

ACTIVISION

BILZARD®

ACTIVISION

BILZZARD®

Kristin Southey
Senior Vice President
Investor Relations and Treasury

Safe Harbor Disclosure



The statements contained in this presentation that are not historical facts are forward-looking statements. The company generally uses words such "outlook," "will," "could," "should," "would," "might," "remains," "to be," "plans," "believes," "may," "expects," "intends," "anticipates," "estimate," "future," "plan," "positioned," "potential," "project," "scheduled," "set to," "subject to," "upcoming" and similar expressions to identify forward-looking statements. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. 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 such 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 and market conditions within the video game industry, Activision Blizzard's ability to predict consumer preferences, including interest in specific genres such as first-person action and massively multiplayer online games and preferences among competing 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, rapid changes in technology and industry standards, litigation risks and associated costs, the effectiveness of Activision Blizzard's restructuring efforts, protection of proprietary rights, maintenance of relationships with key personnel, customers, licensees, licensors, vendors, and third-party developers, including the ability to attract, retain and develop key personnel and developers that can create high quality "hit" 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, and the identification of suitable future acquisition opportunities and potential challenges associated with geographic expansion. These important factors and other factors that potentially could affect the Company's financial results are described in the Company's most recent annual report on Form 10-K and other filings with the SEC. 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, September 1, 2011, or to reflect the occurrence of unanticipated events.

For a full reconciliation of GAAP to non-GAAP numbers and for more detailed information concerning the Company's financial results for the quarter ended June 30, 2011, please refer to the tables attached to Company's earnings release dated August 3, 2011, which is available on our website, www.activisionblizzard.com.



Robert Kotick
Chief Executive Officer

Our Mission



**Become the world's most profitable entertainment
company driving superior shareholder returns with
stellar execution against large and sustainable
interactive franchises
with an unyielding commitment to our audiences**

What You Will Hear Today



- **We have sizeable market opportunities**
 - We are the leader in large and growing global markets
 - Our fastest growing segments are the most profitable

- **We are best positioned in online entertainment**
 - Strongest online enabled pipeline
 - Expanding capabilities and reach as leading service provider
 - New innovative intellectual property in development
 - Most capable to deliver on emerging platforms and models
 - Most loyal audiences
 - Most focused on satisfying our audiences
 - Most talented workforce

Audience Commitment & Industry Leading Talent Drives Shareholder Returns

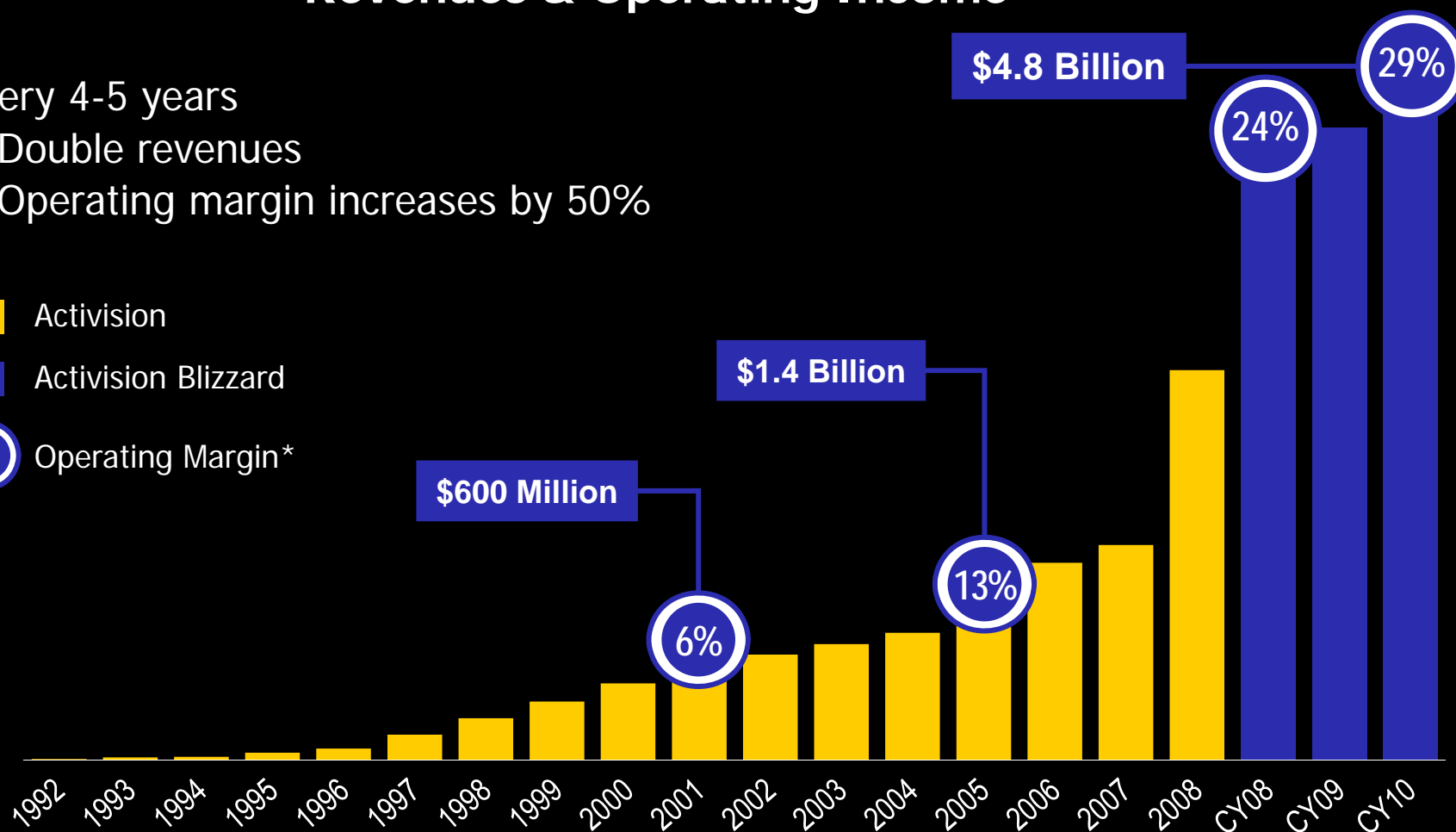
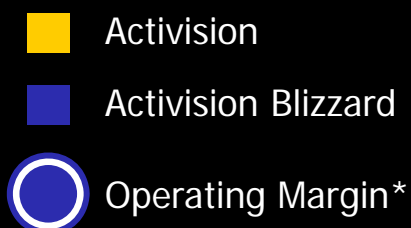
An Outstanding Track Record



Revenues & Operating Income

Every 4-5 years

- Double revenues
- Operating margin increases by 50%



We Have Delivered – Pick a Metric

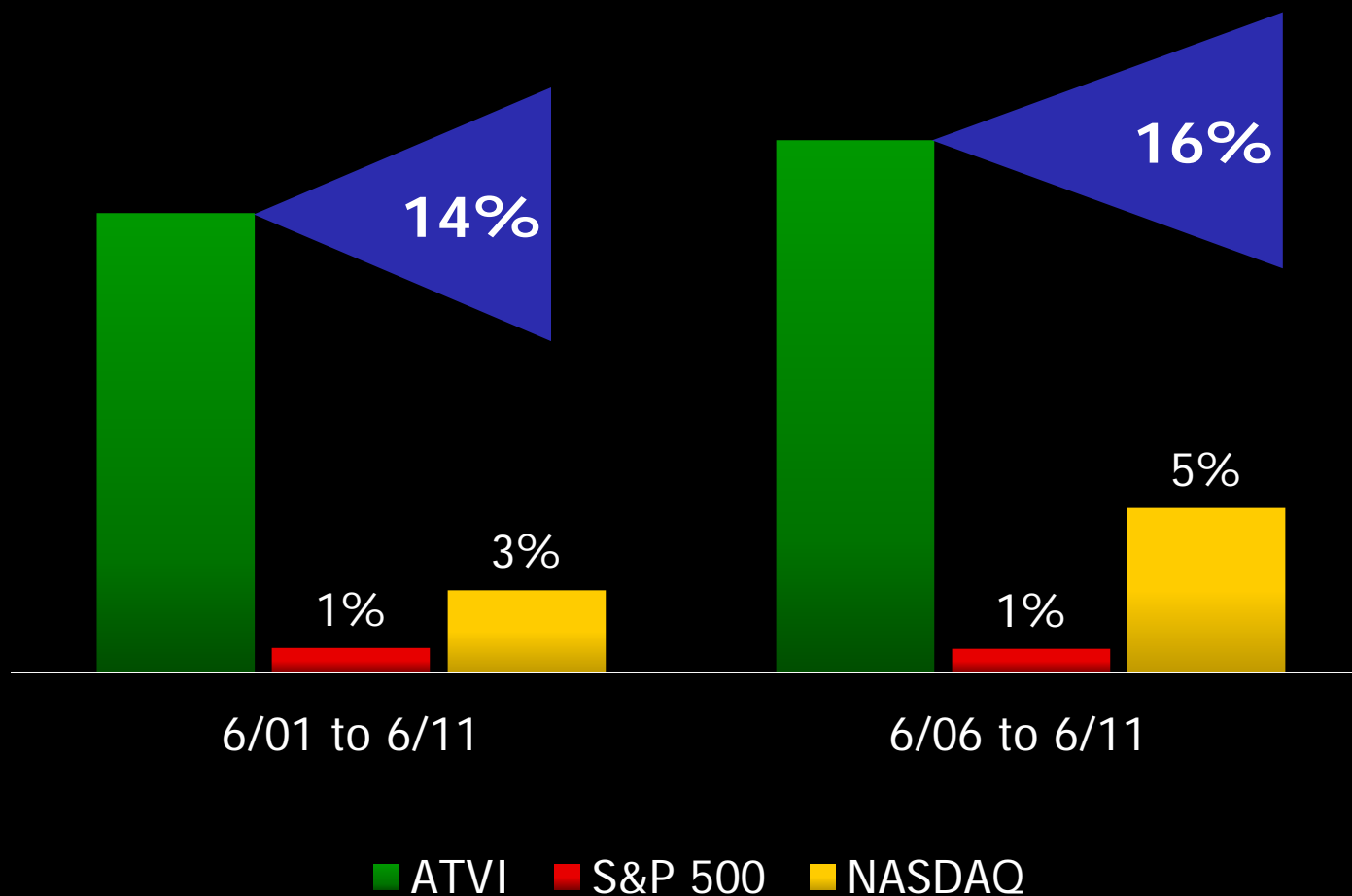
*Fiscal year ended 3/31 except for CY08, CY09 and CY10 which ended 12/31.

CY08 represents non-GAAP comparable basis for the period ended 12/31/08. All financials are presented on a non-GAAP basis.

