

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

(Amounts in millions, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net revenues:				
Product sales	\$ 643	\$ 747	\$ 1,629	\$ 1,437
Subscription, licensing and other revenues	324	291	646	582
Total net revenues	967	1,038	2,275	2,019
Costs and expenses:				
Cost of sales - product costs	235	281	572	577
Cost of sales - software royalties and amortization	51	86	150	158
Cost of sales - intellectual property licenses	29	54	72	118
Cost of sales - massively multi-player online role playing game ("MMORPG")	52	51	106	103
Product development	104	123	247	240
Sales and marketing	126	118	182	201
General and administrative	70	92	135	195
Restructuring	-	15	-	30
Total costs and expenses	667	820	1,464	1,622
Operating income	300	218	811	397
Investment and other income, net	1	-	1	10
Income before income tax expense	301	218	812	407
Income tax expense	82	23	212	23
Net income	\$ 219	\$ 195	\$ 600	\$ 384
Basic earnings per common share	\$ 0.18	\$ 0.15	\$ 0.48	\$ 0.29
Weighted average common shares outstanding	1,232	1,289	1,239	1,299
Diluted earnings per common share	\$ 0.17	\$ 0.15	\$ 0.47	\$ 0.28
Weighted average common shares outstanding assuming dilution	1,248	1,332	1,254	1,345

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

(Amounts in millions)

	June 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,214	\$ 2,768
Short-term investments	632	477
Accounts receivable, net	190	739
Inventories	157	241
Software development	219	224
Intellectual property licenses	27	55
Deferred income taxes, net	401	498
Other current assets	128	327
Total current assets	3,968	5,329
Long-term investments	23	23
Software development	30	10
Intellectual property licenses	32	28
Property and equipment, net	160	138
Other assets	13	9
Intangible assets, net	587	618
Trademark and trade names	433	433
Goodwill	7,147	7,154
Total assets	\$ 12,393	\$ 13,742
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 149	\$ 302
Deferred revenues	482	1,426
Accrued expenses and other liabilities	459	779
Total current liabilities	1,090	2,507
Deferred income taxes, net	249	270
Other liabilities	196	209
Total liabilities	1,535	2,986
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	12,260	12,376
Treasury stock	(1,584)	(1,235)
Retained earnings (accumulated deficit)	239	(361)
Accumulated other comprehensive loss	(57)	(24)
Total shareholders' equity	10,858	10,756
Total liabilities and shareholders' equity	\$ 12,393	\$ 13,742

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

		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	Total Costs and Expenses
Three months ended June 30, 2010									
GAAP Measurement		\$ 967	\$ 235	\$ 51	\$ 29	\$ 104	\$ 126	\$ 70	\$ 667
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(284)	(68)	13	(2)	-	-	-	(57)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(12)	-	6	(2)	(9)	(17)
Less: Restructuring (included in general and administrative)	(c)	-	-	-	-	-	-	(1)	(1)
Less: Amortization of intangible assets	(d)	-	(1)	-	(9)	-	-	-	(10)
Non-GAAP Measurement		\$ 683	\$ 166	\$ 52	\$ 18	\$ 110	\$ 124	\$ 60	\$ 582

		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Three months ended June 30, 2010					
GAAP Measurement		\$ 300	\$ 219	\$ 0.18	\$ 0.17
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(227)	(165)	(0.13)	(0.13)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	17	12	0.01	0.01
Less: Restructuring (included in general and administrative)	(c)	1	-	0.00	0.00
Less: Amortization of intangible assets	(d)	10	6	0.00	0.00
Non-GAAP Measurement		\$ 101	\$ 72	\$ 0.06	\$ 0.06

