

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Amounts in millions, except per share data)

	Quarter ended March 31,	
	2009	2008 ¹
Net revenues:		
Product sales	\$ 690	\$ 61
Subscription, licensing and other revenues	291	264
Total net revenues	981	325
Costs and expenses:		
Cost of sales - product costs	296	35
Cost of sales - software royalties and amortization	72	21
Cost of sales - intellectual property licenses	64	2
Cost of sales - massively multi-player online role playing game ("MMORPG")	52	49
Product development	117	104
Sales and marketing	83	27
General and administrative	103	24
Restructuring costs	15	-
Total costs and expenses	802	262
Operating income	179	63
Investment income, net	10	2
Income before income tax provision	189	65
Income tax provision	-	22
Net income	\$ 189	\$ 43
Basic earnings per common share	\$ 0.14	\$ 0.07
Weighted average common shares outstanding	1,308	591
Diluted earnings per common share	\$ 0.14	\$ 0.07
Weighted average common shares outstanding assuming dilution	1,359	591

¹ On July 9, 2008, a business combination (the "Business Combination") by and among Activision, Inc., Sego Merger Corporation, a wholly-owned subsidiary of Activision, Inc., Vivendi S.A. ("Vivendi"), VGAC LLC, a wholly-owned subsidiary of Vivendi ("VGAC"), and Vivendi Games, Inc., a wholly-owned subsidiary of VGAC ("Vivendi Games" or "VG"), was consummated. As a result of the consummation of the Business Combination, Activision, Inc. was renamed Activision Blizzard, Inc.

For accounting purposes, because the Business Combination resulted in Vivendi obtaining control of Activision, Inc. through the acquisition of a majority of common stock of Activision, Inc., the Business Combination is treated as a "reverse acquisition," with Vivendi Games deemed to be the acquirer. As a result, (i) the historical financial statements of the company prior to July 9, 2008 are those of Vivendi Games, Inc. and (ii) the results of Activision, Inc. prior to July 9, 2008 are not included as part of the company's historical financial statements.

Further, earnings per share for periods prior to the Business Combination are retrospectively adjusted to reflect the number of equivalent shares received by Vivendi, former parent of Vivendi Games, Inc.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Amounts in millions)

	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,988	\$ 2,958
Short-term investments	42	44
Accounts receivable, net	185	1,210
Inventories	230	262
Software development	245	235
Intellectual property licenses	35	35
Deferred income taxes, net	571	536
Intangible assets, net	4	14
Other current assets	210	201
Total current assets	4,510	5,495
Long-term investments	79	78
Software development	6	1
Intellectual property licenses	5	5
Property and equipment, net	138	149
Other assets	23	30
Intangible assets, net	1,244	1,283
Trade names	433	433
Goodwill	7,213	7,227
Total assets	\$ 13,651	\$ 14,701
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 163	\$ 555
Deferred revenues	647	923
Accrued expenses and other liabilities	504	842
Total current liabilities	1,314	2,320
Deferred income taxes, net	708	615
Other liabilities	181	239
Total liabilities	2,203	3,174
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	12,218	12,170
Treasury stock	(439)	(126)
Accumulated deficit	(285)	(474)
Accumulated other comprehensive loss	(46)	(43)
Total shareholders' equity	11,448	11,527
Total liabilities and shareholders' equity	\$ 13,651	\$ 14,701

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME
(Amounts in millions, except per share data)

Quarter ended March 31, 2009	Net Revenues	Cost of Sales - Product costs	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual property licenses	Cost of Sales - MMORPG	Product Development	Sales and Marketing	General and Administrative	Restructuring Costs	Total Costs and Expenses
GAAP Measurement	\$ 981	\$ 296	\$ 72	\$ 64	\$ 52	\$ 117	\$ 83	\$ 103	\$ 15	\$ 802
Less: Changes in deferred net revenues and related cost of sales (a)	(256)	(57)	(23)	(9)	-	-	-	-	-	(89)
Less: Equity-based compensation (including purchase price accounting related adjustments) (b)	-	-	(4)	-	-	(9)	(3)	(12)	-	(28)
Less: Results of Activision Blizzard's non-core exit operations (c)	(1)	-	-	-	-	3	(2)	(6)	-	(5)
Less: One time costs related to the Business Combination, integration and restructuring (d)	-	-	-	-	-	-	-	(14)	(15)	(29)
Less: Amortization of intangible assets and purchase price accounting related adjustments (e)	-	(1)	(17)	(27)	-	-	-	(1)	-	(46)
Non-GAAP Measurement	\$ 724	\$ 238	\$ 28	\$ 28	\$ 52	\$ 111	\$ 78	\$ 70	\$ -	\$ 605