An Outstanding Track Record



Share Price Appreciation CAGR



Focused on Shareholder Value Creation

Source: Yahoo Finance, not including dividends.

Activision Blizzard Growth Drivers



Leverage emerging platforms & models



Release innovative new Intellectual Property



Launch Biggest pipeline of online enabled properties & services

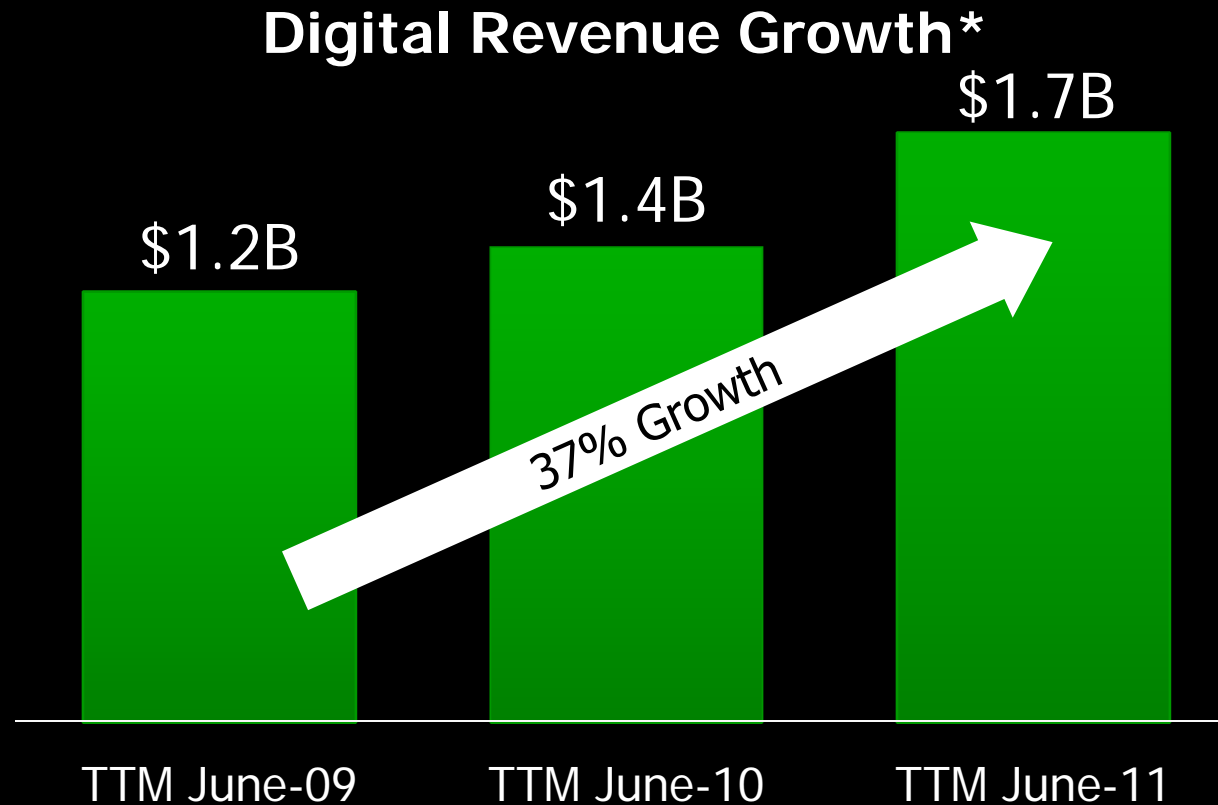


An Outstanding Track Record

Strong Digital Growth Driving Margin

ACTIVISION

BLIZZARD™



Focused Strategy + Rigorous Execution = Outstanding Results

*Non-GAAP, trailing twelve months ending 6/30/09, 6/30/10 and 6/30/11

Tremendous Market Opportunity:

Digital is Accretive to Our Margins

ACTIVISION

BLIZZARD™

		Operating Margin*
Digital	Micro Transactions and Value-Added Services	80%+
	DLC (Downloadable Extra Content)	60%+
	Full Game Digital Download	60%+
	Subscription Services	55%+
Retail	PC Software	45%+
	Console Software	20%+

New Models are More Profitable

*Source: Activision Blizzard Estimates (based on owned IP and internally developed)

Tremendous Market Opportunity:

Digital Revenues Growing Rapidly

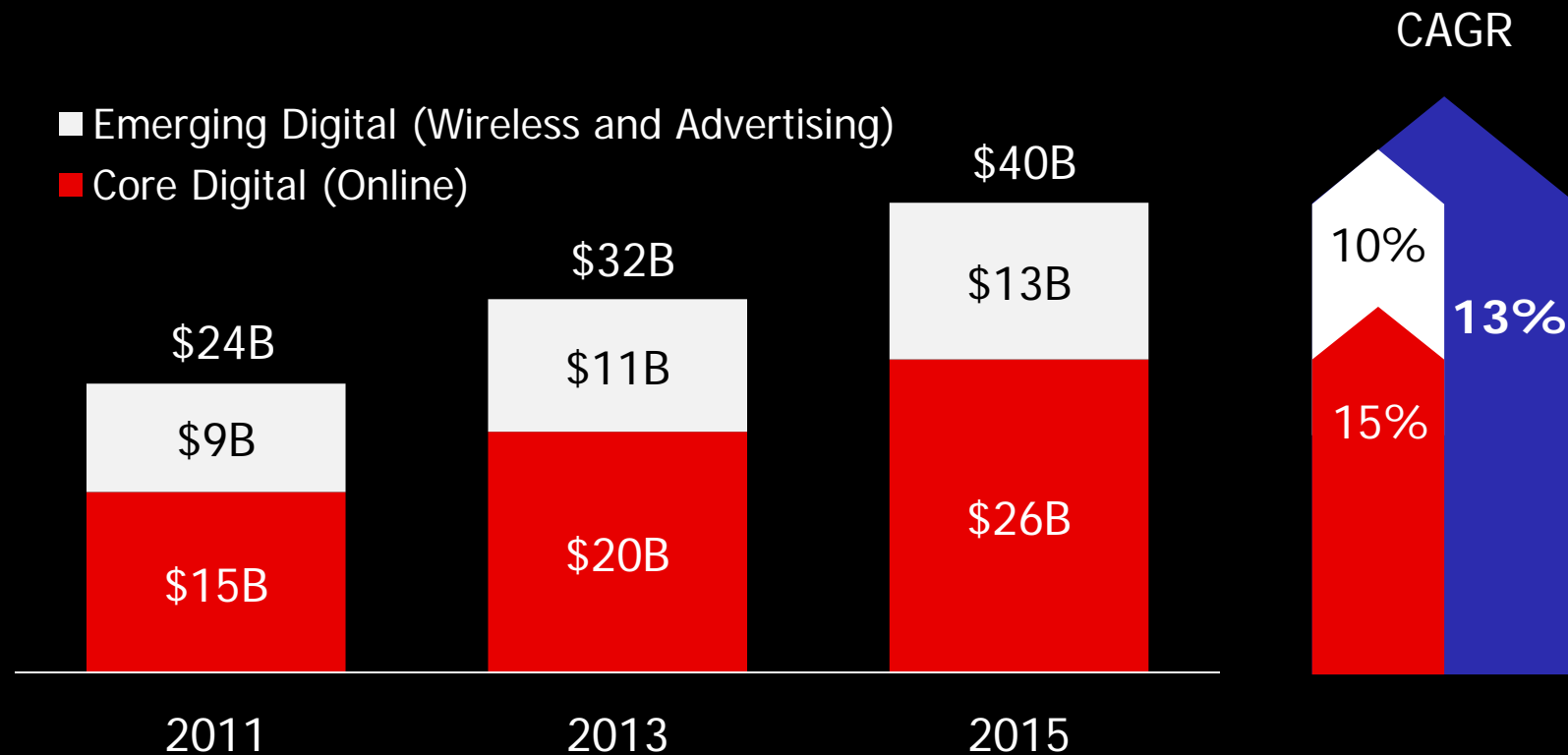
ACTIVISION

BLIZZARD™

Estimated Worldwide Digital Sales

Excluding Japan, \$Billions

- Emerging Digital (Wireless and Advertising)
- Core Digital (Online)



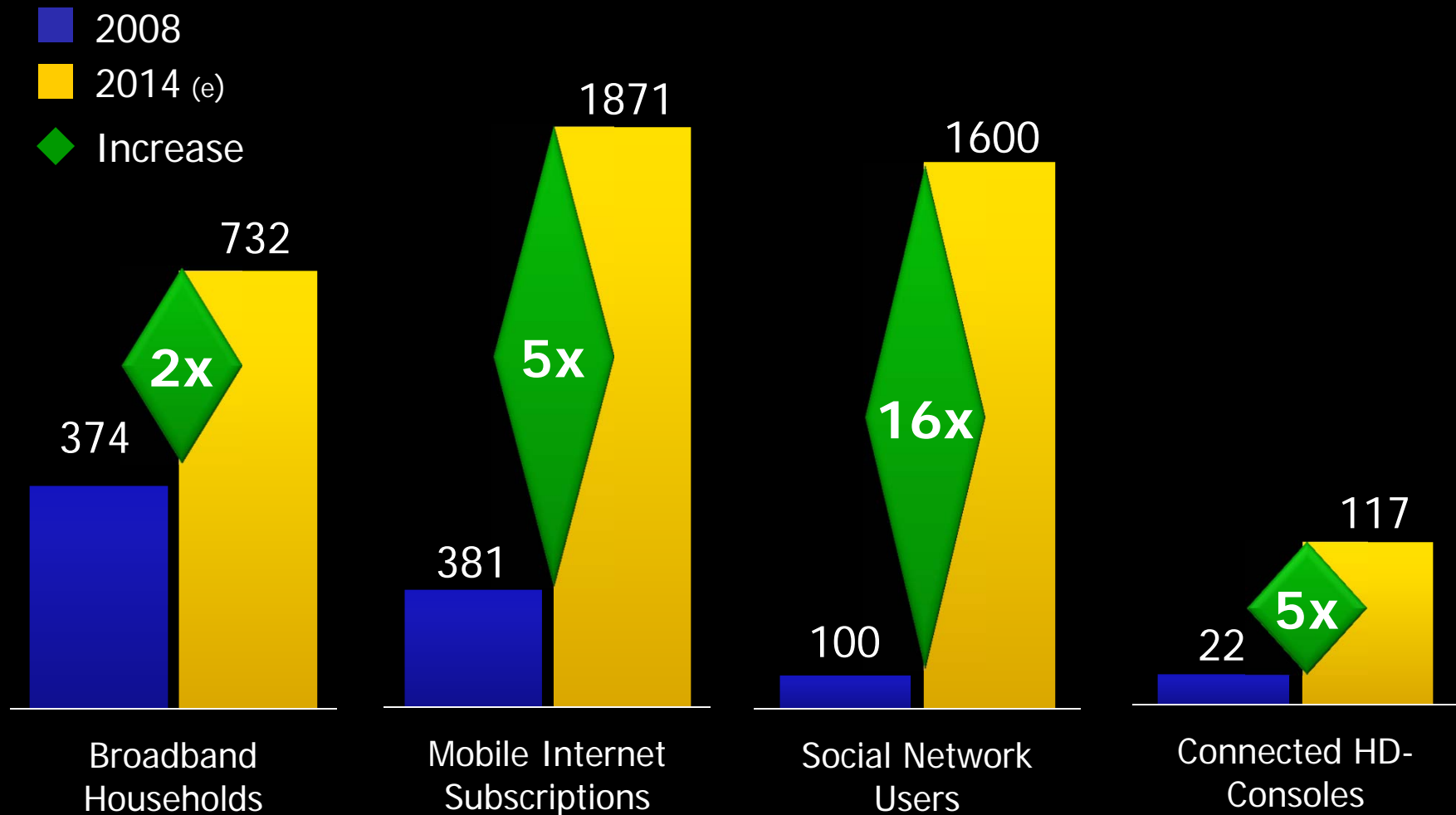
Emerging Digital Segments Growing Fastest

Note: Excludes Japan

Source: PWC Media and Entertainment Outlook, 12th Edition.