		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	Total Costs and Expenses
Six months ended June 30, 2010									
GAAP Measurement		\$ 2,275	\$ 572	\$ 150	\$ 72	\$ 247	\$ 182	\$ 135	\$ 1,464
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(878)	(201)	(24)	(16)	-	-	-	(241)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(41)	-	2	(3)	(18)	(60)
Less: Restructuring (included in general and administrative)	(c)	-	-	-	-	-	-	(4)	(4)
Less: Amortization of intangible assets	(d)	-	(2)	(4)	(21)	-	-	(1)	(28)
Non-GAAP Measurement		\$ 1,397	\$ 369	\$ 81	\$ 35	\$ 249	\$ 179	\$ 112	\$ 1,131

		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Six months ended June 30, 2010					
GAAP Measurement		\$ 811	\$ 600	\$ 0.48	\$ 0.47
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(637)	(473)	(0.38)	(0.37)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	60	42	0.03	0.03
Less: Restructuring (included in general and administrative)	(c)	4	2	0.00	0.00
Less: Amortization of intangible assets	(d)	28	17	0.01	0.01
Non-GAAP Measurement		\$ 266	\$ 188	\$ 0.15	\$ 0.15

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

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

(c) Reflects restructuring related to the Business Combination with Vivendi Games. 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.

The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings 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 MEASURES

(Amounts in millions, except earnings 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 June 30, 2009											
GAAP Measurement		\$ 1,038	\$ 281	\$ 86	\$ 54	\$ 51	\$ 123	\$ 118	\$ 92	\$ 15	\$ 820
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(237)	(43)	(28)	(2)	-	-	-	-	-	(73)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(10)	-	-	(8)	(4)	(21)	-	(43)
Less: Results of Activision Blizzard's non-core exit operations	(c)	-	-	-	-	-	1	-	(4)	-	(3)
Less: Costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	(3)	(15)	(18)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	(1)	(12)	(24)	-	-	-	(1)	-	(38)
Non-GAAP Measurement		\$ 801	\$ 237	\$ 36	\$ 28	\$ 51	\$ 116	\$ 114	\$ 63	\$ -	\$ 645

		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Three months ended June 30, 2009					
GAAP Measurement		\$ 218	\$ 195	\$ 0.15	\$ 0.15
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(164)	(145)	(0.11)	(0.11)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	43	27	0.02	0.02
Less: Results of Activision Blizzard's non-core exit operations	(c)	3	2	0.00	0.00
Less: Costs related to the Business Combination, integration and restructuring	(d)	18	11	0.01	0.01
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	38	22	0.02	0.02
Non-GAAP Measurement		\$ 156	\$ 112	\$ 0.09	\$ 0.08

		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
Six months ended June 30, 2009											
GAAP Measurement		\$ 2,019	\$ 577	\$ 158	\$ 118	\$ 103	\$ 240	\$ 201	\$ 195	\$ 30	\$ 1,622
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(493)	(100)	(51)	(11)	-	-	-	-	-	(162)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(14)	-	-	(17)	(7)	(33)	-	(71)
Less: Results of Activision Blizzard's non-core exit operations	(c)	(1)	-	-	-	-	4	(2)	(10)	-	(8)
Less: Costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	(17)	(30)	(47)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	(2)	(29)	(51)	-	-	-	(2)	-	(84)
Non-GAAP Measurement		\$ 1,525	\$ 475	\$ 64	\$ 56	\$ 103	\$ 227	\$ 192	\$ 133	\$ -	\$ 1,250

		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Six months ended June 30, 2009					
GAAP Measurement		\$ 397	\$ 384	\$ 0.29	\$ 0.28
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(331)	(279)	(0.21)	(0.21)
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	71	44	0.03	0.03
Less: Results of Activision Blizzard's non-core exit operations	(c)	7	5	0.00	0.00
Less: Costs related to the Business Combination, integration and restructuring	(d)	47	28	0.02	0.02
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	84	41	0.03	0.03
Non-GAAP Measurement		\$ 275	\$ 223	\$ 0.17	\$ 0.16

(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 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 Ended June 30, 2010 and 2009
(Amounts in millions)

