Fourth Quarter 2015 Results

February 11, 2016

Safe Harbor Disclosure

Please review our SEC filings on Form 10-K and Form 10-Q

The statements contained in this presentation that are not historical facts are forward-looking statements, including, but not limited to, statements about (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow or other financial items; (2) statements of our plans and objectives, including those related to product releases; (3) statements of future financial or operating performance; (4) statements relating to the agreement to acquire King Digital Entertainment and the timing and expected impact of that proposed transaction, including without limitation, the expected impact on Activision Blizzard's future financial results; and (5) statements of assumptions underlying such statements. The company generally uses words such as "outlook," "forecast," "will," "could," "should," "would," "to be," "plan," "plans," "believes," "may," "might," "expects," "intends," "intends as," "anticipates," "estimate," "future," "positioned," "potential," "project," "remain," "scheduled," "set to," "subject to," "upcoming" and other similar expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risk, reflect management's current expectations, estimates and projections about our business, and are inherently uncertain and difficult to predict.

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 forward looking statements. Such factors include, but are not limited to: uncertainties as to whether and when the proposed acquisition of King Digital Entertainment will close; uncertainties as to whether and when Activision Blizzard will be able to realize the anticipated financial results of such acquisition; the integration of King Digital Entertainment being more difficult, time-consuming or costly than expected; the diversion of management time and attention to issues relating to the proposed acquisition and integration of King Digital Entertainment; sales levels of Activision Blizzard's titles including, following completion of the proposed acquisition, King Digital Entertainment titles; increasing concentration of revenue among a small number of titles; Activision Blizzard's ability to predict consumer preferences, including interest in specific genres and preferences among hardware platforms; the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt; adoption rate and availability of new hardware (including peripherals) and related software, particularly during console transitions; counterparty risks relating to customers, licensees, licensors and manufacturers; maintenance of relationships with key personnel, customers, financing providers, licensees, licensors, manufacturers, vendors, and third-party developers, including the ability to attract, retain and develop key personnel and developers that can create high quality titles; changing business models, including digital delivery of content and the increased prevalence of free-to-play games; product delays or defects; competition, including from used games and other forms of entertainment; rapid changes in technology and industry standards; possible declines in software pricing; product returns and price protection; the identification of suitable future acquisition opportunities and potential challenges associated with geographic expansion; the seasonal and cyclical nature of the interactive entertainment market; litigation risks and associated costs; protection of proprietary rights; shifts in consumer spending trends; capital market risks; applicable regulations; domestic and international economic, financial and political conditions and policies; tax rates and foreign exchange rates; the impact of the current macroeconomic environment; and the other factors identified in "Risk Factors" included in Part I, Item 1A of Activision Blizzard's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q.

The forward-looking statements in this presentation are based on information available to the Company, including information provided to the Company by King Digital Entertainment and our preliminary assessment on the impact to our financial information of purchase price accounting, as of the date of this presentation and, while believed to be true when made, may ultimately prove to be incorrect. 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, February 11, 2016.

Focus on Enduring Franchises and Engaged Communities

Diversity across genres, demographic reach, platforms, & business models

Deeply Engaging Interactive Entertainment Franchises

Long-Term Opportunities

Plans to launch 3 new franchise games in 2016

Esports and Adjacent Entertainment Verticals That Build upon Our Audience's Entertainment Preferences

New Innovation and Regular Content Updates to Drive Engagement and Support Player Investment

Note: Our acquisition of King, which is expected to be completed later this month, remains subject to the satisfaction or (if capable of waiver) waiver of certain conditions.

Strategic Focus and Execution Drive Results

Focus on growing our audiences, deepening engagement, & opportunities for more player investment

A Successful Year in 2015:

- Record 2015 non-GAAP[1] digital revenues, up 20% Y/Y, and became larger than retail revenues
- 2015 Non-GAAP[1] at constant FX[2]: Revenues up 4% and EPS up 13% to over 2014's record levels

Key Drivers:

1. **Broadened audience reach with successful game launches, and expanded onto new platforms and geographies:**
   - *Reaching an all-time high of over 80M users in Q4*
   - *Full year 2015 MAUs[3] grew 25% Y/Y*
   - *Launched 3 new games in China in 2015, growing revenues 87% Y/Y, faster than ever before*
2. **Drove deeper engagement by providing outstanding gameplay and regular content updates:**
   - *3.5B hours spent playing our titles in Q4*
   - *Full year 2015 time spent was up 16% Y/Y to a record of >14B hours*
3. **Successfully shifted to a year-round player investment model while still growing engagement:**
   - *Revenues from in-game content and services was >$1.6B, growing 57% at constant FX[2]*

Expecting Continued Growth From Strategic Initiatives in 2016 and Beyond:

- Backdrop of growing install base of gaming devices, growth on digital distribution, and another slate of exceptional content
- In addition to the organic progress we made in 2015, we also created opportunities for growth ahead through new corporate initiatives focused on the fastest growing parts of our industry, namely esports with MLG and mobile with King

[1] Non-GAAP information; reconciliation tables in the appendix of the earnings release dated February 11, 2016, which is available on www.activisionblizzard.com.

