

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Amounts in millions, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2009	2008 ¹	2009	2008 ¹
Net revenues:				
Product sales	\$ 1,232	\$ 1,319	\$ 3,080	\$ 1,872
Subscription, licensing and other revenues	325	320	1,199	1,154
Total net revenues	1,557	1,639	4,279	3,026
Costs and expenses:				
Cost of sales - product costs	670	805	1,432	1,160
Cost of sales - software royalties and amortization	136	179	348	267
Cost of sales - intellectual property licenses	152	174	315	219
Cost of sales - massively multi-player online role playing game ("MMORPG")	54	53	212	193
Product development	265	196	627	592
Sales and marketing	215	244	544	464
General and administrative	94	104	395	271
Impairment of intangible assets	409	-	409	-
Restructuring	(6)	32	23	93
Total costs and expenses	1,989	1,787	4,305	3,259
Operating loss	(432)	(148)	(26)	(233)
Investment and other income (loss), net	(3)	18	18	46
Loss before income tax benefit	(435)	(130)	(8)	(187)
Income tax benefit	(149)	(58)	(121)	(80)
Net income (loss)	\$ (286)	\$ (72)	\$ 113	\$ (107)
Basic earnings (loss) per common share	\$ (0.23)	\$ (0.05)	\$ 0.09	\$ (0.11)
Weighted average common shares outstanding	1,265	1,326	1,283	946
Diluted earnings (loss) per common share	\$ (0.23)	\$ (0.05)	\$ 0.09	\$ (0.11)
Weighted average common shares outstanding assuming dilution	1,265	1,326	1,311	946

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 was 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 10, 2008 are those of Vivendi Games, Inc. and (ii) the results of Activision, Inc. prior to July 10, 2008 are not included as part of the company's historical financial statements.

Further, earnings (loss) 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)

	December 31, 2009	December 31, 2008 ²
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,768	\$ 2,958
Short-term investments	477	44
Accounts receivable, net	739	974
Inventories	241	262
Software development	224	235
Intellectual property licenses	55	35
Deferred income taxes, net	498	536
Intangible assets, net	-	14
Other current assets	327	201
Total current assets	5,329	5,259
Long-term investments	23	78
Software development	10	1
Intellectual property licenses	28	5
Property and equipment, net	138	149
Other assets	9	30
Intangible assets, net	618	1,283
Trademark and trade names	433	433
Goodwill	7,154	7,227
Total assets	\$ 13,742	\$ 14,465
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 302	\$ 319
Deferred revenues	1,426	923
Accrued expenses and other liabilities	779	842
Total current liabilities	2,507	2,084
Deferred income taxes, net	270	615
Other liabilities	209	239
Total liabilities	2,986	2,938
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	12,376	12,170
Treasury stock	(1,235)	(126)
Accumulated deficit	(361)	(474)
Accumulated other comprehensive loss	(24)	(43)
Total shareholders' equity	10,756	11,527
Total liabilities and shareholders' equity	\$ 13,742	\$ 14,465

² As previously reported in our September 30, 2009 Form 10-Q, the December 31, 2008 condensed consolidated balance sheet has been adjusted to reflect the correction of an immaterial error related to the elimination of intercompany receivables and payables. The adjustment reduced accounts receivable and accounts payable in the December 31, 2008 condensed consolidated balance sheet by approximately \$236 million, and had no impact on net income, earnings per share, working capital or net cash flow. This correction will be made upon filing of our annual report on Form 10-K for the year ended December 31, 2009.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP MEASURES

(Amounts in millions, except earnings (loss) 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	Impairment of Intangible Assets	Restructuring	Total Costs and Expenses
Three months ended December 31, 2009												
GAAP Measurement		\$ 1,557	\$ 670	\$ 136	\$ 152	\$ 54	\$ 265	\$ 215	\$ 94	\$ 409	\$ (6)	\$ 1,989
Less: Net effect from deferral in net revenues and related cost of sales	(a)	938	194	16	4	-	-	-	-	-	-	214
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(16)	-	-	(12)	1	(20)	-	-	(47)
Less: Costs related to the Business Combination, integration and restructuring	(c)	-	-	-	-	-	-	-	-	-	6	6
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(1)	(29)	(112)	-	-	-	-	-	-	(142)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(409)	-	(409)
Non-GAAP Measurement		\$ 2,495	\$ 863	\$ 107	\$ 44	\$ 54	\$ 253	\$ 216	\$ 74	\$ -	\$ -	\$ 1,611