	Three Months Ended					
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	\$ 289	30 %	\$ 324	31 %	\$ (35)	(11) %
PC and other	81	8	41	4	40	98
Sony PlayStation 3	182	19	152	15	30	20
Sony PlayStation 2	9	1	44	4	(35)	(80)
Microsoft Xbox 360	240	24	231	22	9	4
Nintendo Wii	76	8	118	11	(42)	(36)
Total console	507	52	545	52	(38)	(7)
Sony PlayStation Portable	3	-	17	2	(14)	(82)
Nintendo Dual Screen	36	5	48	5	(12)	(25)
Total handheld	39	5	65	7	(26)	(40)
Total Activision and Blizzard	916	95	975	94	(59)	(6)
Distribution:						
Total Distribution	51	5	63	6	(12)	(19)
Total consolidated GAAP net revenues	967	100	1,038	100	(71)	(7)
Change in Deferred Net Revenues ¹						
Activision and Blizzard:						
MMORPG	-		(42)			
PC and other	(35)		(13)			
Sony PlayStation 3	(90)		(47)			
Microsoft Xbox 360	(119)		(91)			
Nintendo Wii	(40)		(44)			
Total console	(249)		(182)			
Total changes in deferred net revenues	(284)		(237)			
Non-GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	289	42	282	35	7	2
PC and other	46	7	28	4	18	64
Sony PlayStation 3	92	14	105	13	(13)	(12)
Sony PlayStation 2	9	1	44	5	(35)	(80)
Microsoft Xbox 360	121	18	140	18	(19)	(14)
Nintendo Wii	36	5	74	9	(38)	(51)
Total console	258	38	363	45	(105)	(29)
Sony PlayStation Portable	3	1	17	2	(14)	(82)
Nintendo Dual Screen	36	5	48	6	(12)	(25)
Total handheld	39	6	65	8	(26)	(40)
Total Activision and Blizzard	632	93	738	92	(106)	(14)
Total Distribution	51	7	63	8	(12)	(19)
Total non-GAAP net revenues ²	\$ 683	100 %	\$ 801	100 %	\$ (118)	(15) %

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

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

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

FINANCIAL INFORMATION

For the Six Months Ended June 30, 2010 and 2009

(Amounts in millions)

	Six Months Ended					
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	\$ 594	26 %	\$ 638	32 %	\$ (44)	(7) %
PC and other	135	7	87	4	48	55
Sony PlayStation 3	486	22	283	14	203	72
Sony PlayStation 2	24	1	84	4	(60)	(71)
Microsoft Xbox 360	624	27	429	21	195	45
Nintendo Wii	212	9	252	13	(40)	(16)
Total console	1,346	59	1,048	52	298	28
Sony PlayStation Portable	8	-	23	1	(15)	(65)
Nintendo Dual Screen	70	3	74	4	(4)	(5)
Total handheld	78	3	97	5	(19)	(20)
Total Activision and Blizzard	2,153	95	1,870	93	283	15
Distribution:						
Total Distribution	122	5	148	7	(26)	(18)
Total platform mix net revenues	2,275	100	2,018	100	257	13
Other ¹						
Total consolidated GAAP net revenues	-	-	1	-	(1)	NM
	2,275	100	2,019	100	256	13
Change in Deferred Net Revenues ¹						
Activision and Blizzard:						
MMORPG	(7)		(75)			
PC and other	(60)		(30)			
Sony PlayStation 3	(312)		(118)			
Microsoft Xbox 360	(399)		(183)			
Nintendo Wii	(100)		(87)			
Total console	(811)		(388)			
Total changes in deferred net revenues	(878)		(493)			
Other ¹						
	-		(1)			
Non-GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	587	42	563	37	24	4
PC and other	75	5	57	4	18	32
Sony PlayStation 3	174	12	165	11	9	5
Sony PlayStation 2	24	2	84	5	(60)	(71)
Microsoft Xbox 360	225	16	246	16	(21)	(9)
Nintendo Wii	112	8	165	11	(53)	(32)
Total console	535	38	660	43	(125)	(19)
Sony PlayStation Portable	8	1	23	1	(15)	(65)
Nintendo Dual Screen	70	5	74	5	(4)	(5)
Total handheld	78	6	97	6	(19)	(20)
Total Activision and Blizzard	1,275	91	1,377	90	(102)	(7)
Distribution:						
Total Distribution	122	9	148	10	(26)	(18)
Total non-GAAP net revenues ²	\$ 1,397	100 %	\$ 1,525	100 %	\$ (128)	(8) %