Tremendous Market Opportunity:

More People, Playing More Games



Playing More and Paying More for the Most Engaging Games

*Note: Millions, worldwide
Source: PWC, IDC, AB Analysis*

Tremendous Market Opportunity:

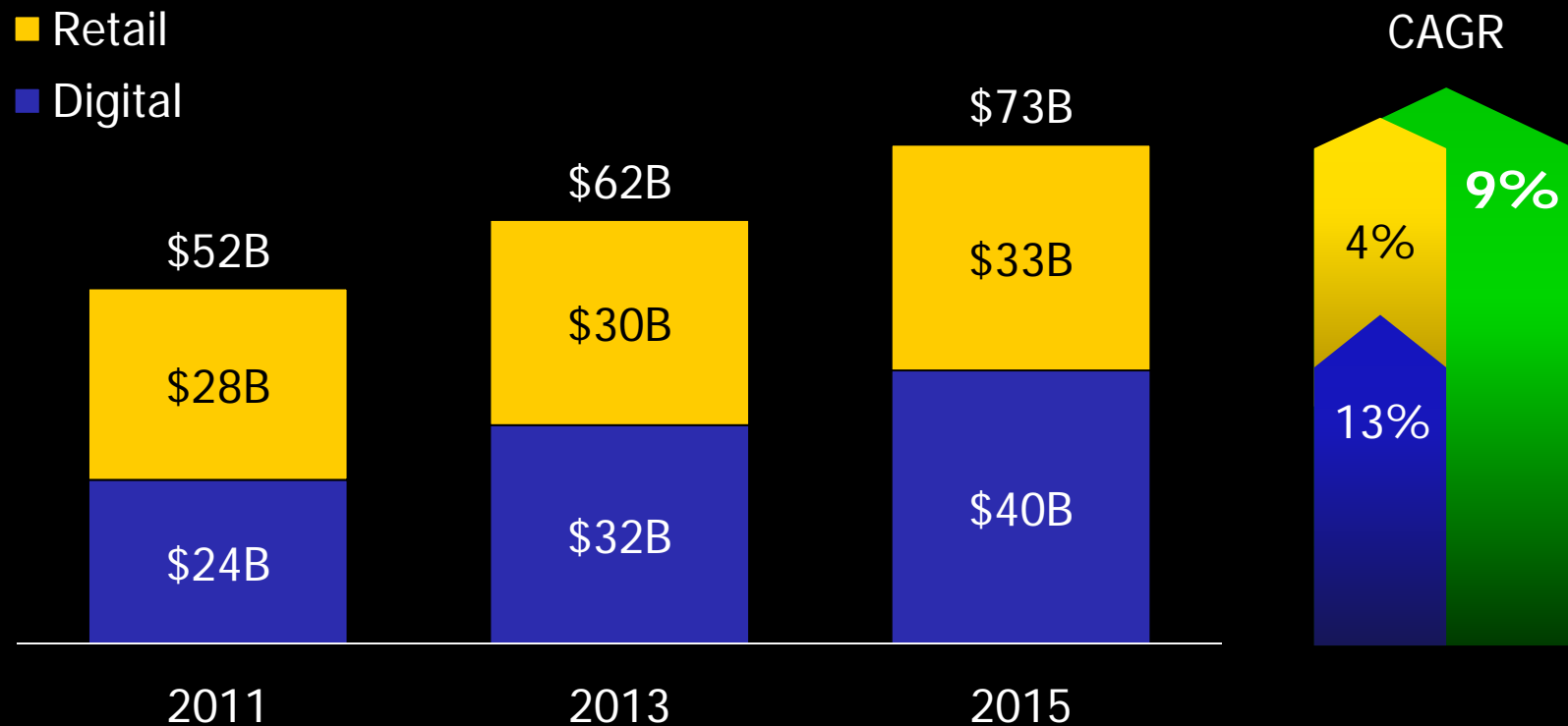
Dollars are Still Far Smaller than Film & TV

ACTIVISION

BLIZZARD™

Estimated Worldwide Video Game Sales

Excluding Japan, \$Billions



Digital Growth is Driving a Large and Expanding Market Opportunity

Note: Excludes Japan

Source: PWC Media and Entertainment Outlook, 12th Edition.

Activision Blizzard Leadership:

Growing Digital Service Platforms



30–40 Million Paying Online Users

20 Million+ MAU



CALL OF DUTY

15 Million+ MAU



STAR CRAFT



BATTLE.NET

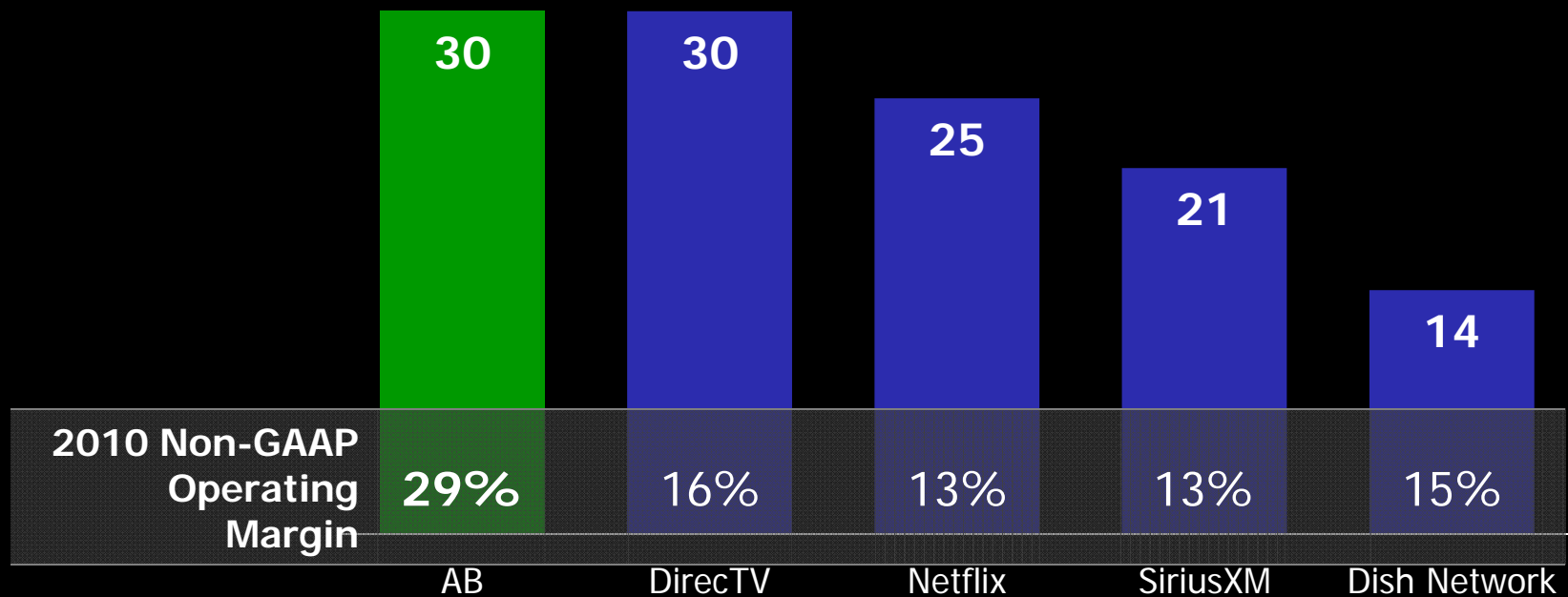
Large, Vibrant Online Communities

Paying Entertainment Service Users

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Paying Users, Millions



More Paying Users; More Profitable

Our Mission



**Become the world's most profitable entertainment
company driving superior shareholder returns with
stellar execution against large and sustainable
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with an unyielding commitment to our audiences**