[2] Constant FX provides current period results converted into USD using the average exchange rates from the comparative prior periods rather than the actual exchange rates in effect during the respective current periods.

[3] MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details.

Strong 2015 Results

2015 non-GAAP[1] at constant FX[2]: Revenues up 4% and EPS up 13% over 2014's record levels

	2014 Actual		Prior 2015 Outlook[3]		2015 Actual		2015 Non-GAAP[1] Y/Y Growth	
	GAAP	Non-GAAP[1]	GAAP	Non-GAAP[1]	GAAP	Non-GAAP[1]	Actual	Constant FX[2]
Net Revenues	**$4,408M**	**$4,813M**	**$4,530M**	**$4,650M**	**$4,664M**	**$4,621M**	**-4%**	**4%**
Digital Revenues	$1,897M	$2,198M			$2,502M	$2,628M	20%	29%
Digital Revenues %	43%	46%			54%	57%		
Operating Income	$1,183M	$1,527M			$1,319M	$1,466M	-4%	11%
Operating Margin	27%	32%	27%	32%	28%	32%		
Interest Expense, Net	$202M	$201M	$201M	$200M	$198M	$198M		
Tax Rate	15%	20%	22%	24%	20%	22%		
EPS	**$1.13**	**$1.42**	**$1.07**	**$1.31**	**$1.19**	**$1.32**	**-7%**	**13%**
Weighted-avg shares outstanding:								
Diluted shares	726M	726M			739M	739M		
Participating securities	15M	15M			8M	8M		
Total share count for EPS[4]	741M	741M	750M	750M	747M	747M		

[1] Non-GAAP reconciliations are in the appendices of the earnings releases dated February 5, 2015, November 2, 2015 and February 11, 2016, which are available on www.activisionblizzard.com
[2] Constant FX provides current period results converted into USD using the average exchange rates from the comparative prior periods rather than the actual exchange rates in effect during the respective current periods.
[3] Prior outlook provided November 2, 2015.
[4] Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. May not recalculate due to rounding.

Q4 2015 Results

Q4 non-GAAP[1] Y/Y: Record digital revenues, up 14% Y/Y or 19% at constant FX[2]

	Q4 2014 Actual		Prior Q4 2015 Outlook[3]		Q4 2015 Actual		Q4 Non-GAAP[1] Y/Y Growth	
	GAAP	Non-GAAP[1]	GAAP	Non-GAAP[1]	GAAP	Non-GAAP[1]	Actual	Constant FX[2]
Net Revenues	**$1,575M**	**$2,213M**	**$1,218M**	**$2,148M**	**$1,353M**	**$2,118M**	**-4%**	**1%**
Digital Revenues	$539M	$685M			$724M	$780M	14%	19%
Digital Revenues %	34%	31%			54%	37%		
Operating Income	$438M	$914M			$250M	$838M	-8%	1%
Operating Margin	28%	41%	13%	40%	18%	40%		
Interest Expense, Net	$50M	$50M	$51M	$51M	$49M	$49M		
Tax Rate	7%	19%	39%	24%	21%	21%		
EPS	**$0.49**	**$0.94**	**$0.09**	**$0.82**	**$0.21**	**$0.83**	**-12%**	**-**
Weighted-avg shares outstanding:								
Diluted shares	729M	729M			744M	744M		
Participating securities	12M	12M			6M	6M		
Total share count for EPS[4]	741M	741M	753M	753M	750M	750M		

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[2] Constant FX provides current period results converted into USD using the average exchange rates from the comparative prior periods rather than the actual exchange rates in effect during the respective current periods.

[3] Prior outlook provided November 2, 2015.

[4] Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. May not recalculate due to rounding.