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 segment net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Three and Six Months Ended June 30, 2010 and 2009
(Amounts in millions)

	Three Months Ended					
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
GAAP Net Revenues by Geographic Region						
North America	\$ 567	59 %	\$ 557	54 %	\$ 10	2 %
Europe	337	35	408	39	(71)	(17)
Asia Pacific	63	6	73	7	(10)	(14)
Total consolidated GAAP net revenues	<u>967</u>	<u>100</u>	<u>1,038</u>	<u>100</u>	<u>(71)</u>	<u>(7)</u>
Change in Deferred Net Revenues ¹						
North America	(192)		(165)			
Europe	(79)		(69)			
Asia Pacific	(13)		(3)			
Total changes in net revenues	<u>(284)</u>		<u>(237)</u>			
Non-GAAP Net Revenues by Geographic Region						
North America	375	55	392	49	(17)	(4)
Europe	258	38	339	42	(81)	(24)
Asia Pacific	50	7	70	9	(20)	(29)
Total non-GAAP net revenues ²	<u>\$ 683</u>	<u>100 %</u>	<u>\$ 801</u>	<u>100 %</u>	<u>\$ (118)</u>	<u>(15) %</u>

	Six Months Ended					
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
GAAP Net Revenues by Geographic Region						
North America	\$ 1,270	56 %	\$ 1,081	53 %	\$ 189	17 %
Europe	861	38	800	40	61	8
Asia Pacific	144	6	137	7	7	5
Total geographic region net revenues	<u>2,275</u>	<u>100</u>	<u>2,018</u>	<u>100</u>	<u>257</u>	<u>13</u>
Other ¹	-	-	1	-	(1)	NM
Total consolidated GAAP net revenues	<u>2,275</u>	<u>100</u>	<u>2,019</u>	<u>100</u>	<u>256</u>	<u>13</u>
Change in Deferred Net Revenues ¹						
North America	(504)		(315)			
Europe	(333)		(168)			
Asia Pacific	(41)		(10)			
Total changes in net revenues	<u>(878)</u>		<u>(493)</u>			
Other ¹	<u>-</u>		<u>(1)</u>			
Non-GAAP Net Revenues by Geographic Region						
North America	766	55	766	51	-	-
Europe	528	38	632	41	(104)	(16)
Asia Pacific	103	7	127	8	(24)	(19)
Total non-GAAP net revenues ²	<u>\$ 1,397</u>	<u>100 %</u>	<u>\$ 1,525</u>	<u>100 %</u>	<u>\$ (128)</u>	<u>(8) %</u>

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

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

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
For the Three and Six Months Ended June 30, 2010 and 2009
(Amounts in millions)

