

The Activision logo is rendered in a bold, white, sans-serif font. The letters are closely spaced, and the 'V' in 'VISION' has a distinctive shape with a horizontal bar across its top. The entire logo is set against a black background.

**ACTIVISION**

The Blizzard logo is rendered in a white, stylized, jagged font that resembles a snowflake or a crystalline structure. The letters are thick and have a rough, textured appearance. A registered trademark symbol (®) is located at the top right of the word. The logo is set against a black background.

**BIZZARD®**

# Third Quarter CY 2010 Results

November 04, 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", "could", "would", "might", "remain", "to be", "plan", "believes", "may", "expects", "intends", "anticipates", "estimate", "future", "plan", "positioned", "potential", "project", "remain", "scheduled", "set to", "subject to", "upcoming", 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, but are not limited to, sales levels of the Company's titles, increasing concentration of titles, shifts in consumer spending trends, the impact of the current macroeconomic environment and market conditions within the video game industry, the seasonal and cyclical nature of the interactive game market, the Company's ability to predict consumer preferences among competing hardware platforms, possible declines in software pricing, product returns and price protection, product delays, retail acceptance of the Company's products, adoption rate and availability of new hardware (including peripherals) and related software, industry competition including from used games and other forms of entertainment, litigation risks and associated costs, rapid changes in technology, industry standards, business models including online and used games, and consumer preferences including interest in specific genres such as music, first-person action and massively multiplayer online games, protection of proprietary rights, 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 that 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 and potential challenges associated with geographic expansion. These important factors and other factors that potentially could affect the Company's financial results are described in the Company's most recent annual report on Form 10-K and other filings with the SEC. 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 the original date of this presentation, November 4, 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 September 30, 2010, please refer to the Company's earnings release dated November 4, 2010, which is available on our website, [www.activisionblizzard.com](http://www.activisionblizzard.com).

# Activision Blizzard 3Q 2010 Highlights



- **Earnings up significantly over prior year and outlook\***
  - Raising calendar year revenue and EPS guidance
  - \$1.2Bn in Operating Cash Flow generated in trailing twelve months
  - On track for our most profitable year and highest ever operating margin
  
- **Extending our Digital Leadership**
  - Added StarCraft II to industry leading portfolio of online-play enabled franchises
  - Directly integrating feedback from massive communities to improve our games
  - Growing \$1Bn-plus Digital business at more than 15% YTD while expanding margins
  
- **Some of the strongest franchises in Interactive Entertainment**
  - New subscriber milestone announced for World of Warcraft
  - Record console-online consumption for Call of Duty
  - Unprecedented release slate from Blizzard upcoming
  - Decade long partnership with Bungie
  
- **We continue to build our industry leading brands and teams**
  - Eric Hirshberg joins us as CEO, ATVI Publishing; reflects our commitment to creative talent

\*Prior Outlook provided on 08/05/10

*Another Quarter of Earnings Outperformance*

# Activision Blizzard 3Q 2010 Results



<b>GAAP</b>	<b>Prior Outlook<sup>1</sup></b>	<b>3Q 2010</b>
Net Revenue	\$600M	\$745M
EPS	\$0.00	\$0.04

<b>Non-GAAP<sup>2</sup></b>	<b>Prior Outlook<sup>1</sup></b>	<b>3Q 2010</b>
Net Revenue	\$725M	\$857M
EPS	\$0.08	\$0.12

	<b>As of 06/30/10</b>	<b>As of 9/30/10</b>
Cash & Investments	\$2.9B	\$2.9B

	<b>Through 9/30/10<sup>3</sup></b>
\$1 Billion Share Repurchase Program	<b>55M shares for \$600M</b>
First Common Stock Dividend (paid 4/2/2010)	<b>\$187M</b>

<sup>1</sup> Prior Outlook provided on 8/05/10

<sup>2</sup> Non-GAAP information reconciliation tables in the appendix at the end of the press release, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com)