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Three months ended December 31, 2009					
GAAP Measurement		\$ (432)	\$ (286)	\$ (0.23)	\$ (0.23)
Less: Net effect from deferral in net revenues and related cost of sales	(a)	724	552	0.43	0.43
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	47	29	0.02	0.02
Less: Costs related to the Business Combination, integration and restructuring	(c)	(6)	(4)	(0.00)	(0.00)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	142	92	0.07	0.07
Less: Impairment of intangible assets	(e)	409	249	0.19	0.19
Non-GAAP Measurement		\$ 884	\$ 632	\$ 0.50	\$ 0.49

		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	Impairment of Intangible Assets	Restructuring	Total Costs and Expenses
Year ended December 31, 2009												
GAAP Measurement		\$ 4,279	\$ 1,432	\$ 348	\$ 315	\$ 212	\$ 627	\$ 544	\$ 395	\$ 409	\$ 23	\$ 4,305
Less: Net effect from deferral in net revenues and related cost of sales	(a)	497	115	(4)	(2)	-	-	5	-	-	-	114
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(34)	-	-	(40)	(9)	(71)	-	-	(154)
Less: Results of Activision Blizzard's non-core exit operations	(f)	(1)	-	-	-	-	4	(3)	(10)	-	-	(9)
Less: Costs related to the Business Combination, integration and restructuring	(c)	-	-	-	-	-	-	-	(24)	-	(23)	(47)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(5)	(66)	(186)	-	-	-	(2)	-	-	(259)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(409)	-	(409)
Non-GAAP Measurement		\$ 4,775	\$ 1,542	\$ 244	\$ 127	\$ 212	\$ 591	\$ 537	\$ 288	\$ -	\$ -	\$ 3,541

		Operating Income (Loss)	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Year ended December 31, 2009					
GAAP Measurement		\$ (26)	\$ 113	\$ 0.09	\$ 0.09
Less: Net effect from deferral in net revenues and related cost of sales	(a)	383	279	0.22	0.21
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	154	96	0.07	0.07
Less: Results of Activision Blizzard's non-core exit operations	(f)	8	4	0.00	0.00
Less: Costs related to the Business Combination, integration and restructuring	(c)	47	28	0.02	0.02
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	259	141	0.11	0.11
Less: Impairment of intangible assets	(e)	409	249	0.19	0.19
Non-GAAP Measurement		\$ 1,234	\$ 910	\$ 0.70	\$ 0.69

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

(b) Includes expense related to stock-based compensation.

(c) Reflects 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.

(d) Reflects amortization of intangible assets, and the change in the fair value of assets and liabilities from purchase price accounting related adjustments.

(e) Reflects impairment of intangible assets acquired as a result of purchase price accounting.

(f) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited, divested or wound down.

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 (LOSS) TO NON-GAAP MEASURES
(Amounts in millions, except earnings (loss) 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	Total Costs and Expenses
Three Months ended December 31, 2008											
GAAP Measurement		\$ 1,639	\$ 805	\$ 179	\$ 174	\$ 53	\$ 196	\$ 244	\$ 104	\$ 32	\$ 1,787
Less: Net effect from deferral in net revenues and related cost of sales	(a)	705	135	61	19	-	-	-	-	-	215
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(4)	-	-	(10)	(4)	(25)	-	(43)
Less: Results of Activision Blizzard's non-core exit operations	(c)	(1)	-	-	-	-	(10)	(3)	(3)	-	(16)
Less: Costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	(11)	(32)	(43)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	(7)	(71)	(118)	-	-	(4)	(1)	-	(201)
Non-GAAP Measurement		\$ 2,343	\$ 933	\$ 165	\$ 75	\$ 53	\$ 176	\$ 233	\$ 64	\$ -	\$ 1,699

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Three Months ended December 31, 2008					
GAAP Measurement		\$ (148)	\$ (72)	\$ (0.05)	\$ (0.05)
Less: Net effect from deferral in net revenues and related cost of sales	(a)	490	313	0.24	0.23
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	43	26	0.02	0.02
Less: Results of Activision Blizzard's non-core exit operations	(c)	15	11	0.01	0.01
Less: Costs related to the Business Combination, integration and restructuring	(d)	43	30	0.02	0.02
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	201	121	0.09	0.09
Non-GAAP Measurement		\$ 644	\$ 429	\$ 0.32	\$ 0.31

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

(b) Includes expense related to stock-based compensation.

