

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 <sup>1</sup>	2009	2008 <sup>1</sup>
Net revenues:				
Product sales	\$ 411	\$ 413	\$ 1,848	\$ 553
Subscription, licensing and other revenues	292	298	874	834
Total net revenues	703	711	2,722	1,387
Costs and expenses:				
Cost of sales - product costs	185	279	762	350
Cost of sales - software royalties and amortization	54	50	212	88
Cost of sales - intellectual property licenses	45	36	163	45
Cost of sales - massively multi-player online role playing game ("MMORPG")	55	43	158	123
Product development	122	200	362	414
Sales and marketing	128	142	329	220
General and administrative	106	94	301	172
Restructuring	(1)	61	29	61
Total costs and expenses	694	905	2,316	1,473
Operating income (loss)	9	(194)	406	(86)
Investment and other income, net	11	24	21	28
Income (loss) before income tax provision (benefit)	20	(170)	427	(58)
Income tax provision (benefit)	5	(62)	28	(22)
Net income (loss)	\$ 15	\$ (108)	\$ 399	\$ (36)
Basic earnings (loss) per common share	\$ 0.01	\$ (0.08)	\$ 0.31	\$ (0.04)
Weighted average common shares outstanding	1,271	1,271	1,289	816
Diluted earnings (loss) per common share	\$ 0.01	\$ (0.08)	\$ 0.30	\$ (0.04)
Weighted average common shares outstanding assuming dilution	1,297	1,271	1,320	816

<sup>1</sup> 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 is 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)

	September 30, 2009	December 31, 2008 <sup>2</sup>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,360	\$ 2,958
Short-term investments	361	44
Accounts receivable, net	228	974
Inventories	351	262
Software development	253	235
Intellectual property licenses	65	35
Deferred income taxes, net	727	536
Intangible assets, net	1	14
Other current assets	162	201
Total current assets	4,508	5,259
Long-term investments	22	78
Software development	15	1
Intellectual property licenses	-	5
Property and equipment, net	133	149
Other assets	12	30
Intangible assets, net	1,168	1,283
Trademark and trade names	433	433
Goodwill	7,161	7,227
Total assets	\$ 13,452	\$ 14,465
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 282	\$ 319
Deferred revenues	471	923
Accrued expenses and other liabilities	532	842
Total current liabilities	1,285	2,084
Deferred income taxes, net	685	615
Other liabilities	190	239
Total liabilities	2,160	2,938
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	12,332	12,170
Treasury stock	(960)	(126)
Accumulated deficit	(75)	(474)
Accumulated other comprehensive loss	(5)	(43)
Total shareholders' equity	11,292	11,527
Total liabilities and shareholders' equity	\$ 13,452	\$ 14,465

<sup>2</sup> The prior year condensed consolidated balance sheet has been adjusted to reflect 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 report on Form 10-Q for the quarterly period ended September 30, 2009.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES  
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME  
(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 September 30, 2009											
GAAP Measurement		\$ 703	\$ 185	\$ 54	\$ 45	\$ 55	\$ 122	\$ 128	\$ 106	\$ (1)	\$ 694
Less: Net effect from deferral in net revenues and related cost of sales	(a)	52	20	31	5	-	-	5	-	-	61
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	(3)	-	-	(11)	(2)	(20)	-	(36)
Less: One time costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	(7)	1	(6)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	(1)	(8)	(24)	-	-	-	-	-	(33)
Non-GAAP Measurement		\$ 755	\$ 204	\$ 74	\$ 26	\$ 55	\$ 111	\$ 131	\$ 79	\$ -	\$ 680

		Operating Income (Loss)	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Three Months ended September 30, 2009					
GAAP Measurement		\$ 9	\$ 15	\$ 0.01	\$ 0.01
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(9)	5	0.00	0.00
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	36	23	0.02	0.02
Less: One time costs related to the Business Combination, integration and restructuring	(d)	6	3	0.00	0.00
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	33	9	0.01	0.01
Non-GAAP Measurement		\$ 75	\$ 55	\$ 0.04	\$ 0.04

		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 September 30, 2008											
GAAP Measurement		\$ 711	\$ 279	\$ 50	\$ 36	\$ 43	\$ 200	\$ 142	\$ 94	\$ 61	\$ 905
Less: Net effect from deferral in net revenues and related cost of sales	(a)	12	-	-	-	-	-	-	-	-	-
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	-	-	-	-	-	(7)	(4)	(15)	-	(26)
Less: Results of Activision Blizzard's non-core exit operations	(c)	(6)	(1)	(1)	-	-	(91)	(12)	(11)	-	(116)
Less: One time costs related to the Business Combination, integration and restructuring	(d)	-	-	-	-	-	-	-	(17)	(61)	(78)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	-	(8)	(24)	(22)	-	-	(35)	(1)	-	(90)
Non-GAAP Measurement		\$ 717	\$ 270	\$ 25	\$ 14	\$ 43	\$ 102	\$ 91	\$ 50	\$ -	\$ 595