Balance Sheet

Cash & investments of $5.4B[1]

	12/31/14	9/30/15	12/31/15
Cash and investments	**$4.87B**	**$4.53B**	**$5.4B[1]**
Cash and investments per share[2]	$6.57	$6.06	$7.20
$250M revolving facility	---	---	---
7-year term loan	$2.12B	$1.87B	$1.87B
8-year notes due 2021 (5.625%)	$1.50B	$1.50B	$1.50B
10-year notes due 2023 (6.125%)	$0.75B	$0.75B	$0.75B
Gross Debt	**$4.37B**	**$4.12B**	**$4.12B**
Net Debt[3]	**---**	**---**	**---**
Net Cash[4]	**$0.50B**	**$0.41B**	**$1.28B**
Adjusted TTM EBITDA[5]	**$1,606M**	**$1,626M**	**$1,552M**
Secured Debt / Adj. TTM EBITDA[5]	1.3x	1.1x	1.2x
Gross Debt / Adj. TTM EBITDA[5]	2.7x	2.5x	2.7x
Net Debt[3] / Adj. TTM EBITDA[5]	0.0x	0.0x	0.0x

[1] Includes over $1.4B of domestic cash and investments and $3.6B of cash in escrow.
[2] Based on weighted average shares outstanding of 741M, 747M, and 750M for the quarters ending December 31, 2014, September 30, 2015, and December 31, 2015, respectively.
[3] Net debt is defined as gross debt less cash and cash equivalents, short-term investments and long-term investments.
[4] Net cash is defined as cash and cash equivalents, short-term investments and long-term investments less gross debt.
[5] Adjusted TTM EBITDA is calculated as non-GAAP operating income plus depreciation for the trailing twelve months of respective periods end.

Financial Outlook* as of February 11, 2016

Guidance includes King, pending regulatory approvals, and assuming close later in February 2016

	Q1 2016		2016	
	GAAP	Non-GAAP**	GAAP	Non-GAAP**
Net Revenues	**$1,260M**	**$800M**	**$6,100M**	**$6,250M**
COGS (Prod/Online)	21%	23%	23%	23%
Op Ex, incl. Royalties	58%	57%	65%	44%
Operating Margin***	21%	20%	12%	32%
Interest Expense	$55M	$55M	$245M	$235M
Tax Rate	25%	25%	25%	25%
EPS* **	**$0.21**	**$0.11**	**$0.45**	**$1.75**
Fully Diluted Weighted Avg. Shares****	756M	756M	767M	767M

Currency Assumptions for Current 2016 Outlook:

- $1.11 USD/Euro (vs. $1.11 avg. for 2015 & $1.33 avg. for 2014)
- $1.45 USD/GBP (vs. $1.53 avg. for 2015 & $1.65 avg. for 2014)
- Note: Revenue and EPS increase if the Euro or GBP strengthen vs. USD

* Outlook includes King Digital Entertainment based on assumed transaction close later in February 2016. The outlook includes certain estimates and assumptions associated with the King transaction based on the data currently available to us considering the transaction has not closed. Additionally, our GAAP outlook includes estimates and assumptions that may be materially different from those at the transaction close, including our stock price at and around the transaction close date, market inputs and assumptions in our stock option expenses, allocation of the purchase consideration to the acquired assets, and related tax impact from the transaction, among others.

** Non-GAAP information; reconciliation tables in the appendix of the earnings release dated February 11, 2016, which is available on www.activisionblizzard.com.

*** May not recalculate due to rounding.

**** Including fully diluted shares and participating securities based on average share price.

Activision Publishing Highlights

2015 non-GAAP[1]: Digital revenues up 68% Y/Y; OI up 30% Y/Y at constant FX[2]; MAUs[3] up 20% Y/Y

CALL OF DUTY

- Full year and Q4 non-GAAP[1] revenues up double-digit % Y/Y, driven by Black Ops 3
- In December, MAUs[3] grew 20% Y/Y, hitting all-time highs, and time spent grew 30% Y/Y
- Black Ops 3: #1 console title in 2015 globally; biggest entertainment opening weekend of 2015[4]
- #1 selling franchise in North America seventh year in a row[5]
- Franchise surpassed 250M units sold life-to-date globally with over $15B in total sales[4]
- Black Ops 3 had record Season Pass attach rate for downloadable content
- New innovative Call of Duty title from Infinity Ward, the makers of the Modern Warfare series, expected to launch this year

DESTINY

- The Taken King expansion launched in September with record digital attach rates
- Over 25M registered users have logged nearly 3B hours in-game
- Large new expansion in 2016 with full game sequel expected to launch in 2017

SKYLANDERS

- New Skylanders title from Toys for Bob, the creators of the toys-to-life genre
- Skylanders Academy, a new TV series, expected to launch in 2016

GUITAR HERO LIVE

- GHTV platform delivers new content and keeps community engaged, while continuing to build our install base
- Plan to release new content but not another Guitar Hero console game this cycle

