIT COMMITTEE CHARTER

### I. Purpose

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Activision Blizzard, Inc. (the "Company") to oversee the accounting and financial reporting processes of the Company and its subsidiaries and the audits of the financial statements of the Company.

### II. Committee Membership

The Committee shall consist of at least three directors, each of whom has been determined by the Board to be "independent" in accordance with the NASDAQ Marketplace Rules, including the requirements with respect to audit committee composition set forth in Rule 5605(c)(2), and the rules of the Securities and Exchange Commission (the "SEC").

No director may serve as a member of the Committee if such director serves on the audit committees of more than two (2) other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

Each Committee member must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee must be designated by the Board to be the "audit committee financial expert," as defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC.

No Committee member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the three years prior to the proposed appointment of such Committee member.

Committee members shall be appointed and replaced by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Board shall designate a Committee chairperson.

Any vacancy on the Committee shall be filled by a majority vote of the Board. No Committee member shall be removed except by a majority vote of the Board.

### III. Committee Meetings and Procedures

The Committee shall meet in person or telephonically as often as it determines necessary to carry out its authority and responsibilities, but at least once per fiscal quarter.

The chairperson of the Committee shall, in consultation with the other Committee members and members of management, be responsible for calling meetings of the Committee, establishing meeting agendas and supervising the meetings. Any Committee member may, by written request, call a meeting of the Committee at any time. Additionally, any Committee member may submit items to be included in the agenda for, and may raise subjects that are not on the agenda at, any meeting.

Unless provided otherwise by law, this Charter, the Company's certificate of incorporation (as amended from time to time, the "Certificate of Incorporation") or the Company's bylaws (as amended from time to time, the "Bylaws"), a majority of Committee members present shall

constitute a quorum and the vote of a majority of Committee members present at a meeting at which there is a quorum is necessary to constitute the act of such committee. The Committee may also take action by unanimous written consent. No action by the Committee, however, shall be valid unless taken at a meeting for which adequate notice has been given or duly waived by Committee members.

The Committee, in its discretion, may ask members of management or others to attend and participate in its meetings.

The Committee must also meet periodically with the management, including the principal financial officer, the principal accounting officer, the chief internal audit executive, and the Company's independent auditors in separate executive sessions, to discuss any matters that the Committee or any of the above persons or firms believe warrants Committee attention.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

#### **IV. Committee Authority and Responsibilities**

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to help ensure that the Company's accounting and reporting practices follow all requirements and are of the highest reliability. The members of the Committee shall be fully entitled to rely in good faith upon the Company's records and upon such information, opinions, reports or statements presented to the Company by any of the Company's officers or employees, or committees of the Board, or by any other person as to matters such member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. The following authority and responsibilities are within the authority of the Committee. Consistent with and subject to applicable laws, rules and regulations, the Committee shall:

##### **A. *Select, Evaluate, and Oversee the Auditors***

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other services for the Company. Each such registered public accounting firm must report directly to the Committee. For purposes of this Charter, the registered public accounting firm engaged to prepare or issue an audit report for inclusion in the Company's Annual Report on Form 10-K is referred to as the "independent auditors."
2. Review and, in its sole discretion, approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein. Review and, in its sole discretion, approve all audit and all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Pre-approval of audit and permitted non-audit services will be made by the Committee or by one or more members of the Committee as designated by the chairperson of the Committee.

The person granting such approval shall report such approval to the Committee at the next scheduled meeting.

3. Review the performance of the Company's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the termination and replacement of the independent auditors when circumstances warrant.
4. Annually evaluate the independence of the Company's independent auditors by, among other things:
  - (a) obtaining and reviewing from the Company's independent auditors a formal written statement delineating all relationships between the independent auditors and the Company;
  - (b) actively engaging in a dialogue with the Company's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
  - (c) taking, or recommending that the Board take, appropriate action to oversee the independence of the Company's independent auditors; and
  - (d) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in the rules and regulations promulgated by the SEC.

**B. *Oversee Annual Audit and Quarterly Reviews***

1. Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities. The Committee shall also monitor the plan's progress and results during the year.
2. Review with management, the Company's independent auditors and the Company's internal audit department, the following information which is required to be reported by the independent auditors:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - (c) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and
  - (d) any material financial arrangements of the Company which do not appear on the financial statements of the Company.
3. Resolve all disagreements between the Company's independent auditors and management regarding financial reporting.

**C. *Oversee Financial Reporting Process and Internal Controls***

1. Review and evaluate:
  - (a) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, and staffing of the Company's internal audit function,

- through inquiry and periodic meetings with the Company's independent auditors and internal audit department;
- (b) the yearly report prepared by management, and attested to by the Company's independent auditors, assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's Annual Report on Form 10-K; and
  - (c) the Committee's level of involvement and interaction with the Company's internal audit function, including the Committee's line of authority and role in appointing employees in the internal audit function.
2. Review with the Chief Executive Officer, principal financial officer, principal accounting officer and independent auditors, periodically, the following:
    - (a) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
    - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
  3. Discuss with management guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal audit department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and manage such exposures.
  4. Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, assign additional internal audit projects to the chief internal audit executive.
  5. Receive periodic reports from the Company's independent auditors, management and chief internal audit executive to assess the impact of significant accounting or financial reporting developments on the Company.
  6. Review and discuss with the independent auditors the results of the year-end audit of the Company, including any comments or recommendations of the Company's independent auditors. Based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the Annual Report on Form 10-K.
  7. Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors, the Company's internal audit department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis.
  8. Discuss the Company's earnings, press releases (including the use of "pro forma" or "adjusted" information), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies. This

discussion may be general in nature (i.e., to discuss the types of information to be disclosed and the type of presentations to be made). The Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

#### **D. *Miscellaneous***

1. Establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K promulgated by the SEC).
2. Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.
3. Oversee the Company's policies relating to the ethical handling of conflicts of interest, including related party transactions.
4. Review and approve in advance any services provided by the Company's independent auditors to the Company's executive officers or members of their immediate family.
5. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
6. Review the Company's program to monitor compliance with its Code of Conduct, and meet periodically with individuals with operational responsibility for the compliance and ethics program and members of management to discuss compliance with the Code of Conduct.
7. Establish and monitor procedures for the receipt, retention and treatment of reports of evidence of a material securities law violation.
8. Oversee the hiring policies for employees or former employees of the independent auditors, which must include the restrictions set forth in the rules and regulations promulgated by the SEC.
9. Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

#### **V. *Committee Evaluations; Charter Review***

The Committee shall annually conduct, and review with the Board, an evaluation of its performance. The Committee may conduct this performance evaluation in such manner as the Committee, in its business judgment, deems appropriate.

The Committee shall annually review and assess the adequacy of this Charter.

#### **VI. *Investigations and Studies; Outside Advisors***

The Committee shall have the resources and authority to appropriately discharge its duties and responsibilities without seeking the approval of the Board or management. In particular, the Committee may:

- A. conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities;
- B. retain, at the Company's expense, independent counsel or other consultants or advisors as it deems appropriate; and
- C. incur ordinary administrative expenses as the Committee deems necessary or appropriate in carrying out its duties.

**VII. Conflicts**

If any term of this Charter conflicts with any term of the Certificate of Incorporation or the Bylaws, the terms of the Certificate of Incorporation or the Bylaws, as the case may be, shall control.