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Three Months ended September 30, 2008					
GAAP Measurement		\$ (194)	\$ (108)	\$ (0.08)	\$ (0.08)
Less: Net effect from deferral in net revenues and related cost of sales	(a)	12	7	0.01	0.01
Less: Stock-based compensation (including purchase price accounting related adjustments)	(b)	26	16	0.01	0.01
Less: Results of Activision Blizzard's non-core exit operations	(c)	110	67	0.05	0.05
Less: One time costs related to the Business Combination, integration and restructuring	(d)	78	56	0.04	0.04
Less: Amortization of intangible assets and purchase price accounting related adjustments	(e)	90	54	0.04	0.04
Non-GAAP Measurement		\$ 122	\$ 92	\$ 0.07	\$ 0.07

(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 one-time 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 Nine Months Ended September 30, 2009**  
(Amounts in millions)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2009</b>		<b>September 30, 2009</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
<b>GAAP Net Revenues by Segment/Platform Mix</b>				
Activision and Blizzard:				
MMORPG	\$ 301	43 %	\$ 939	35 %
PC and other	32	5	119	4
Sony PlayStation 3	73	10	356	13
Sony PlayStation 2	37	5	121	4
Microsoft Xbox 360	104	15	533	20
Nintendo Wii	72	10	324	12
Total console	286	40	1,334	49
Sony PlayStation Portable	9	1	32	1
Nintendo Dual Screen	21	3	95	4
Total handheld	30	4	127	5
Total Activision and Blizzard	649	92	2,519	93
Distribution:				
Total Distribution	54	8	202	7
Total net revenues core operations	703	100	2,721	100
Other				
Total consolidated GAAP net revenues	\$ 703	100 %	\$ 2,722	100 %
<b>Changes in Deferred Net Revenues <sup>1</sup></b>				
Activision and Blizzard:				
MMORPG	\$ (39)		\$ (114)	
PC and other	11		(18)	
Sony PlayStation 3	32		(86)	
Sony PlayStation 2	2		2	
Microsoft Xbox 360	38		(145)	
Nintendo Wii	8		(80)	
Total Console	80		(309)	
Total changes in deferred net revenues	52		(441)	
<b>Other <sup>1</sup></b>	\$ -		\$ (1)	
<b>Non-GAAP Net Revenues by Segment/Platform Mix</b>				
Activision and Blizzard:				
MMORPG	\$ 262	35 %	\$ 825	36 %
PC and other	43	6	101	4
Sony PlayStation 3	105	14	270	12
Sony PlayStation 2	39	5	123	5
Microsoft Xbox 360	142	19	388	17
Nintendo Wii	80	10	244	11
Total console	366	48	1,025	45
Sony PlayStation Portable	9	1	32	2
Nintendo Dual Screen	21	3	95	4
Total handheld	30	4	127	6
Total Activision and Blizzard	701	93	2,078	91
Total Distribution	54	7	202	9
Total non-GAAP net revenues	\$ 755	100 %	\$ 2,280	100 %

<sup>1</sup> We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of change in deferred net revenues and other.

**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES**  
**FINANCIAL INFORMATION**  
**For the Three Months and Nine Months Ended September 30, 2009**  
(Amounts in millions)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	September 30, 2009		September 30, 2009	
	Amount	% of Total	Amount	% of Total
<b>GAAP Net Revenues by Geographic Region</b>				
North America	\$ 378	54 %	\$ 1,458	54 %
Europe	287	41	1,088	40
Asia Pacific	38	5	175	6
Total net revenues core operations	703	100	2,721	100
Other	-	-	1	-
Total consolidated GAAP net revenues	\$ 703	100 %	\$ 2,722	100 %
<b>Changes in Deferred Net Revenues <sup>1</sup></b>				
North America	\$ 26		\$ (287)	
Europe	22		(147)	
Asia Pacific	4		(7)	
Total changes in net revenues	52		(441)	
<b>Other <sup>1</sup></b>	\$ -		\$ (1)	
<b>Non-GAAP Net Revenues by Geographic Region</b>				
North America	\$ 404	54 %	\$ 1,171	52 %
Europe	309	41	941	41
Asia Pacific	42	5	168	7
Total non-GAAP net revenues	\$ 755	100 %	\$ 2,280	100 %

<sup>1</sup> We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of change in deferred net revenues and other.