	Three Months Ended					
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
Segment net revenues:						
Activision ⁽ⁱ⁾	\$ 333	34 %	\$ 448	43 %	\$ (115)	(26) %
Blizzard ⁽ⁱⁱ⁾	299	31	290	28	9	3
Distribution ⁽ⁱⁱⁱ⁾	51	6	63	6	(12)	(19)
Operating segment total	<u>683</u>	<u>71</u>	<u>801</u>	<u>77</u>	<u>(118)</u>	<u>(15)</u>
Reconciliation to consolidated net revenues:						
Net effect from deferral of net revenues	284	29	237	23		
Consolidated net revenues	<u>\$ 967</u>	<u>100 %</u>	<u>\$ 1,038</u>	<u>100 %</u>	\$ (71)	(7)
Segment income (loss) from operations:						
Activision ⁽ⁱ⁾	\$ (53)		\$ 21		(74)	NM
Blizzard ⁽ⁱⁱ⁾	155		134		21	16
Distribution ⁽ⁱⁱⁱ⁾	(1)		1		(2)	NM
Operating segment total	<u>101</u>		<u>156</u>		<u>(55)</u>	<u>(35)</u>
Reconciliation to consolidated operating income:						
Net effect from deferral of net revenues and related cost of sales	227		164			
Stock-based compensation expense	(17)		(43)			
Restructuring	(1)		(15)			
Amortization of intangible assets and purchase price accounting related adjustments	(10)		(38)			
Integration and transactions costs	-		(3)			
Other ^(iv)	-		(3)			
Consolidated operating income	<u>\$ 300</u>		<u>\$ 218</u>		\$ 82	38 %
Operating margin from total operating segments	15%		19%			
Six Months Ended						
	June 30, 2010		June 30, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
Segment net revenues:						
Activision ⁽ⁱ⁾	\$ 670	29 %	\$ 796	39 %	\$ (126)	(16) %
Blizzard ⁽ⁱⁱ⁾	605	27	581	30	24	4
Distribution ⁽ⁱⁱⁱ⁾	122	5	148	7	(26)	(18)
Operating segment total	<u>1,397</u>	<u>61</u>	<u>1,525</u>	<u>76</u>	<u>(128)</u>	<u>(8)</u>
Reconciliation to consolidated net revenues:						
Net effect from deferral of net revenues	878	39	493	24		
Other ^(iv)	-	-	1	-		
Consolidated net revenues	<u>\$ 2,275</u>	<u>100 %</u>	<u>\$ 2,019</u>	<u>100 %</u>	\$ 256	13
Segment income (loss) from operations:						
Activision ⁽ⁱ⁾	\$ (46)		\$ (6)		(40)	NM
Blizzard ⁽ⁱⁱ⁾	313		277		36	13
Distribution ⁽ⁱⁱⁱ⁾	(1)		4		(5)	NM
Operating segment total	<u>266</u>		<u>275</u>		<u>(9)</u>	<u>(3)</u>
Reconciliation to consolidated operating income:						
Net effect from deferral of net revenues and related cost of sales	637		331			
Stock-based compensation expense	(60)		(71)			
Restructuring	(4)		(30)			
Amortization of intangible assets and purchase price accounting related adjustments	(28)		(83)			
Integration and transactions costs	-		(17)			
Other ^(iv)	-		(8)			
Consolidated operating income	<u>\$ 811</u>		<u>\$ 397</u>		\$ 414	104 %
Operating margin from total operating segments	19%		18%			

(i) Activision Publishing ("Activision") — publishes interactive entertainment software and peripherals.

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

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

(iv) Other represents Non-Core activities, which are legacy Vivendi Games' divisions or business units that we have exited, divested or wound down as part of our restructuring and integration efforts as a result of the Business Combination. Prior to July 1, 2009, Non-Core activities were managed as a stand alone operating segment; however, in light of the minimal activities and insignificance of Non-Core activities, as of that date we ceased their management as a separate operating segment and consequently, we are no longer providing separate operating segment disclosure.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES OUTLOOK
For the Quarter Ending September 30, 2010 and
Year Ending December 31, 2010
GAAP to Non-GAAP Reconciliation
(Amounts in millions, except per share data)

	Outlook for Three Months Ending September 30, 2010	Outlook for Year Ending December 31, 2010
Net Revenues (GAAP)	\$ 600	\$ 4,180
Excluding the impact of:		
Change in deferred net revenues	(a) 125	220
Non-GAAP Net Revenues	\$ 725	\$ 4,400
Earnings Per Diluted Share (GAAP)	\$ -	\$ 0.49
Excluding the impact of:		
Net effect from deferral in net revenues and related cost of sales	(b) 0.06	0.10
Stock-based compensation	(c) 0.02	0.07
Amortization of intangible assets	(d) 0.01	0.06
Non-GAAP Earnings Per Diluted Share	\$ 0.08	\$ 0.72

(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 expense related to stock-based compensation.

(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.