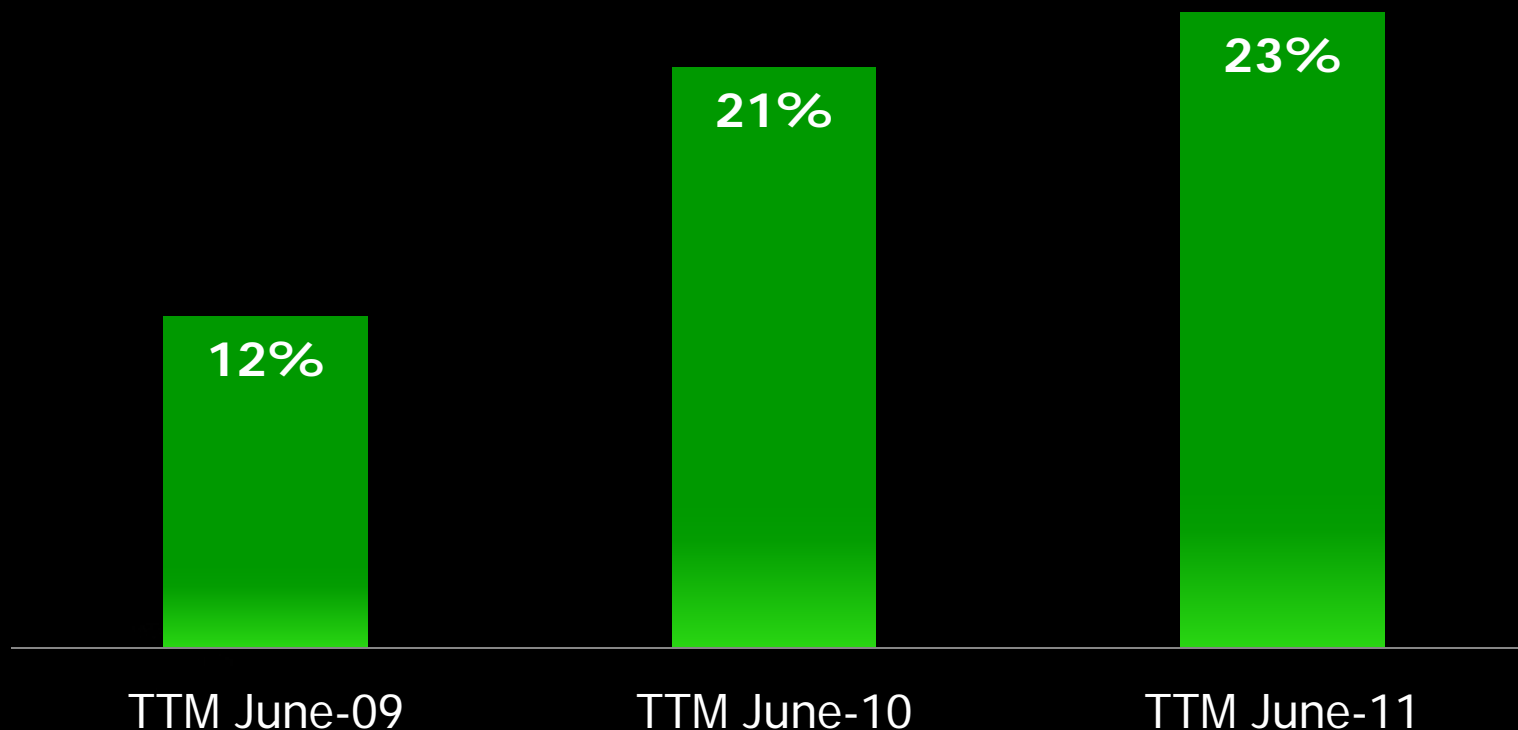
ACTIVISION®

Eric Hirshberg

Chief Executive Officer

Activision Publishing Operating Margin

Operating Margin*



**Trailing twelve months ending 6/30/09, 6/30/10 and 6/30/11*

Activision Growth Drivers

Launch biggest pipeline of proven properties

- Multiple digital revenue streams

Expand reach as a service provider

- Build large, vibrant communities

Develop innovative new intellectual properties

- With digital revenues streams

Leverage emerging models and platforms

- Micro-transactions, free to play, smartphones, tablets

Building Direct Relationships with Our Consumers

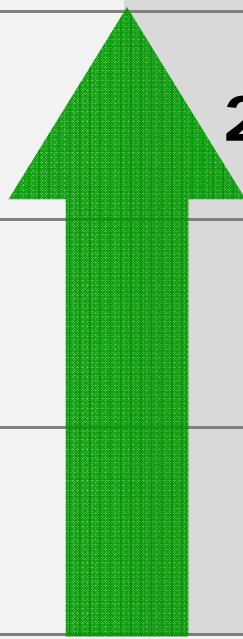
Franchise Strength



Source: NPD, Gfk/ChartTrack, Company Data

Grow the Core

		HD Units Sold 9 Months	HD Install Base (Dec)
	2011	---	92M(e)
	2010	23M+	74M
	2009	19M	55M
	2008	9M	38M

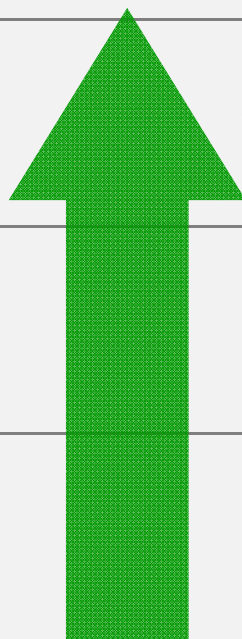


Note: Millions

Source: NPD, ChartTrack, GfK, company estimates

Grow Online

	Map Packs	Price/Pack	HD Base	Average Spend Per User
	--	--	92M (e)	--
	18M+	\$15	74M	\$76 (e)
	11M	\$15	55M	\$74 (e)
	9M	\$10	38M	\$68 (e)



*Note: Millions, except Average Spend Per User
Source: NPD, Charttrak, GfK, company estimates*

Record Engagement

**Higher Engagement
Than Top Facebook Games**

Over 30 Million Unique Players

**Over 2.3 Billion Hours Played
in Multiplayer Alone**

CALL OF DUTY MW3

11.08.11

Opportunity to Own Direct Relationship with 30 Million Call of Duty Online Consumers



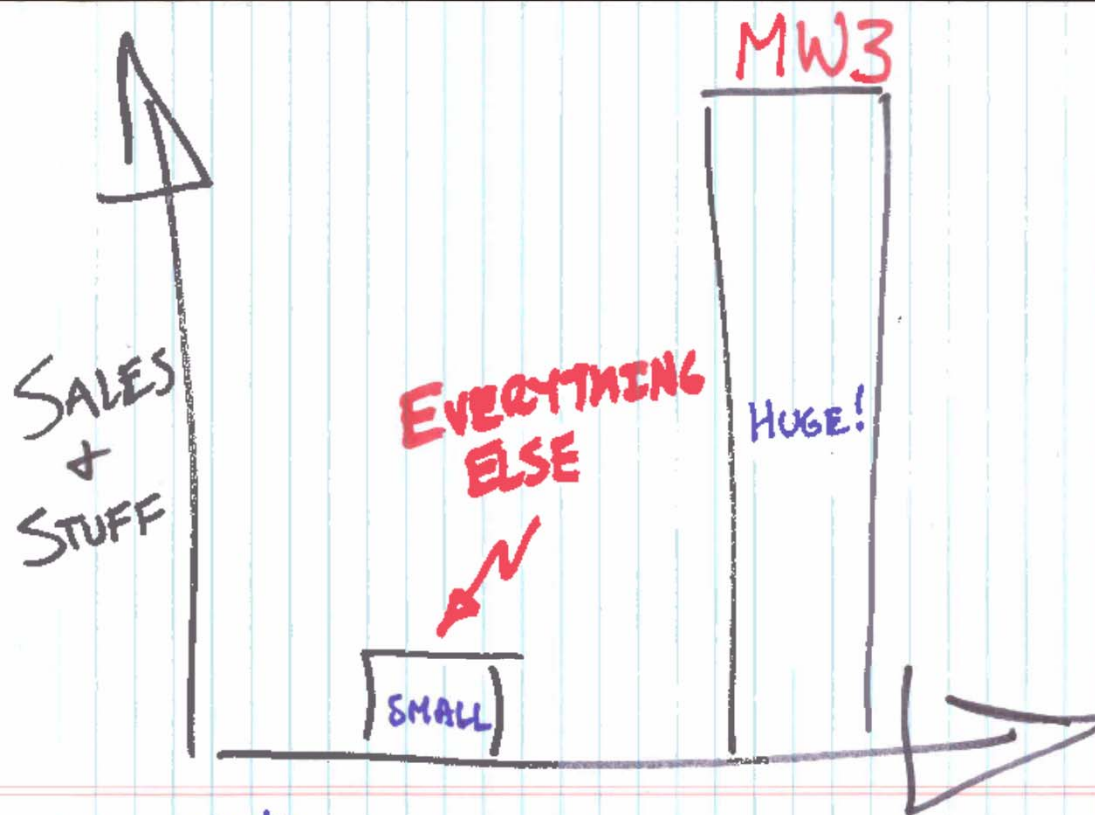
PLAY TOGETHER BETTER

ACTIVISION®

Dave Stohl

EVP Worldwide Studios

CALL^{OF}DUTY[®]
ELITE



* not to scale

another way of looking at it...



(less than 7 million/day)



(less than 7 million/day)

(more)



The Facebook logo, consisting of the word "facebook" in white lowercase letters with a registered trademark symbol, set against a blue rectangular background.

facebook®

(less than 54 minutes per day)

facebook®

(less than 54 minutes per day)

(more)



ELITE is...

...a service

...the social platform for Call of Duty

...a blending of social, mobile, and console

...the best free service on the market

...a break-through premium service

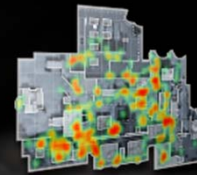
CALL OF DUTY®



Connect.



Compete.



Improve.

Swedish Dave

CAREER
CONNECT
COMPETE
IMPROVE

Find a Player

CAREER SUMMARY

WINNING PCT.	35%	KILL/DEATH RATIO	0.87	XP	489,788	EARNINGS	€ 259,458
WINS	150	KILLS	3,974	AVG XP (LAST 10)	3,966	BALANCE	€ 27,883
LOSSES	283	DEATHS	4,553	SCORE	393,500	EARNINGS/MATCH	€ 596
BEST WIN STREAK	6	HEADSHOTS	345	FINISHED IN TOP 3	112	CONTRACT EARNINGS	€ 500

LEVEL 34
LIEUTENANT COLONEL 1

CURRENT XP: 489,788



LEVEL 35
LIEUTENANT COLONEL 2

XP NEEDED: 14,512



PRESTIGE 2
LEVEL 1
1.8 weeks
≈ 772,712 XP



DOMINATION
52 HOURS

TEAM DEATHMATCH
4 HOURS

FREE-FOR-ALL
1 HOURS

OTHER
0 HOURS

GAME MODE

DOMINATION

9:13 MIN

WIN

201

106

SUMMARY

SCOREBOARD

Level 34
Earned: 8787 XP

Level 35
Need 14512 XP

SCORE PER MINUTE

~29.47 130.53

BEST PERFORMING WEAPON

CROSSBOW
KILLS
8 OF 8

HIGHEST KILLSTREAK

MAP NAME:

LAUNCH

VIEW THE HEAT MAP



SCORE PER MINUTE



130.53

HIGHEST KILLSTREAK

BEST PERFORMING WEAPON

CROSSBOW

KILLS

8 OF 8





GAME MODE

DOMINATION

🕒 9:13 MIN

SUMMARY

SCOREBOARD

Level 34

Earned: 5787 XP

WIN



201



106

Level 35

Need 14512 XP

SCORE PER MINUTE



130.53

HIGHEST KILLSTREAK

BEST PERFORMING WEAPON

CROSSBOW

KILLS

8 OF 8



MAP NAME

LAUNCH

VIEW THE HEAT MAP



GAME MODE

DOMINATION

🕒 9:13 MIN

WIN



201



106

SUMMARY

SCOREBOARD

Level 34

Earned: 6787 XP

Level 35

Need: 14512 XP

MAP NAME

LAUNCH

VIEW THE HEAT MAP

BEST PERFORMING WEAPON

CROSSBOW

KILLS

8 OF 8



IMPROVE

Find a Player 🔍

WINNING PCT.