**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES**

For the Three Months Ended September 30, 2009 and 2008

**GAAP to Non-GAAP Reconciliations**

**Segment Information - Comparable Basis Net Revenues (amounts in millions)**

	<u>Activision</u> <sup>(i)</sup>	<u>Blizzard</u> <sup>(ii)</sup>	<u>Distribution</u> <sup>(iii)</sup>	<u>Core</u> <sup>(iv)</sup>	<u>Segments / Consolidated Total</u>
<b>Three months ended September 30, 2009</b>					
Segment net revenues	\$ 415	\$ 286	\$ 54	\$ 755	\$ 755
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(52)
Consolidated net revenues (GAAP)					\$ 703
<b>Non-GAAP Comparable Basis Segment Net Revenues</b>	<b>\$ 415</b>	<b>\$ 286</b>	<b>\$ 54</b>	<b>\$ 755</b>	
<b>Three months ended September 30, 2008</b>					
Segment net revenues (VG July 1-Sept 30, Activision July 10-Sept 30)	\$ 364	\$ 297	\$ 56	\$ 717	\$ 717
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(12)
- Other <sup>(v)</sup>					6
Consolidated net revenues (GAAP)					\$ 711
<b>Comparable Presentation Adjustment:</b>					
<b>Including Activision, Inc. prior period from July 1 to July 9, 2008</b>					
Segment net revenues	35	-	18	53	
<b>Non-GAAP Comparable Basis Segment Net Revenues</b>	<b>\$ 399</b>	<b>\$ 297</b>	<b>\$ 74</b>	<b>\$ 770</b>	
<b>- Change in Comparable Basis -- Three Months Ended September 30, 2009 vs. 2008</b>					<b>-2%</b>

(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") -- distribution of 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 Nine Months Ended September 30, 2009 and 2008**  
**GAAP to Non-GAAP Reconciliations**  
**Segment Information - Comparable Basis Net Revenues (amounts in millions)**

	<u>Activision</u> <sup>(i)</sup>	<u>Blizzard</u> <sup>(ii)</sup>	<u>Distribution</u> <sup>(iii)</sup>	<u>Core</u> <sup>(iv)</sup>	<u>Segments / Consolidated Total</u>
<b>Nine months ended September 30, 2009</b>					
Segment net revenues	\$ 1,211	\$ 867	\$ 202	\$ 2,280	\$ 2,280
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					441
- Other <sup>(v)</sup>					1
Consolidated net revenues (GAAP)					\$ 2,722
<b>Non-GAAP Comparable Basis Segment Net Revenues</b>	<b>\$ 1,211</b>	<b>\$ 867</b>	<b>\$ 202</b>	<b>\$ 2,280</b>	
<b>Nine months ended September 30, 2008</b>					
Segment net revenues (VG Jan 1-Sept 30, Activision July 10-Sept 30)	\$ 457	\$ 866	\$ 56	\$ 1,379	\$ 1,379
Reconciliation to GAAP consolidated net revenues					
- Net effect from deferral of net revenues					(8)
- Other <sup>(v)</sup>					16
Consolidated net revenues (GAAP)					\$ 1,387
<b>Comparable Presentation Adjustments:</b>					
<b>Including Activision, Inc. prior period from July 1 to July 9, 2008</b>					
Segment net revenues	35	-	18	53	
<b>Including Activision, Inc. prior periods for the six months ended June 30, 2008</b>					
Segment net revenues	1,092	-	165	1,257	
<b>Non-GAAP Comparable Basis Segment Net Revenues</b>	<b>\$ 1,584</b>	<b>\$ 866</b>	<b>\$ 239</b>	<b>\$ 2,689</b>	
<b>- Change in Comparable Basis -- Nine Months Ended September 30, 2009 vs. 2008</b>					<b>-15%</b>

(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") -- distribution of 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 Three Months Ended September 30, 2009 and 2008

**GAAP to Non-GAAP Reconciliations**

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

	<u>Activision</u> <sup>(i)</sup>	<u>Blizzard</u> <sup>(ii)</sup>	<u>Distribution</u> <sup>(iii)</sup>	<u>Core</u> <sup>(iv)</sup>	<u>Segments / Consolidated Total</u>
<b>Three months ended September 30, 2009</b>					
Segment operating income (loss)	\$ (43)	\$ 116	\$ 2	\$ 75	\$ 75
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					9
- Stock-based compensation expense					(36)
- Restructuring expense					1
- Amortization of intangible assets and purchase price accounting related adjustments					(33)
- Integration and transaction costs					(7)
Consolidated operating income (loss) (GAAP)					\$ 9
<b>Non-GAAP Comparable Basis Segment Operating Income (Loss)</b>	<b>\$ (43)</b>	<b>\$ 116</b>	<b>\$ 2</b>	<b>\$ 75</b>	
<b>Three months ended September 30, 2008</b>					
Segment operating income (loss) (VG July 1-Sept 30, Activision July 10-Sept 30)	\$ (26)	\$ 146	\$ 2	\$ 122	\$ 122
Reconciliation to GAAP consolidated operating income (loss)					
- Net effect from deferral of net revenues and related cost of sales					(12)
- Stock-based compensation expense					(26)
- Restructuring expenses					(61)
- Amortization of intangible assets and purchase price accounting related adjustments					(90)
- Integration and transaction costs					(17)
- Other <sup>(v)</sup>					(110)
Consolidated operating income (loss) (GAAP)					\$ (194)
<b>Comparable Presentation Adjustment:</b>					
<b>Including Activision, Inc. prior period from July 1 to July 9, 2008</b>					
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)
<b>Non-GAAP Comparable Basis Segment Operating Income (Loss)</b>	<b>\$ (36)</b>	<b>\$ 146</b>	<b>\$ 3</b>	<b>\$ 113</b>	
<b>- Change in Comparable Basis -- Three Months Ended September 30, 2009 vs. 2008</b>					<b>-34%</b>