Quarter ended March 31, 2009	Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
GAAP Measurement	\$ 179	\$ 189	\$ 0.14	\$ 0.14
Less: Changes in deferred net revenues and related cost of sales (a)	(167)	(134)	(0.09)	(0.09)
Less: Equity-based compensation (including purchase price accounting related adjustments) (b)	28	17	0.01	0.01
Less: Results of Activision Blizzard's non-core exit operations (c)	4	3	-	-
Less: One time costs related to the Business Combination, integration and restructuring (d)	29	17	0.01	0.01
Less: Amortization of intangible assets and purchase price accounting related adjustments (e)	46	19	0.01	0.01
Non-GAAP Measurement	\$ 119	\$ 111	\$ 0.08	\$ 0.08

(a) Reflects the net change in deferred net revenues and related cost of sales.

(b) Includes expense related to share-based compensation under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment."

(c) Reflects the results of products and operations from the historical Vivendi Games businesses that the Company has exited or is winding down.

(d) Reflects one-time costs related to the Business Combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs, facility exit costs and balance sheet write down and exit costs from the cancellation of projects.

(e) Reflects amortization of intangible assets, and the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.

See explanation above regarding the Company's practice on reporting non-GAAP financial measures. The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings (loss) per share information is also presented as calculated. The sum of these measures, as presented, may differ due to the impact of rounding.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME
(Amounts in millions, except per share data)

		Net Revenues	Cost of Sales - Product costs	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual property licenses	Cost of Sales - MMORPG	Product Development	Sales and Marketing	General and Administrative	Restructuring costs	Total Costs and Expenses
Quarter ended March 31, 2008											
GAAP Measurement		\$ 325	\$ 35	\$ 21	\$ 2	\$ 49	\$ 104	\$ 27	\$ 24	\$ -	\$ 262
Less: Changes in deferred net revenues and related cost of sales	(a)	(2)	-	-	-	-	-	-	-	-	-
Less: Equity-based compensation (including purchase price accounting related adjustments)	(b)	-	-	-	-	(1)	(17)	(1)	11	-	(8)
Less: Results of Activision Blizzard's non-core exit operations	(c)	(5)	-	(7)	-	-	(35)	(12)	(16)	-	(70)
Less: One time costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	-	-	-
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	-	(1)	-	-	-	-	-	-	(1)
Non-GAAP Measurement		\$ 318	\$ 35	\$ 13	\$ 2	\$ 48	\$ 52	\$ 14	\$ 19	\$ -	\$ 183

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Quarter ended March 31, 2008					
GAAP Measurement		\$ 63	\$ 43	\$ 0.07	\$ 0.07
Less: Changes in deferred net revenues and related cost of sales	(a)	(2)	(1)	-	-
Less: Equity-based compensation (including purchase price accounting related adjustments)	(b)	8	5	0.01	0.01
Less: Results of Activision Blizzard's non-core exit operations	(c)	65	40	0.07	0.07
Less: One time costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	1	1	-	-
Non-GAAP Measurement		\$ 135	\$ 88	\$ 0.15	\$ 0.15

(a) Reflects the net change in deferred net revenues and related cost of sales.

(b) Includes expense related to share-based compensation under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment."

(c) Reflects the results of products and operations from the historical Vivendi Games businesses that the Company has exited or is winding down.

(d) Reflects one-time costs related to the Business Combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs, facility exit costs and balance sheet write down and exit costs from the cancellation of projects.

(e) Reflects amortization of intangible assets, and the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.