(c) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited, divested or wound down.

(d) Reflects 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 change in the fair value of assets and liabilities from 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.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Three Months and Year Ended December 31, 2009 and 2008
(Amounts in millions)

	Three Months Ended					Year Ended	
	December 31, 2009		December 31, 2008		Difference	December 31, 2009	
	Amount	% of Total	Amount	% of Total		Amount	% of Total
GAAP Net Revenues by Segment/Platform Mix							
Activision and Blizzard:							
MMORPG	\$ 294	19 %	\$ 325	20 %	\$ (31)	\$ 1,233	29 %
PC and other	60	4	49	3	11	179	4
Sony PlayStation 3	228	15	163	10	65	584	14
Sony PlayStation 2	53	3	205	13	(152)	174	4
Microsoft Xbox 360	324	21	273	17	51	857	19
Nintendo Wii	260	17	317	19	(57)	584	14
Total console	865	56	958	59	(93)	2,199	51
Sony PlayStation Portable	16	1	17	1	(1)	48	1
Nintendo Dual Screen	101	6	118	7	(17)	196	5
Total handheld	117	7	135	8	(18)	244	6
Total Activision and Blizzard	1,336	86	1,467	90	(131)	3,855	90
Distribution:							
Total Distribution	221	14	171	10	50	423	10
Total net revenues core operations	1,557	100	1,638	100	(81)	4,278	100
Other	-	-	1	-	(1)	1	-
Total consolidated GAAP net revenues	\$ 1,557	100 %	\$ 1,639	100 %	\$ (82)	\$ 4,279	100 %
Changes in Deferred Net Revenues ¹							
Activision and Blizzard:							
MMORPG	\$ (4)		\$ 137		\$ (141)	\$ (118)	
PC and other	92		33		59	74	
Sony PlayStation 3	343		169		174	259	
Microsoft Xbox 360	429		247		182	284	
Nintendo Wii	78		119		(41)	(2)	
Total Console	850		535		315	541	
Total changes in deferred net revenues	938		705		233	497	
Other ¹	\$ -		\$ (1)		\$ 1	\$ (1)	
Non-GAAP Net Revenues by Segment/Platform Mix							
Activision and Blizzard:							
MMORPG	\$ 290	11 %	\$ 462	20 %	\$ (172)	\$ 1,115	23 %
PC and other	152	6	82	3	70	253	5
Sony PlayStation 3	571	23	332	14	239	843	18
Sony PlayStation 2	53	2	205	9	(152)	174	4
Microsoft Xbox 360	753	30	520	22	233	1,141	24
Nintendo Wii	338	14	436	19	(98)	582	12
Total console	1,715	69	1,493	64	222	2,740	58
Sony PlayStation Portable	16	1	17	1	(1)	48	1
Nintendo Dual Screen	101	4	118	5	(17)	196	4
Total handheld	117	5	135	6	(18)	244	5
Total Activision and Blizzard	2,274	91	2,172	93	102	4,352	91
Total Distribution	221	9	171	7	50	423	9
Total non-GAAP net revenues ²	\$ 2,495	100 %	\$ 2,343	100 %	\$ 152	\$ 4,775	100 %

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues and other.

² Total non-GAAP net revenues presented also represents our total operating segments net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

FINANCIAL INFORMATION

For the Three Months and Year Ended December 31, 2009 and 2008

(Amounts in millions)