35%

WINS

150

LOSSES

283

BEST WIN STREAK

6

KILL/DEATH RATIO

0.87

KILLS

3,974

DEATHS

4,553

HEADSHOTS

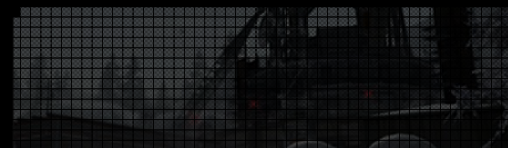
345

KILL/DEATH RATIO	0.87
KILLS	3,974
DEATHS	4,553
HEADSHOTS	345



SCORE PER MINUTE
144,46
HIGHEST KILLSTREAK

BEST PERFORMING WEAPON
G11
KILLS
27 OF 30



PRESTIGE  15
LEVEL 50

KILL/DEATH RATIO	2.26
KILLS	124,526
DEATHS	55,165
HEADSHOTS	10,468

CADEED



Kid-fan

TRACK

COMPARE

SCORE PER MINUTE



144.46

HIGHEST KILLSTREAK

BEST PERFORMING WEAPON

G11

KILLS

27 OF 30



his KDR is 2.26

(mine is 0.87)

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

584 more hours played
(that's 24 DAYS!)

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

dude.

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

seriously?

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

he has 124,542 kills
(I have 3,978)

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

he has 10,468 headshots

(that's 6000 more headshots than I have kills)

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

on the other hand...

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34

he's died 55,165 times
(I've died 4,568 times)

BLACK OPS:
Compare



KIDFAN
Prestige 15 - Level 50

VS



SWEDISH DAVE
Prestige 1 - Level 34



BLACK OPS: Compare



KIDFAN

Prestige 15 - Level 50

VS



SWEDISH DAVE

Prestige 1 - Level 34

CAREER STATS

PERSONAL BESTS

LEADERBOARDS

SCORE PER MINUTE



206.42

116.98

K/D RATIO



2.26

0.87

KILLS



124,526

3,978

WINNING PERCENTAGE



62.8

34.5

EARNINGS



£ 5,797,873

£ 259,563





BLACK OPS: XBOX

KidFan

TRACK

COMPARE

CAREER
CONNECT
COMPETE
IMPROVE

Find a Player

CAREER SUMMARY

WINNING PCT.	63%	KILL/DEATH RATIO	2.26	XP	1,262,500	EARNINGS	€ 5,797,873
WINS	3372	KILLS	124,526	AVG XP (LAST 10)	0	BALANCE	€ 144,573
LOSSES	2001	DEATHS	55,165	SCORE	7,905,715	EARNINGS/MATCH	€ 1,066
BEST WIN STREAK	195	HEADSHOTS	10,468	FINISHED IN TOP 3	1,248	CONTRACT EARNINGS	€ 1,430,025

PRESTIGE 15

LEVEL 50



640

HRS PLAYED

FREE-FOR-ALL
439 HOURS

TEAM DEATHMATCH
88 HOURS

DOMINATION
87 HOURS

OTHER
27 HOURS

GAME MODE

FREE FOR ALL

10:29 MIN

SUMMARY

SCOREBOARD

Level 50

Earned: 0 XP

Prestige 16

Need 0 XP

SCORE PER MINUTE

9.41

144.46

HIGHEST KILLSTREAK

BEST PERFORMING WEAPON

G11

KILLS

27 OF 30



MAP NAME:


ARRAY

VIEW THE HEAT MAP







Custom 3




COMMANDO



CROSSBOW





  




Custom 4




M16



CROSSBOW





  




Custom 5




PM63



STRELA-3







Create a group tag ?

Lakers!

11

ADD IT!

GROUP
#Lakers

✓ #Lakers



LEVEL
PLATOON

MEMBERS

38

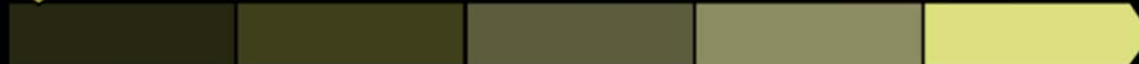


GROUP LEVEL



38

MEMBERS



1

PLATOON

100

REGIMENT

1,000

BATTALION

100,000

BRIGADE

1,000,000

ARMY

YOUR
FRIENDS
IN THE GROUP



Come on!
Invite more friends.



CODPF Alpha

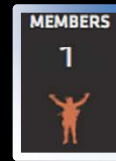
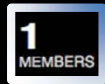
So the Lakers are still gonna win right???

Create a group tag ?

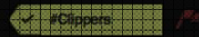
Clippers

9

ADD IT!



GROUP #Clippers



LEVEL
PLATOON

MEMBERS

7

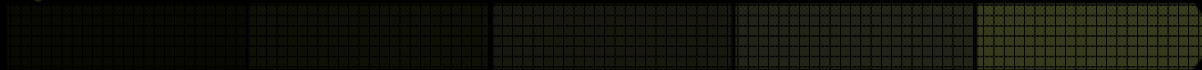


GROUP LEVEL



1

MEMBERS



1

PLATOON

100

REGIMENT

1,000

BATTALION

100,000

BRIGADE

1,000,000

ARMY

GROUP CAREER



Swedish Dave

19,031 Kills

CONNECT GROUPS

Find the people you want to play Call of Duty with... or against.
Groups will help you narrow the leaderboards down to people like you.

✓ What are Groups?

YOUR GROUP TAGS

GROUP TAGS USED

20/20

MANAGE

Create a group tag ?

Clippers

9

ADD IT!

✓ #Los Angeles

26
MEMBERS

✓ #Karate Sleepover

23
MEMBERS

✓ #Lakers (Elite)

15
MEMBERS

✓ #Lumberjacks

13
MEMBERS

✓ #Ninjas

13
MEMBERS

✓ #Wizards (Elite)

13
MEMBERS

✓ #New York

11
MEMBERS

✓ #Friday

8
MEMBERS



Brandon Kaplan
[SWEE]kapadona

Domination on WMD
Black Cps



Matt Kaplan
[SWEE]7HMedfosc

Domination on WMD
Black Cps



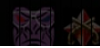
Jennifer Puno
[SWEE]punocostres

Domination on WMD
Black Cps



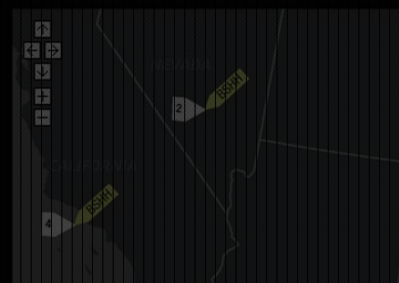
kidfan
[SWEE]Jay Puryear

Domination on WMD
Black Cps



Chris Chernoff
[SWEE]ChuckPot

Domination on WMD
Black Cps





IMPROVE

Crossbow

2,000
FOR SALE



OVERVIEW

What appears to be a normal crossbow actually houses two arrows equipped with explosive tips. Use this weapon creatively, either firing the bolt straight into your target or planting it nearby an enemy position, forcing them to flee or get caught in the detonation. Just don't let the enemy close in after you've landed a hit. The arrow takes a few moments to detonate, giving the player a chance to take you out in the blast.

STATS

DAMAGE



RANGE



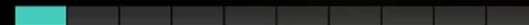
ACCURACY



MOBILITY



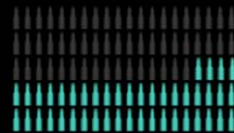
FIRE RATE



YOUR PERFORMANCE

ACCURACY

44%



K/D RATIO

0.76 ²⁹/₃₈

HEADSHOTS

0



CROSSBOW MARKSMAN 1

90%

Get 10 kills with the Crossbow

0/10





SURPRISE PARTY!

June 20 – June 24

ENLIST NOW

STUCK ON YOU

June 23 – June 25

ENLIST NOW

DOUBLE XP TRIATHLON

July 20 12:00

ENLIST NOW

Lone Wolf Operations

Play your f



KING OF THE HILL

June 23 – June 24

IN PROGRESS

PROGRAM GUIDE

Win Prizes and glory in official Call of Duty events and operations with players of all skill level

✓ OK, so now what?



\$1,000,000 Call of Duty Olympics 2012
Join a group with your nation and represent!
July 27, 2011 12:00


ENLIST NOW

JUNE 2011

W	TH	F	S	SU	M	T	W	TH	F	S	SU	M	T	W	TH	F	S	SU	M	T	W	TH	F	S	SU	M	T						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	1	2	3	4


Events

Enlist in sweepstakes, game with our developers, and win prizes.




SURPRISE PARTY!
June 20 – June 24

ENLIST NOW



STUCK ON YOU
June 20 – June 25

ENLIST NOW




DOUBLE XP TRIATHLON
July 29 12:00

ENLIST NOW


Lone Wolf Operations

Play your favorite game modes and win prizes.




KING OF THE HILL
June 23 – June 24

IN PROGRESS



TEST45
June 23 – June 24

IN PROGRESS



HEROIC SAVIOR
June 24 – June 25

IN PROGRESS



KING OF THE HILL

Highest Kills: Free for All

IN PROGRESS

DESCRIPTION

Show the enemy who is boss as you compete in this all out free fall massacre! You will want to play at the top of your game in order to achieve the most kills. Enemies will be lurking around every corner, crate and barrel, just pray you have your hardened perk equipped!

How do I play?

Enlist in the operation, then go into a public match and play. While you might not play directly against other enlisted players, your total score for the in-game statistics (Most Kills, Most Bomb Plants, etc.) within a stated period of time determines which players are winners. When the Operation ends, a leaderboard displays everyone's placement.