See explanation above regarding the Company's practice on reporting non-GAAP financial measures. The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings (loss) per share information is also presented as calculated. The sum of these measures, as presented, may differ due to the impact of rounding.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Quarter Ended March 31, 2009
(Amounts in millions)

	Quarter Ended	
	March 31, 2009	
	Amount	% of Total
GAAP Net Revenues by Segment/Platform Mix		
Activision and Blizzard:		
MMORPG	\$ 314	32%
PC and other	46	5
Sony PlayStation 3	131	13
Sony PlayStation 2	40	4
Microsoft Xbox 360	198	20
Nintendo Wii	134	14
Total Console	503	51
Sony PlayStation Portable	6	1
Nintendo Dual Screen	26	3
Total hand-held	32	3
Total Activision and Blizzard	895	91
Total Distribution	85	9
Total net revenues core operations	980	100
Activision Blizzard's non-core exit operations	1	0
Total consolidated GAAP net revenues	\$ 981	100%
Changes in Deferred Net Revenues ¹		
Activision and Blizzard:		
MMORPG	\$ (33)	
PC and other	(17)	
Sony PlayStation 3	(71)	
Microsoft Xbox 360	(92)	
Nintendo Wii	(43)	
Total Consoles	(206)	
Total changes in deferred net revenues	\$ (256)	
Activision Blizzard's non-core exit operations ¹	\$ (1)	
Non-GAAP Net Revenues by Segment/Platform Mix		
Activision and Blizzard:		
MMORPG	\$ 281	39%
PC and other	29	4
Sony PlayStation 3	60	8
Sony PlayStation 2	40	6
Microsoft Xbox 360	106	15
Nintendo Wii	91	13
Total Console	297	41
Sony PlayStation Portable	6	1
Nintendo Dual Screen	26	4
Total Hand-held	32	4
Total Activision and Blizzard	639	88
Total Distribution	85	12
Total non-GAAP net revenues	\$ 724	100%

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of change in deferred net revenues and Activision Blizzard's non-core exit operations.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Quarter Ended March 31, 2009
(Amounts in millions)

	Quarter Ended	
	March 31, 2009	
	Amount	% of Total
GAAP Net Revenues by Geographic Region		
North America	\$ 524	53%
Europe	392	40
Asia Pacific	64	7
Total net revenues core operations	980	100
Activision Blizzard's non-core exit operations	1	-
Total consolidated GAAP net revenues	\$ 981	100%
Changes in deferred Net Revenues ¹		
North America	\$ (150)	
Europe	(99)	
Asia Pacific	(7)	
Total changes in net revenues	\$ (256)	
Activision Blizzard's non-core exit operations ¹	\$ (1)	
Non-GAAP Net Revenues by Geographic Region		
North America	\$ 374	52%
Europe	293	40
Asia Pacific	57	8
Total Non-GAAP net revenues	\$ 724	100

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of change in deferred net revenues and Activision Blizzard's non-core exit operations.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
For the Three Months Ended March 31, 2009 and 2008
GAAP to Non-GAAP Reconciliations
Segment Information - Comparable Basis Net Revenues (amounts in millions)

	<u>Activision</u> ⁽ⁱ⁾	<u>Blizzard</u> ⁽ⁱⁱ⁾	<u>Distribution</u> ⁽ⁱⁱⁱ⁾	<u>Core</u> ^(iv)	<u>Non-Core</u> ^(v)	<u>Segments / Consolidated Total</u>
Three months ended March 31, 2009						
Segment net revenues	\$ 348	\$ 291	\$ 85	\$ 724	\$ 1	\$ 725
Reconciliation to GAAP consolidated net revenues						
- Net effect from deferral of net revenues						256
Consolidated net revenues (GAAP)						\$ 981
Non-GAAP comparable basis segment net revenues	\$ 348	\$ 291	\$ 85	\$ 724		
Three months ended March 31, 2008						
Segment net revenues (VG only)	\$ 38	\$ 280	\$ -	\$ 318	\$ 5	\$ 323
Reconciliation to GAAP consolidated net revenues						
- Net effect from deferral of net revenues						2
Consolidated net revenues (GAAP)						\$ 325
Comparable Presentation Adjustment:						
Including Activision, Inc. prior periods for the three months ended March 31, 2008						
Segment net revenues	513	-	89	602		
Non-GAAP comparable basis segment net revenues	\$ 551	\$ 280	\$ 89	\$ 920		
- Change in comparable basis -- three months ended March 31, 2009 vs. 2008						-21%

(i) Activision Publishing ("Activision") -- publishes interactive entertainment software and peripherals, which includes the Activision business conducted by Activision, Inc. prior to the business combination and certain studios, assets, and titles previously included in Vivendi Games' "Sierra Entertainment" operating segment prior to the business combination.

(ii) Blizzard -- Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMORPG category.

(iii) Distribution -- distribution of interactive entertainment software and hardware products.