	Three Months Ended					Year Ended	
	December 31, 2009		December 31, 2008		Difference	December 31, 2009	
	Amount	% of Total	Amount	% of Total		Amount	% of Total
GAAP Net Revenues by Geographic Region							
North America	\$ 759	49 %	\$ 903	55 %	\$ (144)	\$ 2,217	52 %
Europe	710	46	660	40	50	1,798	42
Asia Pacific	88	5	75	5	13	263	6
Total net revenues core operations	1,557	100	1,638	100	(81)	4,278	100
Other	-	-	1	-	(1)	1	-
Total consolidated GAAP net revenues	\$ 1,557	100 %	\$ 1,639	100 %	\$ (82)	\$ 4,279	100 %
Changes in Deferred Net Revenues ¹							
North America	\$ 528		\$ 443		\$ 85	\$ 241	
Europe	371		241		130	224	
Asia Pacific	39		21		18	32	
Total changes in net revenues	938		705		233	497	
Other ¹	\$ -		\$ (1)		\$ 1	\$ (1)	
Non-GAAP Net Revenues by Geographic Region							
North America	\$ 1,287	52 %	\$ 1,346	58 %	\$ (59)	\$ 2,458	52 %
Europe	1,081	43	901	38	180	2,022	42
Asia Pacific	127	5	96	4	31	295	6
Total non-GAAP net revenues ²	\$ 2,495	100 %	\$ 2,343	100 %	\$ 152	\$ 4,775	100 %

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues and other.

² Total non-GAAP net revenues presented also represents our total operating segments net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

For the Three Months Ended December 31, 2009 and 2008

GAAP to Non-GAAP Reconciliations

Segment Information - Comparable Basis Net Revenues (Amounts in millions)

Three months ended December 31, 2009	<u>Activision</u> ⁽ⁱ⁾	<u>Blizzard</u> ⁽ⁱⁱ⁾	<u>Distribution</u> ⁽ⁱⁱⁱ⁾	<u>Core</u> ^(iv)	<u>Segments / Consolidated Total</u>
Segment net revenues	\$ 1,945	\$ 329	\$ 221	\$ 2,495	\$ 2,495
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(938)
Consolidated net revenues (GAAP)					\$ 1,557
Non-GAAP Comparable Basis Segment Net Revenues	\$ 1,945	\$ 329	\$ 221	\$ 2,495	
Three months ended December 31, 2008	<u>Activision</u> ⁽ⁱ⁾	<u>Blizzard</u> ⁽ⁱⁱ⁾	<u>Distribution</u> ⁽ⁱⁱⁱ⁾	<u>Core</u> ^(iv)	<u>Segments / Consolidated Total</u>
Segment net revenues	\$ 1,695	\$ 477	\$ 171	\$ 2,343	\$ 2,343
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(705)
- Other ^(v)					1
Consolidated net revenues (GAAP)					\$ 1,639
Non-GAAP Comparable Basis Segment Net Revenues	\$ 1,695	\$ 477	\$ 171	\$ 2,343	
- Change in Comparable Basis -- Three Months Ended December 31, 2009 vs. 2008					6%

(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 ("Blizzard") publishes traditional games and online subscription-based games in the MMORPG category.

(iii) Activision Blizzard Distribution ("Distribution") -- distributes interactive entertainment software and hardware products.

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

(v) Other represents Non-Core activities, which are handled by certain functional departments of our Activision segment and are insignificant to Activision Blizzard's financial condition and results of operations. Prior to July 1, 2009, we operated a fourth operating segment, Non-Core, which represented legacy Vivendi Games' divisions or business units that the company had exited, divested, or wound down as part of our restructuring and integration efforts as a result of the Business Combination. As of July 1, 2009, in light of the decreasing significance of Non-Core activities, we ceased the management of Non-Core as a separate operating segment and consequently we are no longer providing separate operating segment disclosure with respect to Non-Core and have reclassified our prior period's segment presentation so that it conforms to the current period's presentation.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

For the Years Ended December 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>Segments / Consolidated Total</u>
Year ended December 31, 2009					
Segment net revenues	\$ 3,156	\$ 1,196	\$ 423	\$ 4,775	\$ 4,775
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(497)
- Other ^(v)					1
Consolidated net revenues (GAAP)					\$ 4,279
Non-GAAP Comparable Basis Segment Net Revenues	\$ 3,156	\$ 1,196	\$ 423	\$ 4,775	
Year ended December 31, 2008					
Segment net revenues (VG Jan 1-Dec 31, Activision July 10-Dec 31)	\$ 2,152	\$ 1,343	\$ 227	\$ 3,722	\$ 3,722
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(713)
- Other ^(v)					17
Consolidated net revenues (GAAP)					\$ 3,026
Comparable Presentation Adjustments:					
Including Activision, Inc. prior period from July 1 to July 9, 2008					
Segment net revenues	35	-	18	53	
Including Activision, Inc. prior periods for the six months ended June 30, 2008					
Segment net revenues	1,092	-	165	1,257	
Non-GAAP Comparable Basis Segment Net Revenues	\$ 3,279	\$ 1,343	\$ 410	\$ 5,032	
- Change in Comparable Basis -- Year Ended December 31, 2009 vs. 2008					-5%

(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 ("Blizzard") publishes traditional games and online subscription-based games in the MMORPG category.