Start Date:

June 23, 2011
12:00 AM [PDT]

WINNERS' PODIUM



Champion Badge:
King of the Hill

Highest Kills: Free for All



iPad 2



ThiaPwnstar  RavenzFist

9:09



WINNING

1300

800

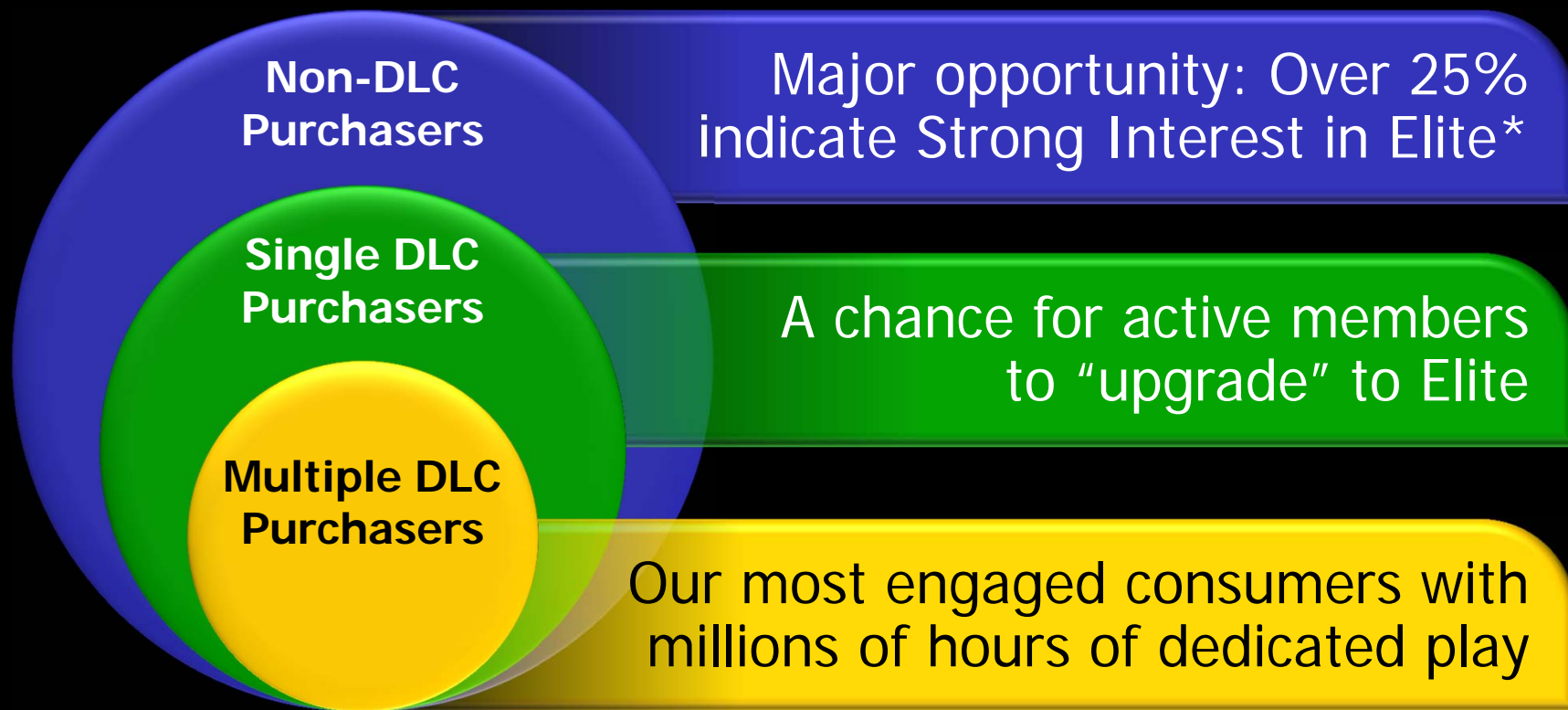
1 / 1



CALL^{OF}DUTY[®]
ELITE

Elite: Digital Expansion Opportunity

Call of Duty
Active Multi-Player Participants:
30M+ Unique Users



* ATVI market research

Expected to Deliver Greater Value Via a Subscription Based Model

Asia: Digital Expansion Opportunity

Microtransaction/FTP Market

- Asia market is large and growing rapidly
- Significant China growth opportunity for FPS
 - Crossfire game very successful
- MTX for core gamers in Asia is proven model



Activision's Platform for Success

- Ability to tap Blizzard presence/experience in region
- Call of Duty has a very high level of awareness in Asia
- Large team working on the game for over a year
- Benefit from Blizzard MMO experience
- High margin opportunity
- Potential to bring skills to core social gamers in West

SKYLADDERS

SPYRO'S ADVENTURE



TM





A Whole New Way to Play

Imaginative & Physical
Action Figures



Immersive Connected
Video Game Play



"Eruptor"





Stay Connected Across Platforms



Web World



**Never Before Seen
Innovation in Gaming**



Skylander Starter Pack

Coming this holiday with 20,000 kiosks and 12 miles of U.S. footprint





What is the Skylanders Web World?

**Over 37 million
online and gaming
households with
children aged 6-12***



Sources: 2011 Gamer Census Data

SKYLADDERS

SPYRO'S ADVENTURE



TM



New Intellectual Property

[PROTOTYPE2][®]

- An Open World Action game targeting core gamers

Strategy:

- Established fan base
- HD-console and PC
- April '12 launch window
- First time DLC for franchise



Bungie Universe: A Big Thing

The Bungie logo, featuring the word "BUNGIE" in a white, sans-serif font with a registered trademark symbol. A grey arc is positioned above the letters "N" and "G".

37M+ Halo units sold on one platform

Top Three Titles on Xbox Live*

- | | |
|---|-------------------------------|
| 1 | Call of Duty Black Ops |
| 2 | Call of Duty Modern Warfare 2 |
| 3 | Bungie's Halo |

Strengthens Activision 's Online Leadership

*as of 8/1/11 Source majornelson.com units are NPD/ChartTrack, GFK

Mix of Proven and New Properties and Services

CALL OF DUTY
MW3



BUNGIE

CALL OF DUTY
 **CHINA**

[PROTOTYPE2]

Plus Upside From Mobile and Social

ACTIVISION | **BILZARD®**



Mike Morhaime

CEO And Co-Founder

20 Years of Growth

Blizzard Entertainment Celebrates
20 years of success and quality

- + Established 1991
- + 13 #1-selling games
- + More than 4,500 employees across 10 global offices



20 Years of Growth

Leadership team HAS average of
15 years experience

- + Consistent culture and values
- + More than 800 developers across multiple development teams



20 Years of Growth

Quality and online play
define Blizzard Games

- + Pioneer in online gaming
- + Audience has grown with each release
- + Average Metacritic Rating: 90



Blizzard Franchises



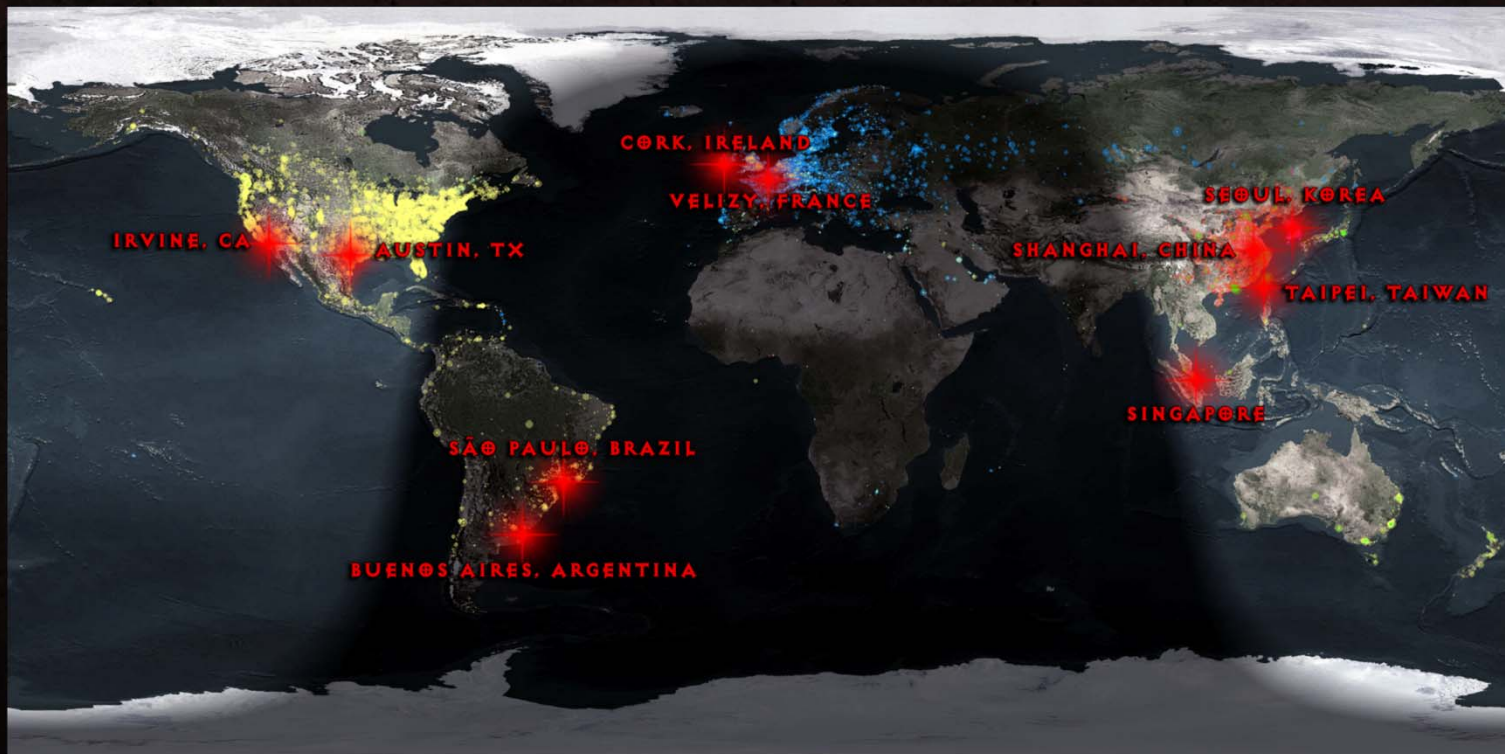
57 MM+

Total Franchise Sales
(not including World of Warcraft)

**World of Warcraft
Subscribers
11.1 MM+**



Global Reach and Community



Global Reach and Community

+ Blizzcon

- + Sold out for the 6th time in a row
- + 25,000 attendees
- + 500,000 online and DirecTV viewers

+ Social Media

- + Over 1 Million Facebook Fans for each Franchise
- + Hundreds of thousands more on Twitter



Battle.net

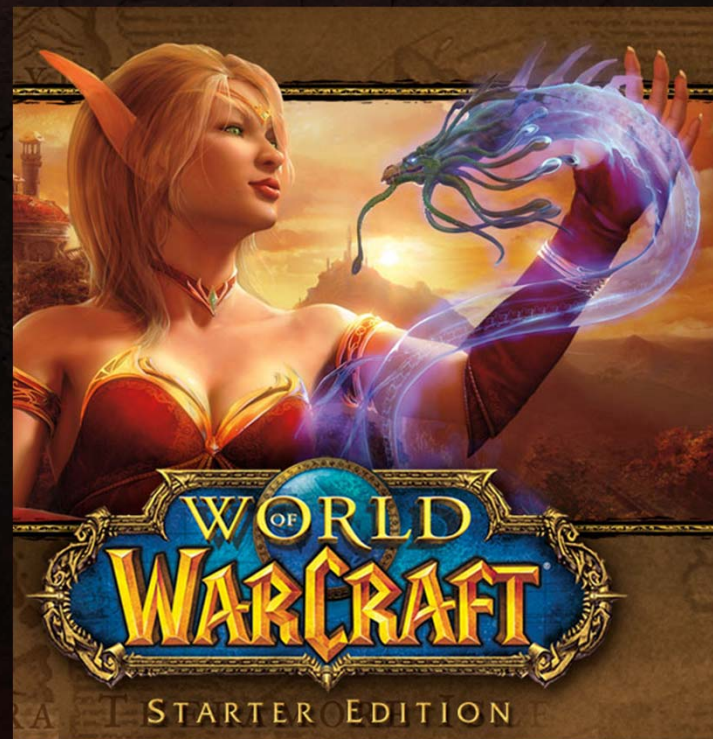
Foundation for all Blizzard games

- + Cross-game communication
- + Direct line communication from Blizzard to players



Facilitating New Business Models

- + Direct digital game sales
- + Free trials
- + Value-Added services
- + Blizzard Store



Unique Game Features

- + Diablo III Auction House
- + StarCraft II Map Marketplace
- + StarCraft II Leagues and Ladders
- + Achievement system



StarCraft II: Wings of Liberty

- + Fastest-selling strategy game ever
 - + 1.5 million in 48 hours
 - + 3 million in first month



StarCraft II: Wings of Liberty

“...surpasses your expectations and delivers fun in ways you never even knew you wanted.”