(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- presents Vivendi Games' divisions or business units that the company has exited or is winding down as part of its restructuring and integration efforts as a result of the business combination.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

For the Three Months Ended March 31, 2009 and 2008

GAAP to Non-GAAP Reconciliations

Segment Information - Comparable Basis Operating Income (Loss) (amounts in millions)

	<u>Activision</u> ⁽ⁱ⁾	<u>Blizzard</u> ⁽ⁱⁱ⁾	<u>Distribution</u> ⁽ⁱⁱⁱ⁾	<u>Core</u> ^(iv)	<u>Non-Core</u> ^(v)	<u>Segments / Consolidated Total</u>
Three months ended March 31, 2009						
Segment operating income (loss)	\$ (27)	\$ 143	\$ 3	\$ 119	\$ (4)	\$ 115
Reconciliation to GAAP consolidated operating income (loss)						
- Net effect from deferral of net revenues and related cost of sales						167
- Stock-based compensation expense						(28)
- Restructuring expense						(15)
- Amortization of intangible assets and purchase price accounting related adjustments						(46)
- Integration and transaction costs						(14)
Consolidated operating income (loss) (GAAP)					\$	179
Non-GAAP comparable basis segment operating income (loss)	\$ (27)	\$ 143	\$ 3	\$ 119		
Three months ended March 31, 2008						
Segment operating income (loss) (VG only)	\$ (19)	\$ 154	\$ -	\$ 135	\$ (65)	\$ 70
Reconciliation to GAAP consolidated operating income (loss)						
- Net effect from deferral of net revenues and related cost of sales						2
- Stock-based compensation expense						(8)
- Amortization of intangible assets and purchase price accounting related adjustments						(1)
Consolidated operating income (loss) (GAAP)					\$	63
Comparable Presentation Adjustment: Including Activision, Inc. prior periods for the three months ended March 31, 2008						
Segment operating income (loss)	69	-	3	72	-	72
Reconciliation to consolidated operating income (loss)						
- Stock-based compensation						(18)
Consolidated operating income (loss)					\$	54
Non-GAAP comparable basis segment operating income (loss)	\$ 50	\$ 154	\$ 3	\$ 207		
- Change in comparable basis -- three months ended March 31, 2009 vs. 2008						-43%

(i) Activision Publishing ("Activision") -- publishes interactive entertainment software and peripherals, which includes the Activision business conducted by Activision, Inc. prior to the business combination and certain studios, assets, and titles previously included in Vivendi Games' "Sierra Entertainment" operating segment prior to the business combination.

(ii) Blizzard -- Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMORPG category.

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(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- presents Vivendi Games' divisions or business units that the company has exited or is winding down as part of its restructuring and integration efforts as a result of the business combination.

Activision Blizzard Outlook
For the Quarter Ending June 30, 2009 and Year Ending
December 31, 2009

GAAP to Non-GAAP Reconciliation

(Amounts in millions, except per share data)

	Outlook for Quarter Ending June 30, 2009	Outlook for Year Ending December 31, 2009
Net Revenues (GAAP)	\$ 1,000	\$ 4,300
<u>Excluding the impacts of:</u>		
Change in deferred net revenues	(225)	500 (a)
Non-GAAP Net Revenues	\$ 775	\$ 4,800
Earnings Per Diluted Share (GAAP)	\$ 0.10	\$ 0.24
<u>Excluding the impacts of:</u>		
Change in deferred net revenues and related cost of sales	(0.09)	0.16 (b)
Equity based compensation (including purchase price accounting related adjustments)	0.02	0.08 (c)
Results of products and operations that the company has exited or is winding down	0.00	0.01 (d)
One time costs related to the Business Combination, integration and restructuring	0.01	0.02 (e)
Amortization of intangible assets and purchase price accounting related adjustments	0.02	0.12 (f)
Non-GAAP Earnings Per Diluted Share	\$ 0.06	\$ 0.63

(a) Reflects the net change in deferred net revenues.

(b) Reflects the net change in deferred net revenues and related cost of sales.

(c) Reflects equity based compensation costs, including the increase in fair value associated with the historical Activision stock awards as part of the purchase price accounting adjustments. Also includes the costs of the Blizzard Entertainment equity plan and Vivendi awards to historical Vivendi Games employees.

(d) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited or is winding down and exit costs from the cancellation of projects.

(e) Reflects one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs and facility exit costs.

(f) Reflects amortization of intangible assets, the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.

The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings (loss) per share information is also presented as calculated. The sum of these measures, as presented, may differ due to the impact of rounding.