<sup>3</sup> Current Share repurchase program was initiated on 2/10/10

*Non-GAAP EPS up 29% Y/Y through 9 months*

# Activision Blizzard Financial Outlook



Outlook	GAAP 2010*	Non-GAAP 2010*	GAAP 4Q 2010*	Non-GAAP 4Q 2010*
Net Revenue	<b>\$4.28B</b>	<b>\$4.45B</b>	<b>\$1.26B</b>	<b>\$2.20B</b>
COGS (Prod/MMOG)	<b>33%</b>	<b>32%</b>	<b>37%</b>	<b>31%</b>
Op Ex incl. Royalties	<b>47%</b>	<b>39%</b>	<b>63%</b>	<b>32%</b>
EPS	<b>\$0.51</b>	<b>\$0.74</b>	<b>(\$0.01)</b>	<b>\$0.47</b>
Share Count	<b>1.24B</b>	<b>1.24B</b>	<b>1.21B</b>	<b>1.22B</b>

\*4Q 2010 and FY 2010 outlook is provided as of 11/4/10

Our outlook is based on assumptions about sell through rates for our products and the launch timing, success and pricing of our new slate of products which are subject to significant risks and uncertainties, including possible declines in the overall demand for video games and in the demand for our products, the dependence in the interactive software industry and by us on an increasingly limited number of popular franchises for a disproportionately high percentage of revenues and profits, our ability to predict shifts in consumer preferences among genres, such as music and casual games, and competition. Current macroeconomic conditions and market conditions within the video game industry increase those risks and uncertainties. Our outlook is also subject to other risks and uncertainties including litigation and associated costs, fluctuations in foreign exchange and tax rates, counterparty risks relating to customers, licensees, licensors and manufacturers. As a result of these and other factors, (including those mentioned in our Safe Harbor Disclosure at the beginning of this presentation and in our 2009 Annual Report on Form 10-K) actual results may deviate materially from the outlook presented above.

*On Track to Record Non-GAAP Earnings in 2010*

# NA/EUR Hardware Outlook



## NA and Europe Installed Base

Current Gen. Platforms	12/31/09 Installed Base	Estimated CY2010 Increase	Estimated 12/31/10 Installed Base
Xbox 360	32M	9M	42M
PlayStation 3	23M	9M	32M
Wii	51M	12M	63M
Handhelds	111M	17M	128M
<b>Total</b>	<b>218M</b>	<b>47M</b>	<b>265M</b>

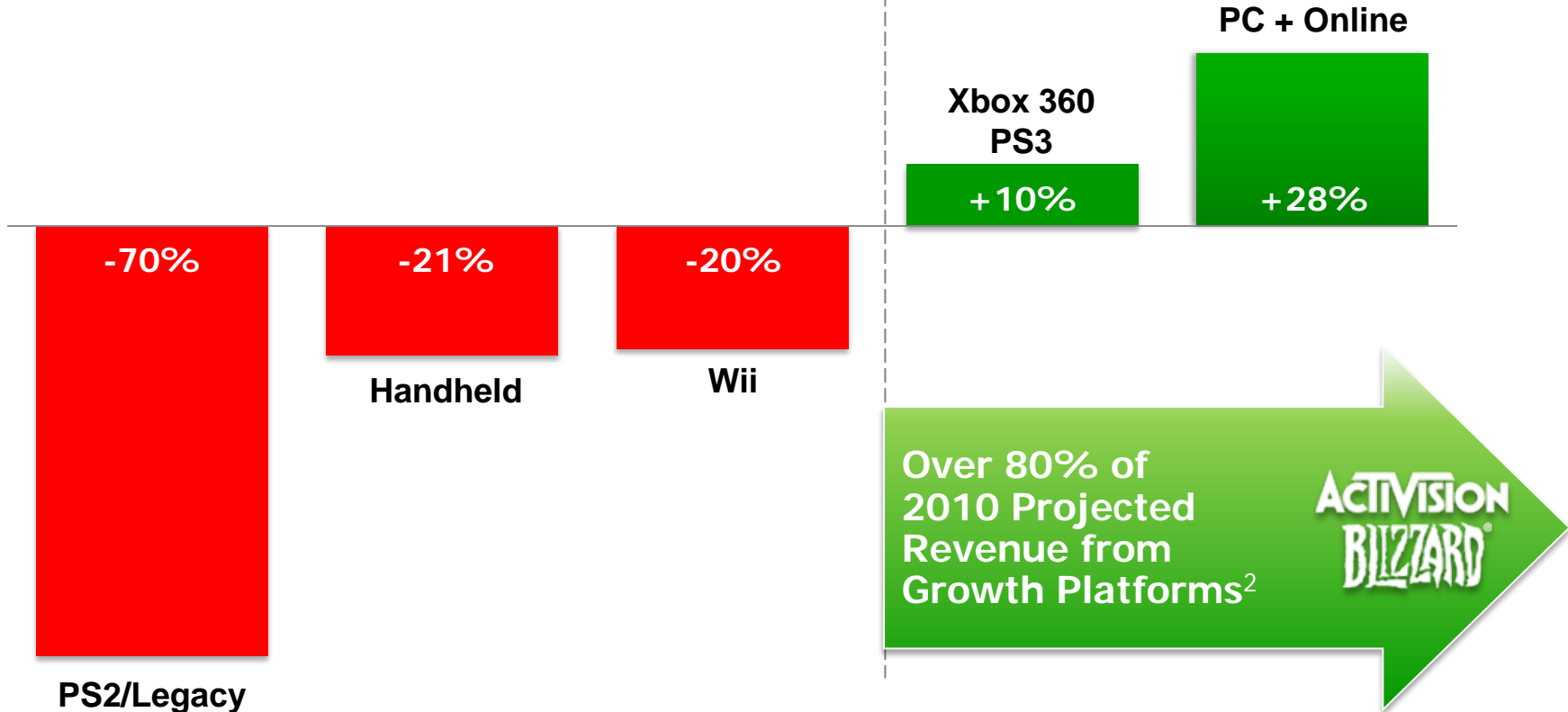
Source: Activision Blizzard internal estimates; NPD, Charttrack, GfK  
Rows/Columns may not tie exactly due to rounding