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[2] Constant FX provides current period results converted into USD using the average exchange rates from the comparative prior periods rather than the actual exchange rates in effect during the respective current periods.
[3] MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details.
[4] NPD, GfK Chart-Track, and Activision Blizzard internal estimates
[5] NPD

Blizzard Entertainment Highlights

2015 non-GAAP[1] revenues at constant FX[2] above 2014 record; all-time high MAUs[3] in 2015, Q4 up ~25% Y/Y

- Sixth expansion, Legion, to offer a new class, and more custom weapons to extend their experience
- Pre-purchase includes a level-100 character boost and early access to new Demon Hunter class
- Expected to launch in the summer window, following June release of the Warcraft film by Legendary Pictures

- Surpassed 40M registered players before League of Explorers adventure launch
- League of Explorers sold ~20% more units than the prior adventure as of 6 weeks post-launch
- Record MAUs[1] end of Q4, on continued strength across platforms and geographies

- The Arena mode, to come in 2016, with fun parameters, smaller maps and shorter sessions
- Multiple awards, including Best Competitive Multiplayer and Best MOBA from Game Informer

- Third chapter of StarCraft II, Legacy of the Void, sold-through >1M copies within 24 hours
- Received multiple Best Strategy Game of 2015 awards
- Announced plans for a series of standalone digital mission packs

- Recent patch launched on January 12 with new set dungeons, items, and zones

- 6-vs.-6 online multiplayer team-based shooter, coming to PC, PS4, and Xbox One in spring

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[3] MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details.

Use of Non-GAAP Measures

As a supplement to our financial measures presented in accordance with GAAP, Activision Blizzard presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company's results of operations as determined in accordance with GAAP.

Activision Blizzard provides net revenues, net income (loss), earnings (loss) per share and operating margin data and guidance both including (in accordance with GAAP) and excluding (non-GAAP) certain items. When relevant, the Company also provides constant FX information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. In addition, Activision Blizzard provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation and amortization) and adjusted EBITDA (defined as non-GAAP operating margin (see non-GAAP financial measure below) before depreciation).The non-GAAP financial measures exclude the following items, as applicable in any given reporting period:

- the change in deferred net revenue and related cost of sales with respect to certain of the company's online-enabled games;
- expenses related to stock-based compensation;
- the amortization of intangibles from purchase price accounting;
- fees and other expenses (including legal fees, costs, expenses and accruals) related to the acquisition of 429 million shares of our common stock on October 11, 2013 from Vivendi, pursuant to the stock purchase agreement dated July 25, 2013 and the $4.75 billion debt financings related thereto
- fees and other expenses related to acquisitions, including the acquisition of King Digital Entertainment, and the debt financings related thereto; and
- the income tax adjustments associated with any of the above items.

In the future, Activision Blizzard may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Activision Blizzard's financial and operating performance. In particular, the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Activision Blizzard by excluding certain items that may not be indicative of the company's core business, operating results or future outlook. Internally, management uses these non-GAAP financial measures in assessing the company's operating results, and measuring compliance with the requirements of the company's debt financing agreements, as well as in planning and forecasting.

Activision Blizzard's non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net revenues, non-GAAP net income, non-GAAP earnings per share, non-GAAP operating margin, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Activision Blizzard's performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard's GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

In addition to the reasons stated above, which are generally applicable to each of the items Activision Blizzard excludes from its non-GAAP financial measures, there are additional specific reasons why the company believes it is appropriate to exclude the change in deferred net revenues and related cost of sales with respect to certain of the company's online-enabled games.

Since Activision Blizzard has determined that some of our games' online functionality represents an essential component of gameplay and, as a result, a more-than-inconsequential separate deliverable, we recognize revenues attributed to these game titles over their estimated service periods, which may range from five months to a maximum of less than a year. The related cost of sales is deferred and recognized as the related revenues are recognized. Internally, management excludes the impact of this change in deferred net revenues and related cost of sales in its non-GAAP financial measures when evaluating the company's operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of its management team.

Management believes this is appropriate because doing so enables an analysis of performance based on the timing of actual transactions with our customers, which is consistent with the way the company is measured by investment analysts and industry data sources. In addition, excluding the change in deferred net revenues and the related cost of sales provides a much more timely indication of trends in our operating results.

For such reconciliation of GAAP to non-GAAP numbers and a description of what is excluded from each non-GAAP financial measure, and for more detailed information concerning the Company's financial results for the three months ended December 31, 2015, please refer to the Company's earnings release dated February 11, 2016, which is available on our website, www.activisionblizzard.com.

Q&A

February 11, 2016