(iii) Activision Blizzard Distribution ("Distribution") -- distributes interactive entertainment software and hardware products.

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

(v) Other represents Non-Core activities, which are handled by certain functional departments of our Activision segment and are insignificant to Activision Blizzard's financial condition and results of operations. Prior to July 1, 2009, we operated a fourth operating segment, Non-Core, which represented legacy Vivendi Games' ("VG") divisions or business units that the company had exited, divested, or wound down as part of our restructuring and integration efforts as a result of the Business Combination. As of July 1, 2009, in light of the decreasing significance of Non-Core activities, we ceased the management of Non-Core as a separate operating segment and consequently we are no longer providing separate operating segment disclosure with respect to Non-Core and have reclassified our prior period's segment presentation so that it conforms to the current period's presentation.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
For the Three Months Ended December 31, 2009 and 2008
GAAP to Non-GAAP Reconciliations
Segment Information - Comparable Basis Segment Operating Income (Loss) (Amounts in millions)

Three months ended December 31, 2009	Activision ⁽ⁱ⁾	Blizzard ⁽ⁱⁱ⁾	Distribution ⁽ⁱⁱⁱ⁾	Core ^(iv)	Segments / Consolidated Total
Segment operating income (loss)	\$ 712	\$ 162	\$ 10	\$ 884	\$ 884
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					(724)
- Stock-based compensation expense					(47)
- Restructuring expense					6
- Amortization of intangible assets and purchase price accounting related adjustments					(142)
- Impairment of intangible assets					(409)
Consolidated operating income (loss) (GAAP)					\$ (432)
Non-GAAP Comparable Basis Segment Operating Income (Loss)	\$ 712	\$ 162	\$ 10	\$ 884	
Three months ended December 31, 2008	Activision ⁽ⁱ⁾	Blizzard ⁽ⁱⁱ⁾	Distribution ⁽ⁱⁱⁱ⁾	Core ^(iv)	Segments / Consolidated Total
Segment operating income (loss)	\$ 368	\$ 257	\$ 19	\$ 644	\$ 644
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					(490)
- Stock-based compensation expense					(43)
- Restructuring expenses					(32)
- Amortization of intangible assets and purchase price accounting related adjustments					(201)
- Integration and transaction costs					(11)
- Other ^(v)					(15)
Consolidated operating income (loss) (GAAP)					\$ (148)
Non-GAAP Comparable Basis Segment Operating Income (Loss)	\$ 368	\$ 257	\$ 19	\$ 644	
- Change in Comparable Basis -- Three Months Ended December 31, 2009 vs. 2008					37%

(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 ("Blizzard") publishes traditional games and online subscription-based games in the MMORPG category.

(iii) Activision Blizzard Distribution ("Distribution") -- distributes interactive entertainment software and hardware products.

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

(v) Other represents Non-Core activities, which are handled by certain functional departments of our Activision segment and are insignificant to Activision Blizzard's financial condition and results of operations. Prior to July 1, 2009, we operated a fourth operating segment, Non-Core, which represented legacy Vivendi Games' divisions or business units that the company had exited, divested, or wound down as part of our restructuring and integration efforts as a result of the Business Combination. As of July 1, 2009, in light of the decreasing significance of Non-Core activities, we ceased the management of Non-Core as a separate operating segment and consequently we are no longer providing separate operating segment disclosure with respect to Non-Core and have reclassified our prior period's segment presentation so that it conforms to the current period's presentation.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

