

ACTIVISION[®]

BLIZZARD[®]

Second Quarter 2014 Results

August 5, 2014

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 about the impact of the transactions involving the repurchase of shares from Vivendi, S.A., and the debt financing related thereto; 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, sales levels of Activision Blizzard’s titles, increasing concentration of titles, shifts in consumer spending trends, the impact of the current macroeconomic environment, Activision Blizzard’s ability to predict consumer preferences, including interest in specific genres, such as first-person action, massively multiplayer online and “toys to life” games, and preferences among hardware platforms, the seasonal and cyclical nature of the interactive game market, changing business models, including digital delivery of content, competition including from used games and other forms of entertainment, possible declines in software pricing, product returns and price protection, product delays, adoption rate and availability of new hardware (including peripherals) and related software, particularly during the ongoing console transition, rapid changes in technology and industry standards, the current regulatory environment, litigation risks and associated costs, protection of proprietary rights, maintenance of relationships with key personnel, customers, financing providers, licensees, licensors, vendors, and third-party developers, including the ability to attract, retain and develop key personnel and developers that can create high quality titles, counterparty risks relating to customers, licensees, licensors and manufacturers, domestic and international economic, financial and political conditions and policies, foreign exchange rates and tax rates, the identification of suitable future acquisition opportunities, and potential challenges associated with geographic expansion, capital market risks, the possibility that expected benefits related to the transactions involving the repurchase of shares from Vivendi S.A. may not materialize as expected, the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt, 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.

The forward-looking statements in this presentation are based on information available to the Company 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, August 5, 2014, or to reflect the occurrence of unanticipated events.

Activision Blizzard Q2 and 1H Highlights

Better-than-expected results; raising full-year 2014 revenue and EPS outlook

Better-than-expected Q2 financial results:

- GAAP: \$970M revenues, \$0.28 EPS
- Non-GAAP¹: \$658M revenues, \$0.06 EPS
- Non-GAAP digital revenues: \$481M, representing a record 73% from digital channels

1H 2014 capital allocation:

- Repaid \$375M of term loan principal in February and paid our highest-ever \$0.20 dividend per share in May

Valuable and iconic entertainment franchises and large online communities:

- Call of Duty Ghosts: #1 title LTD on next-gen consoles in North America and Europe combined²
- Skylanders SWAP Force: #2 title in 1H in North America and Europe combined, including toys & accessories²
- World of Warcraft, #1 subscription-based MMORPG³
- Diablo III and Diablo III: Reaper of Souls combined sold-through 20M+ LTD, majority via digital channels²

Pursuing new opportunities to create new franchises:

- Hearthstone launched on iPad, adding millions of new players to the Battle.net ecosystem
- Planning to launch Destiny in Q3 on next- and current-generation consoles
- Expanding our reach to new platforms, new business models and new geographies

Expecting growth and record full-year non-GAAP EPS in 2014 driven by six games:

- Activision Publishing: Destiny, Skylanders TRAP TEAM, Call of Duty: Advanced Warfare
- Blizzard Entertainment: World of Warcraft: Warlords of Draenor, Diablo III: Reaper of Souls and Hearthstone



¹ Non-GAAP information reconciliation tables in the appendix of the earnings release, which is available on www.activisionblizzard.com.

² NPD, GfK Chart-Track and Activision Blizzard internal estimates. ³ Massively Multiplayer Online Role Playing Game.

Better-than-Expected Q2 2014 Results

Record 73% of non-GAAP revenues from digital channels

	Q2 2013		Prior Q2 2014 Outlook ¹		Q2 2014 Actual	
	GAAP	Non-GAAP ²	GAAP	Non-GAAP ²	GAAP	Non-GAAP ²
Net Revenues	\$1,050M	\$608M	\$910M	\$600M	\$970M	\$658M
Digital Revenues	\$387M	\$383M			\$476M	\$481M
Digital Revenues %	37%	63%			49%	73%
Operating Income	\$430M	\$119M			\$310M	\$113M
Operating Margin	41%	20%	29%	10%	32%	17%
EPS	\$0.28	\$0.08	\$0.22	\$0.01	\$0.28	\$0.06
Weighted-average shares outstanding:						
Diluted shares	1,127M	1,127M			725M	725M
Participating securities	24M	24M			16M	16M
Total share count for EPS ³	1,151M	1,151M	745M	745M	741M	741M

¹ Prior outlook provided on May 6, 2014.

² Non-GAAP reconciliations are in the appendices of the earnings releases dated August 1, 2013, May 6, 2014 and August 5, 2014, available on www.activisionblizzard.com

³ Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. May not recalculate due to rounding.

Balance Sheet Highlights

Net Debt¹ is 0.1x Adj. TTM EBITDA⁴

	3/31/14	6/30/14
Cash and investments	\$4.30B³	\$4.21B³
Cash and investments per share ²	Approx. \$5.83	Approx. \$5.69
\$250M revolving facility	---	---
7-year secured bank loans	\$2.12B	\$2.12B
8-year notes (5.625%)	\$1.50B	\$1.50B
10-year notes (6.125%)	\$0.75B	\$0.75B
Gross Debt	\$4.37B	\$4.37B
Net Debt¹	\$0.07B	\$0.16B
	Adjusted TTM EBITDA⁴	\$1,420M
	Secured Debt / Adj. TTM EBITDA ⁴	1.5x
	Gross Debt / Adj. TTM EBITDA ⁴	3.1x
	Net Debt ¹ / Adj. TTM EBITDA ⁴	0.1x

¹ Net debt is defined as gross debt less cash and cash equivalents, short-term investments and long-term investments.