– *The New York Times*

“Ambitious and well-realized”

– *MTV GameTrailers*

Best Game of 2010
Wired

Top 10 Game
of 2010
Time Magazine



StarCraft II ESports

- ✦ Millions of video sessions served by top Leagues
- ✦ "BarCraft" phenomenon
 - ✦ Reported by Wall St Journal, Times of London



StarCraft II: Heart of the Swarm

✦ Gameplay Highlights

- ✦ Play as Kerrigan, "Greatest Villain of all time"
- ✦ Mutate and evolve new Zerg species
- ✦ New multiplayer units and maps



Kerrigan: So she wanted to avoid notice. A sign of weakness.



StarCraft II: Heart of the Swarm

+ Improved Custom Game Functionality

- + Easier and more intuitive search
- + Rate and review user-created content
- + Foundation for map marketplace
- + Players can sell maps through Battle.net

+ Blizzard DOTA

- + New multiplayer game mode for StarCraft II
- + Based on popular Warcraft III mod



StarCraft II Business Models

- + Box and digital game download
- + Two expansion sets
- + Time-based access in Asia and other regions
- + Free Starter Edition to attract new players
- + Map Marketplace



#1 subscription-based MMORPG worldwide

- + 11.1 Million subscribers at end of Q2 2011
- + Leading Western gaming franchise in Asia
- + 10 years of development
 - + Unmatched content and infrastructure depth
- + Deep player investment in characters and community



Growth and Retention Drivers

- ✦ **Brazil expansion**

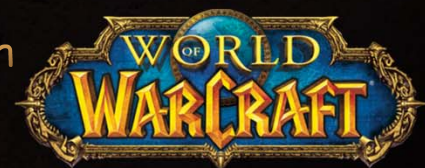
- ✦ Top 10 country in broadband users

- ✦ **China**

- ✦ Expand into Tier 2 and Tier 3 cities
 - ✦ VAS launch

- ✦ **Starter Edition**

- ✦ Free to play until level 20
 - ✦ 60% increase in new account creation



Patch 4.3

- ✦ Biggest update since Cataclysm
 - ✦ Epic Deathwing Raid encounter
 - ✦ New character customization
 - ✦ Additional Storage space



Wow Business model

- + Box and Digital game sales
- + Subscriptions and Time cards
- + Value-added services
- + Free Starter Edition to attract new players
- + World of Warcraft Remote



Diablo

2008
Diablo III
Announced

2001
Diablo II: Lord
of Destruction
Expansion

2000
Diablo II

1996

DIABLO

DIABLO

BILZARD
ENTERTAINMENT

Diablo Franchise Success

- + Redefined the Action/RPG Genre
- + Fewer barriers to entry
 - + More accessible
 - + Appealing to casual and hardcore players
- + Franchise sales of than 20.5MM

DIABLO

BILZARD
ENTERTAINMENT

Diablo III Business model

- + Box and Digital game sales for west
- + Other regions - TBD
- + Auction House
 - + Safe, convenient item trading



DIABLO

BILZARD
ENTERTAINMENT

Blizzard Pipeline

- + Diablo III with Auction House (Beta in Sept '11)
- + StarCraft II expansion sets
 - + Heart of the Swarm and Legacy of the Void
- + Blizzard DOTA
- + StarCraft Marketplace
- + World of Warcraft geographic expansion
 - + Brazil and China Tier 2/3 Cities
- + World of Warcraft expansion sets
- + Unannounced MMO



DIABLO

BLIZZARD
ENTERTAINMENT



DIABLO®

The word "DIABLO" is rendered in a golden, serif font with a metallic texture. It is centered horizontally and partially overlaid by a vertical sword. The sword's hilt is at the top, featuring ornate golden designs. The blade is dark and extends downwards, with a bright, glowing red-orange light emanating from its base. The background is dark with faint, radial lines and a decorative border at the top and bottom.

The logo is centered on a dark background. The word "BLIZZARD" is rendered in a large, bold, red font with a jagged, distressed texture. A small registered trademark symbol (®) is located at the top right of the word. Below it, the word "ENTERTAINMENT" is written in a smaller, clean, red, sans-serif font. The entire logo is framed by a decorative border consisting of repeating stylized, flame-like or leaf-like motifs in a dark red color.

BLIZZARD®
ENTERTAINMENT



DIABLO®

The image features the word "DIABLO" in a stylized, golden, serif font. The letters are set against a dark, atmospheric background. A glowing, ornate sword or dagger is positioned vertically behind the text, with its hilt at the top and its blade extending downwards. The sword's blade is illuminated with a bright, golden light, creating a strong vertical glow. The background is dark and textured, with subtle, repeating patterns that resemble stylized, dark, branching structures or perhaps a map. The overall color palette is dominated by dark browns, blacks, and the bright golden light of the sword and text.

The image is a title screen for Diablo III. It features a dark, textured background with a central vertical line of light and a glowing sword hilt. The word "DIABLO" is written in large, golden, serif letters. Below it, the text "DIABLO III Battle.net Features" is displayed in a smaller, golden, serif font. The entire screen is framed by a dark, ornate border with a skull at the top center and the Blizzard Entertainment logo at the bottom center.

DIABLO

DIABLO III Battle.net Features

BILZARD
ENTERTAINMENT

Diablo and Battle.net

Diablo

Welcome to
battle.net

Battle.net Login

Name:

Password:

Profile:

If this character has no Battle.net password, you must create a Battle.net account by pressing the "New Account" button. While creating the new account you may rename your character.

Diablo

STARCRAFT MANGA IN STORES NOW

Joining channel: Diablo USA-1
Welcome to Battle.net!
This server is hosted by AT&T.
There are currently 229 users playing 57 games of Diablo, and 90127 users playing 44510 games on Battle.net.
Chatting with this game is restricted to the channels listed in the channel menu.
Last login: Fri Jul 15 4:29 PM
<RedSlav> pkpk?

Diablo USA-1 (10)

	RegentKila (RS)	█
	Benny-Blanco	█
	Countercrash	█
	Lithium[dbd]	█
	ThaDOORS	███
	Bassgirlsmee	█
	Super_Saiyan10	███
	goobernoober	█
	RedSlav	█

Diablo and Battle.net

- + Wild West of Battle.net
- + Easy to cheat
- + Focused on player killing



Diablo II and Battle.net

- + The Wild West, only slightly less wild
- + Hostility added to PVP
- + Stone of Jordan Economy
- + Ladder Resets



Diablo II and Battle.net

+ Areas For Improvement

- + Single player characters left out
- + Characters weren't persistent
- + Hard to find and make friends
- + No matchmaking services
- + Item trading was difficult



Diablo III and Battle.net

- ✦ Always connected to your friends
 - ✦ Persistent friends list
 - ✦ Cross game chat
- ✦ Always connected to the game
 - ✦ Online only
 - ✦ Persistent characters



Play Together, Stay Together

- + Public Game Finder
- + PVP Matchmaking
- + Quick Join Friends
- + Dynamic Co-op Play



Banner System



Trading in Diablo

- ✦ Loot = Big part of Diablo
- ✦ Item drops are random
- ✦ Odds of a particular item dropping are often low
- ✦ Trading is an effective way to find items



Trading in Diablo

- ✦ A few ways to trade in Diablo II...
 - ✦ Manual exchange with in-game trading interface
 - ✦ Post in forums/chat channels
 - ✦ Shady 3rd party web sites
- ✦ We want to make this a better experience for our players



Diablo III Auction House

- ✦ Buy and sell items with real-world currency
- ✦ Integrated into game client
- ✦ Items, gold, and components can be sold
- ✦ Single, regional Auction House for each supported currency



features

- + Auto-bidding and instant buyout
- + Smart search by class
- + Shared stash
- + Secure item transfers



Additional Details

- ✦ Facilitate player trading - not a Blizzard store
- ✦ Players will be anonymous during trades
- ✦ Will also have a gold auction house and in-game trading
- ✦ Hardcore characters will not be able to use the real money auction house



Transactions

- + Transaction Fee
 - + Listing
 - + Sale
- + Battle.net Account Balance
- + Cashing out
 - + Third party payment provider



Why?

- + Players want it!
- + Great for buyers and sellers
- + Works well with design of Diablo item system
- + Adds a great deal of depth and fun to the long term game
- + Completely in-game





DIABLO®

The word "DIABLO" is rendered in a golden, gothic-style serif font. A glowing sword is positioned vertically behind the text, with its blade pointing upwards and its hilt at the bottom. The sword's blade is illuminated with a bright, golden light, creating a strong vertical glow. The hilt and the base of the blade are surrounded by intricate, golden, flame-like or smoke-like patterns. The background is dark, with a subtle, repeating pattern of stylized, dark, flame-like or smoke-like shapes. The overall color palette is dominated by dark reds, blacks, and golds.