*40% Y/Y Installed Base Growth for Online Enabled Consoles through 9/30*

# Video Game Fundamentals: Core and Online Platforms are Growing



Projected 2010 Y/Y  
Software Sales Growth by Platform<sup>1</sup>



Source: 1. NPD, Charttrack/GFK, 2. A|B estimates

*Online Enabled Console Software up 17% YTD through 9/30*

- **Two new launches in September Quarter**
  - Spider-Man: Shattered Dimensions  
One of the highest rated Spider-Man games ever
  - Guitar Hero: Warriors of Rock  
Innovative marketing and promotional campaign tied to Soundgarden and new, Rock-inspired Guitar
- **Sustained Retail and Online strength for Call of Duty**
  - #1 third-party franchise overall across US and Europe YTD\*
  - Map Packs up double-digits year-over-year
  - MW2 Map Pack sales alone would rank amongst top retail sellers YTD\*

*\*Sources: NPD, Charttrack, GfK, retail sales comparisons refer to Video Game software category*



# Activision: Strong 4Q Lineup



*Focus on Proven Franchises in 4Q 2010*

# Blizzard Entertainment Highlights



- **Blizzard Entertainment is on track for its best year ever**
  - Record-breaking launch for StarCraft II
  - New world-wide subscriber milestone announced for World of Warcraft at 12M
  - Both revenue and profit up significantly Y/Y in Q3 2010
- **StarCraft II off to a faster start than World of Warcraft**
  - More than 1.5M units sold in 1<sup>st</sup> 48 hrs, more than 3M in 1<sup>st</sup> month
  - SC II now amongst top-10 games in Korean IGRs (as are Warcraft II, SC I, and World of Warcraft)
  - Global StarCraft League garnering international interest
- **Revamped Battle.net successfully launched world-wide with StarCraft II**
  - All World of Warcraft and StarCraft II players already using the service to compete and communicate
  - Improvements being released in real-time; several new features planned in next few months
  - Over 65,000 SC II Maps and mods made using in-game tools uploaded in North America alone
- **World of Warcraft: WotLK China lifts Subs over 12M; Cataclysm coming soon**
  - Successful launch of Wrath of the Lich King in China by NetEase in August
  - Cataclysm on track for December 7th release, terrific early consumer response to marketing
  - Preloaded direct digital downloads available for first time ever
  - New Value Added Services heading into Cataclysm launch: incl. remote services (mobile) and new pet
- **BlizzCon 2010:** Our biggest and best yet! Over 25,000 attendees and 95,000 paid viewers

*2010 is Shaping Up to be Blizzard Entertainment's Biggest Year Yet*

**ACTIVISION**

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