² Based on weighted average shares outstanding of 737M and 741M for the quarters ending March 31 and June 30, 2014 respectively.

³ Includes over \$0.65B of domestic cash and investments.

⁴ Adjusted TTM EBITDA is calculated as non-GAAP operating income plus depreciation for the trailing twelve months ended June 30, 2014.

2014 Financial Outlook, as of August 5, 2014

Raising our 2014 revenue and EPS outlook

	Q3 2014		2014	
	GAAP	Non-GAAP*	GAAP	Non-GAAP*
Net Revenues	\$650M	\$975M	\$4,240M	\$4.7B, up 8% YOY
COGS (Prod/Online)	27%	25%	28%	26%
Op Ex, incl. Royalties	76%	60%	47%	43%
Operating Margin**	-3%	15%	25%	32%
Interest Expense	\$52M	\$52M	\$208M	\$208M
Tax Rate	30%	19%	22%	25%
EPS**	\$(0.07)	\$0.11	\$0.91	\$1.29, up 37% YOY
Fully Diluted Weighted Avg. Shares***	719M****	745M	750M	750M

* Non-GAAP information reconciliation tables in the appendix of the earnings release dated August 5, 2014, 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.

**** With expected GAAP net losses in Q3 2014, basic weighted average shares are used in the losses per share calculation.

Biggest Second Half in Company History

Including Destiny, our 2nd new IP launch of the year, and great games from 6 franchises

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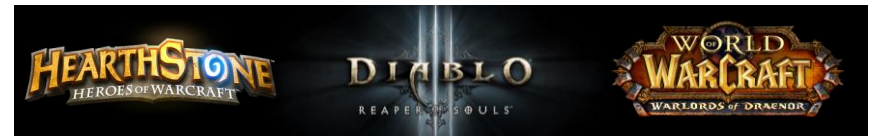
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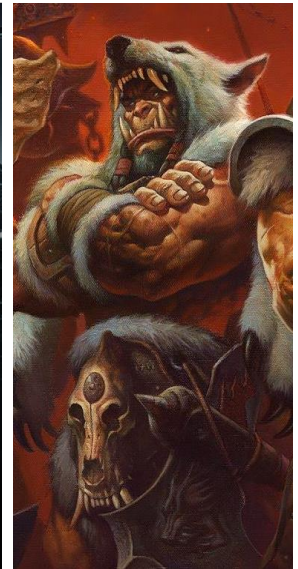
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Activision Publishing

Planning three big launches in 2014: Destiny, Skylanders and Call of Duty

- 1** 
 - Developed by Bungie, the creators of the Halo franchise, which has sold 50M games on Xbox & Xbox 360¹
 - Successful beta held in July with 4.6M players
 - To launch on Sept. 9, 2014 on XB1 and XB360 & PS3 and PS4
- 2** 
 - SWAP FORCE #2 title in NA & Europe combined in 1H 2014³
 - Skylanders TRAP TEAM from Toys-for-Bob to launch Oct. 5, 2014
 - Only Toys-to-Life title for the Wii in 2014
- 3** 
 - #1 franchise in NA for fifth year in a row in 2013⁴
 - Ghosts #1 LTD on next-gen consoles in NA & Europe combined¹
 - Advanced Warfare: all-new game to launch Nov. 4, 2014

Call of Duty Online in development for China, now in closed beta

¹ Source: NPD, GfK Chart-Track.

² Activision Blizzard internal estimates.

³ Including toys and accessories. Source: NPD, GfK Chart-Track and Activision Blizzard internal estimates.

⁴ Source: NPD.

Blizzard Entertainment Highlights

Strong Q2 results; BlizzCon coming November 7th



Revenues up year-over-year
Subscriber decline in Q2 similar to last expansion cycle
Beta testing has begun for Warlords of Draenor

iPad version launched in Q2; brought millions into Battle.net
1st Adventure mode content, Curse of Naxxramas, released July 22, 2014
Naxxramas fueled biggest week ever for Hearthstone engagement and revenue

Diablo III and Reaper of Souls have sold-through 20M+ combined, inc. digital
Diablo III: Reaper of Souls, top-selling PC game of 2014 YTD*
Ultimate Evil Edition coming to PS3, PS4, Xbox 360 & Xbox One August 19, 2014

New free-to-play online hero brawler for PC and Mac
Alpha testing has expanded globally; new Oceanic server support
Showcased at China Joy and Taipei Application Show

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. 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;
- fees and other expenses 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; and
- the amortization of intangibles from purchase price accounting; and
- the income tax adjustments associated with any of the above items.

In the future, Activision Blizzard may also consider whether other significant non-recurring 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 revenue 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 revenue 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 revenue 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 revenue 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 June 30, 2014, please refer to the Company's earnings release dated August 5, 2014, which is available on our website, www.activisionblizzard.com.

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Second Quarter 2014 Results: Q&A

August 5, 2014