Thomas Tippl
Chief Operating Officer and CFO

Year To Date Highlights



- **1H 2011**
 - **Increasing Revenue, Operating Margin, EPS**
 - Revenues up over prior year
 - Record operating margin of more than 26%*
 - Record EPS and up 50% over prior year
 - Driven by growth in high margin digital business
- **Raised 2011 Outlook for Second Time**
- **\$1.2 Billion in TTM Operating Cash Flow**

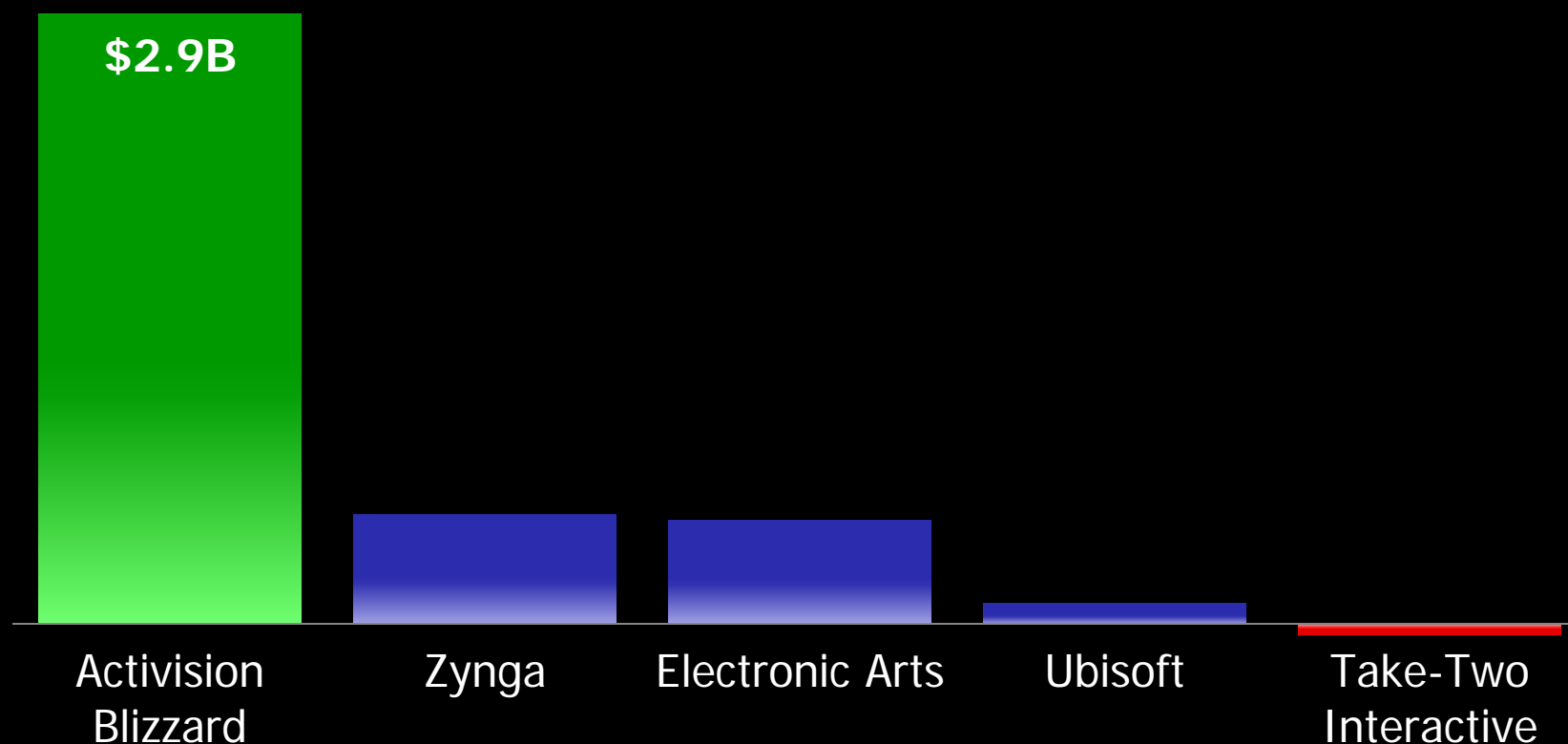
*Source company financials released on 8/3/2011 –Non GAAP, 44% GAAP operating margin

Digital Growth Drives Expected 2011 Record Operating Margin

Exceptional Cash Generation



Cumulative 2008-2010 Operating Cash Flow



Source : NASDAQ Factset

Note : ATVI FYE Dec., UBI and ERTS FYE Mar., Take-Two FYE Mar '10, Oct. FYE '08 and '09

In 2009 We Added a Free Cash Flow Metric to Executive Performance Incentive Plan

Exceptional Cash Generation



Cumulative 2008-2010 Operating Cash Flow



TTM June 2011 Operating Cash Flow	\$1.2B
-----------------------------------	--------

Market Capitalization	\$13.3B
-----------------------	---------

Cash Generated on Shareholders' Inv.	9%
--------------------------------------	----

Source : NASDAQ Factset

Note : ATVI FYE Dec., UBI and ERTS FYE Mar., Take-Two FYE Mar '10, Oct. FYE '08 and '09, Market Cap as of 6/30/11

Three Year Capital Allocation*



Internal Growth

Online enabled
franchises and
services

\$2+ Billion

External Growth

Franchise and
studio
acquisitions

<\$100 Million

Return Value to Shareholders

Dividends and
Buybacks

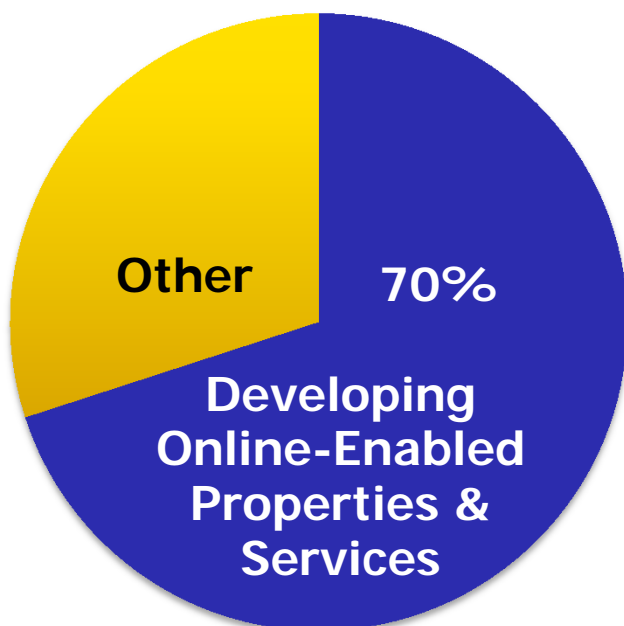
\$3 Billion

Generated Record Earnings and Operating Cash Flows

Over \$2B Internal Investments



People



Major Investments



DEMONWARE

Generating Record Earnings and Operating Profits

Three Year Capital Allocation



\$3+ Billion in Value Returned to Shareholders

Buybacks \$2.7B

Dividends \$380M

Discipline Generating and Allocating Capital

An Outstanding Track Record



Pre-Merger,
June 2007

FY 2008
12%

Near-Term
15-18%

Long-Term
20%+

Post-Merger,
September 2008

CY 2009
25%

Near-Term
27-28%

Long-Term
30%+

Calendar 2011

**Non-GAAP
Operating
Margin
Objective:**

31%^(e)

* As of August 3, 2011

History of Setting, Hitting and Exceeding Targets

Financial Objectives: 2012–2014



**Revenue Growth
CAGR**

**Mid Single Digit+
Revenue Growth**

**EPS Growth
CAGR**

**Double Digit+
EPS Growth**

Continued Operating Margin Expansion Driven by Digital

5% Revenue Growth Scenario



Incremental Non-GAAP Revenue

2011	2012	2013	2014	Total
Outlook (8/3/11)	@ 5% Growth	@ 5% Growth	@ 5% Growth	2012-2014
\$4050	\$4250	\$4460	\$4680	
	\$200	\$200	\$200	\$600
		\$210	\$210	\$420
			\$230	\$230
				\$1250M

Note: \$, millions

Basic Building Blocks for Growth



Our Core Pipeline Alone Could Achieve Revenue Target

Diablo 3 & Expansion

StarCraft II Expansion 1

StarCraft II Expansion 2

WoW Expansion 1

WoW Expansion 2

COD Digital

Bungie/Halo/Xbox

\$1250M+

Assumes no incremental from
COD retail and WOW subs.

To Achieve 5% Revenue Growth Per Year We Need to Generate Incremental \$1250M

Basic Building Blocks for Growth



Our Core Pipeline Has Higher Operating Margins

Diablo 3 & Expansion

StarCraft II Expansion 1

StarCraft II Expansion 2

WoW Expansion 1

WoW Expansion 2

COD Digital

Bungie/Halo/Xbox

>31%

Financial Objectives: 2012–2014



**Revenue Growth
CAGR**

**Mid Single Digit+
Revenue Growth**

**EPS Growth
CAGR**

**Double Digit+
EPS Growth**

Continued Operating Margin Expansion Driven by Digital

Potential For Upside



Our Core Pipeline Has New Models/Platforms/Geographies

Title/Service	New Models Platforms/ Geographies
Diablo 3 + Ex.	Auction House
StarCraft II Ex. (1)	Map Marketplace
StarCraft II Ex. (2)	Map Marketplace
Wow Ex. (1)	VAS/Geographic
Wow Ex. (2)	VAS/Geographic
COD Digital	Subscription
COD Asia	Microtransaction
Bungie/Halo/Xbox	Multi-Platform
Total	\$1250M

Potential For Upside



Our New Intellectual Property with New Business Models

Title/Service	New Models Platforms/ Geographies
Diablo 3 + Ex.	Auction House
StarCraft II Ex. (1)	Map Marketplace
StarCraft II Ex. (2)	Map Marketplace
Wow Ex. (1)	VAS/Geographic
Wow Ex. (2)	VAS/Geographic
COD Elite	Subscription
COD Asia	Microtransaction
Bungie/Halo/Xbox	Multi-Platform
Skylanders	WebWorld
Blizzard MMO	TBA

Potential For Upside



Our Properties Take Share on Mobile/Social

Title/Service	New Models Platforms/ Geographies	Mobile & Social
Diablo 3 + Ex.	Auction House	
StarCraft II Ex. (1)	Map Marketplace	
StarCraft II Ex. (2)	Map Marketplace	
Wow Ex. (1)	VAS/Geographic	
Wow Ex. (2)	VAS/Geographic	
COD Digital	Subscription	
COD Asia	Microtransaction	
Bungie/Halo/Xbox	Multi-Platform	
Skylanders	WebWorld	
Blizzard MMO	TBA	

What You Heard Today



- **Tremendous market opportunity**
 - Large and growing global online markets
 - Fastest growing online segments are most profitable
- **Best positioned to leverage opportunity**
 - Biggest, best online enabled pipeline ever
 - Expanding capabilities and reach as a service provider
 - New innovative intellectual property in development
 - Leverage emerging platforms and models
- **Targeting growth over the next three years**
 - History of setting, achieving and exceeding targets

Relentless Focus on Shareholder Value Creation