For the Years Ended December 31, 2009 and 2008

GAAP to Non-GAAP Reconciliations

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

	<u>Activision</u> ⁽ⁱ⁾	<u>Blizzard</u> ⁽ⁱⁱ⁾	<u>Distribution</u> ⁽ⁱⁱⁱ⁾	<u>Core</u> ^(iv)	<u>Segments / Consolidated Total</u>
Year ended December 31, 2009					
Segment operating income (loss)	\$ 663	\$ 555	\$ 16	\$ 1,234	\$ 1,234
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					(383)
- Stock-based compensation expense					(154)
- Restructuring expenses					(23)
- Amortization of intangible assets and purchase price accounting related adjustments					(259)
- Impairment of intangible assets					(409)
- Integration and transaction costs					(24)
- Other ^(v)					(8)
Consolidated operating income (loss) (GAAP)					\$ (26)
Non-GAAP Comparable Basis Segment Operating Income (Loss)					
	\$ 663	\$ 555	\$ 16	\$ 1,234	
Year ended December 31, 2008					
Segment operating income (loss) (VG Jan. 1-Dec 31, Activision July 10-Dec 31)	\$ 307	\$ 704	\$ 22	\$ 1,033	\$ 1,033
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					(496)
- Stock-based compensation expense					(90)
- Restructuring expenses					(93)
- Amortization of intangible assets and purchase price accounting related adjustments					(292)
- Integration and transaction costs					(29)
- Other ^(v)					(266)
Consolidated operating income (loss) (GAAP)					\$ (233)
Comparable Presentation Adjustments:					
Including Activision, Inc. prior period from July 1 to July 9, 2008					
Segment operating income (loss)	(10)	-	1	(9)	\$ (9)
Reconciliation to consolidated operating income (loss)					
- Stock-based compensation expense					(3)
- Integration and transaction costs					(38)
Consolidated operating income (loss)					\$ (50)
Including Activision, Inc. prior periods for the six months ended June 30, 2008					
Segment operating income (loss)	172	-	4	176	\$ 176
Reconciliation to consolidated operating income (loss)					
- Stock-based compensation expense					(29)
- Integration and transaction costs					(12)
Consolidated operating income (loss)					\$ 135
Non-GAAP Comparable Basis Segment Operating Income (Loss)					
	\$ 469	\$ 704	\$ 27	\$ 1,200	
- Change in Comparable Basis -- Year Ended December 31, 2009 vs. 2008					
					3%

(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 ("Blizzard") publishes traditional games and online subscription-based games in the MMORPG category.

(iii) Activision Blizzard Distribution ("Distribution") -- distributes interactive entertainment software and hardware products.

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

(v) Other represents Non-Core activities, which are handled by certain functional departments of our Activision segment and are insignificant to Activision Blizzard's financial condition and results of operations. Prior to July 1, 2009, we operated a fourth operating segment, Non-Core, which represented legacy Vivendi Games' ("VG") divisions or business units that the company had exited, divested, or wound down as part of our restructuring and integration efforts as a result of the Business Combination. As of July 1, 2009, in light of the decreasing significance of Non-Core activities, we ceased the management of Non-Core as a separate operating segment and consequently we are no longer providing separate operating segment disclosure with respect to Non-Core and have reclassified our prior period's segment presentation so that it conforms to the current period's presentation.

Activision Blizzard, Inc. and Subsidiaries Outlook
For the Quarter Ending March 31, 2010 and
Year Ending December 31, 2010
GAAP to Non-GAAP Reconciliation
(Amounts in millions, except per share data)

	Outlook for Three Months Ending March 31, 2010	Outlook for Year Ending December 31, 2010
Net Revenues (GAAP)	\$ 1,120	\$ 4,180
<u>Excluding the impacts of:</u>		
Change in deferred net revenues	(595)	220 (a)
Non-GAAP Net Revenues	\$ 525	\$ 4,400
Earnings Per Diluted Share (GAAP)	\$ 0.20	\$ 0.47
<u>Excluding the impacts of:</u>		
Change in deferred net revenues and related cost of sales	(0.22)	0.10 (b)
Stock based compensation	0.03	0.07 (c)
Amortization of intangible assets	0.01	0.06 (d)
Non-GAAP Earnings Per Diluted Share	\$ 0.02	\$ 0.70

(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 stock based compensation costs. Also includes the costs of the Blizzard Entertainment equity plan and Vivendi awards to historical Vivendi Games employees.

(d) Reflects amortization of intangible assets

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.