(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") -- distribution of 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 Nine Months Ended September 30, 2009 and 2008**  
**GAAP to Non-GAAP Reconciliations**

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

					<b>Segments /</b>	
	<b>Activision <sup>(i)</sup></b>	<b>Blizzard <sup>(ii)</sup></b>	<b>Distribution <sup>(iii)</sup></b>	<b>Core <sup>(iv)</sup></b>	<b>Consolidated Total</b>	
<b>Nine months ended September 30, 2009</b>						
Segment operating income (loss)	\$ (49)	\$ 393	\$ 6	\$ 350	\$	350
Reconciliation to GAAP consolidated operating income (loss)						
- Net effect from deferral of net revenues and related cost of sales						341
- Stock-based compensation expense						(107)
- Restructuring expenses						(29)
- Amortization of intangible assets and purchase price accounting related adjustments						(117)
- Integration and transaction costs						(24)
- Other <sup>(v)</sup>						(8)
Consolidated operating income (loss) (GAAP)					\$	406
<b>Non-GAAP Comparable Basis Segment Operating Income (Loss)</b>						
	\$ (49)	\$ 393	\$ 6	\$ 350		
<b>Nine months ended September 30, 2008</b>						
Segment operating income (loss) (VG Jan. 1-Sept 30, Activision July 10-Sept 30)	\$ (61)	\$ 447	\$ 3	\$ 389	\$	389
Reconciliation to GAAP consolidated operating income (loss)						
- Net effect from deferral of net revenues and related cost of sales						(7)
- Stock-based compensation expense						(47)
- Restructuring expenses						(61)
- Amortization of intangible assets and purchase price accounting related adjustments						(92)
- Integration and transaction costs						(17)
- Other <sup>(v)</sup>						(251)
Consolidated operating income (loss) (GAAP)					\$	(86)
<b>Comparable Presentation Adjustments:</b>						
<b>Including Activision, Inc. prior period from July 1 to July 9, 2008</b>						
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)
<b>Including Activision, Inc. prior periods for the six months ended June 30, 2008</b>						
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
<b>Non-GAAP Comparable Basis Segment Operating Income (Loss)</b>						
	\$ 101	\$ 447	\$ 8	\$ 556		
<b>- Change in Comparable Basis -- Nine Months Ended September 30, 2009 vs. 2008</b>						
						-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") -- distribution of 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 Outlook**  
**For the Three Months and Year Ending December 31, 2009**  
**GAAP to Non-GAAP Reconciliation**  
**(Amounts in millions, except per share data)**

	<b>Outlook for Three Months Ending December 31, 2009</b>	<b>Outlook for Year Ending December 31, 2009</b>
<b>Net Revenues (GAAP)</b>	\$ 1,328	\$ 4,050
<b><u>Excluding the impacts of:</u></b>		
Change in deferred net revenues	890	450 (a)
<b>Non-GAAP Net Revenues</b>	<b>\$ 2,218</b>	<b>\$ 4,500</b>
<b>Earnings (Loss) Per Diluted Share (GAAP)</b>	\$ (0.04)	\$ 0.26
<b><u>Excluding the impacts of:</u></b>		
Change in deferred net revenues and related cost of sales	0.37	0.15 (b)
Equity based compensation (including purchase price accounting related adjustments)	0.03	0.08 (c)
Results of products and operations that the company has exited or wound down	-	0.01 (d)
One time costs related to the Business Combination, integration and restructuring	-	0.02 (e)
Amortization of intangible assets and purchase price accounting related adjustments	0.07	0.11 (f)
<b>Non-GAAP Earnings Per Diluted Share</b>	<b>\$ 0.43</b>	<b>\$ 0.63</b>

(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 equity based compensation costs, including the increase in fair value associated with the historical Activision stock awards as part of the purchase price accounting adjustments. Also includes the costs of the Blizzard Entertainment equity plan and Vivendi awards to historical Vivendi Games employees.

(d) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited or wound down and exit costs from the cancellation of projects.

(e) Reflects one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs and facility exit costs.

(f) 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.