UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **April 28, 2021**

ACTIVISION BLIZZARD, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-15839**	**95-4803544**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3100 Ocean Park Boulevard, Santa Monica, CA	**90405**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(310) 255-2000**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $.000001 per share	ATVI	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 28, 2021 (the ***"Amendment Date"***), Activision Blizzard, Inc. (the ***"Company"*** or ***"ATVI"***) entered into an extension agreement (the ***"Extension Amendment"***) to the executive employment agreement (the ***"Employment Agreement"***), dated November 22, 2016, with Robert A. Kotick, who has successfully served as the Company's founder and Chief Executive Officer (***"CEO"***) for over 30 years. The Employment Agreement was set to expire on December 31, 2021 but was extended to March 31, 2023 pursuant to the terms of the Extension Amendment.

When considering and approving the Extension Amendment, our Compensation Committee noted the Company's remarkable performance under the CEO's 30+ years of outstanding leadership after having rescued ATVI's predecessor company from near insolvency. Acting as a founder of what our Company has become today, Mr. Kotick has consistently delivered superior shareholder returns and ATVI has achieved industry-leading performance and financial results:

- ATVI's market capitalization has increased from less than $10 million to over $70 billion dollars under his leadership, including more than doubling during the term of the CEO's Employment Agreement.

- ATVI's total shareholder return has significantly outperformed the S&P 500. Over the 20 years between 2000 and 2020, ATVI's total shareholder return increased over 8,100%, compared to an increase of 322% for the S&P 500.

- ATVI's market capitalization has increased at a 26% compound annual growth rate over the past 20 years through April 27, 2021, among the very highest in the Company's peer group and well above the S&P 500 median growth of 9%.

- ATVI's total shareholder return over the last five years through to April 27, 2021, was 175%, 71 percentage points higher than the median of the S&P 500.

- Over the five years through to April 27, 2021, ATVI has created over $45 billion in incremental market value for its shareholders. The median S&P 500 company has created $12 billion in incremental market value during the same time period.

- ATVI's 2020 total shareholder return of 57% is near the top decile of the Company's peer group and substantially above the S&P 500 median of 10%.

- ATVI's dilution rate over the last three years was 0.85% on average and ranks among the lowest of any member of our peer group.

As one of the longest serving Fortune 500 founders and CEOs, Mr. Kotick has consistently delivered strong operating results and capital allocation, resulting in substantial value creation for shareholders. The Chair of our Compensation Committee conducted extensive shareholder outreach over the last twelve months to ensure the Company's compensation practices align with the expectations of its shareholders. The Chair of the Compensation Committee solicited feedback from investors representing over 60% of the Company's outstanding common stock, engaging in discussions with a majority of those investors.

Taking into account the feedback received through this extensive outreach program and the Board's desire to retain the CEO to continue to successfully lead the Company into the future, the Board determined that it is in the best interest of the Company and its shareholders to extend the Employment Agreement until March 31, 2023 pursuant to the Extension Amendment. The Board worked with the Company and has established a pay program for the CEO that reflects shareholder feedback, incorporates market best practices, and continues to directly connect pay to performance. In addition to removing the "Transformation Transaction Award" and, with respect to any equity awards granted on or after the Amendment Date, the "Shareholder Value Creation Incentive," the Extension Amendment aligns target CEO compensation at or below median peer group compensation targets with respect to expected pay and equity grants made in 2021 and 2022.

The CEO voluntarily agreed to reduce his base salary by 15% in 2020. Under the Extension Amendment, effective January 1, 2021, the Compensation Committee and CEO agreed to reduce his contractually agreed-upon base salary by 50%, to align with targets established at the bottom 25th percentile of the Company's peer group, despite the Company's strong relative performance. The Extension Amendment does not provide for any guaranteed annual base salary increases.

The Compensation Committee and CEO also agreed to reduce his target annual bonus by 50% (i.e., a potential reduction of $1,750,000 for each of fiscal years 2021 and 2022), to align with the anticipated bottom quartile of the Company's peer group. The Extension Amendment provides that the CEO shall be eligible to earn an annual bonus for each of fiscal years 2021 and 2022 of up to a maximum of two hundred percent (200%) of his reduced base salary specified above (the ***"Annual Bonus"***). The CEO's potential maximum Annual Bonus during the Employment Period, as defined in the Extension Amendment, was based on the median multiplier for target annual bonuses of chief executive officers within the Company's peer group. Therefore, the CEO's target Annual Bonus is less than the median target annual bonus of the Company's peer group because the CEO's base salary is in the bottom quartile of the average base salary earned by chief executive officers of peer companies while his maximum bonus payout as a percentage of his salary is at the median.

The Annual Bonus will be based eighty percent (80%) on the attainment of Company non-GAAP financial objectives (the ***"Financial Metrics"***) and twenty percent (20%) on the achievement of objective and measurable Environmental, Social, and Governance (***"ESG"***) initiatives for the fiscal year with respect to which the Annual Bonus accrues, in each case, as established by the Compensation Committee.

Achievement of the Financial Metrics and ESG initiatives for each fiscal year shall be determined by the Compensation Committee. The Compensation Committee shall also determine the form in which the Annual Bonus for each fiscal year will be paid. The Company will pay any earned Annual Bonus no later than two and a half (2 ½) months after the end of the fiscal year for which the Annual Bonus is awarded; provided that, except as otherwise provided in the Extension Amendment, the CEO remains continuously employed by the Company through the date on which the Annual Bonus is paid.

The Extension Amendment provides that the CEO will be granted future long-term equity incentive awards for fiscal years 2021 and 2022 (the ***"Future Long-Term Incentive Awards"***), each year intended to have a grant date value (determined in accordance with generally accepted accounting principles) no greater than the 50^{th} percentile of the Company's then-applicable group of peer companies' chief executive officer long-term incentive grants (as determined by the Compensation Committee). Each Future Long-Term Incentive Award shall be one hundred percent (100%) comprised of performance vesting restricted stock units subject to cumulative financial performance metrics for three full fiscal years. Any such Future Long-Term Incentive Awards shall remain outstanding and eligible to vest based on performance so long as the CEO continues to provide services to the Company.

The Extension Amendment deletes Section 6(d) of the Employment Agreement, which provided an opportunity for the CEO to earn additional awards and payments in the event of a "Transformative Transaction" (as defined in the Employment Agreement).

The Extension Amendment also provides that the Shareholder Value Creation Incentive outlined in Section 12 of the Employment Agreement will not apply to any long-term incentive awards granted on or after the Amendment Date, including any Future Long-Term Incentive Awards. Any Future Long-Term Incentive Awards granted under the Extension Amendment will be subject to the same treatment and limitations of Section 10(b)(ii) of the Employment Agreement.

All other terms of the Employment Agreement remain in full force and effect.

The foregoing description is not a complete description of the Extension Amendment and is qualified in its entirety by reference to the full text of the Extension Amendment, a copy of which is attached hereto as Exhibit 10.1 and incorporated by reference in this Item 5.02.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.1	Extension Amendment, dated April 28, 2021, between Robert A. Kotick and the Company
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 28, 2021

ACTIVISION BLIZZARD, INC.

By: /s/ Frances Townsend
Frances Townsend
Executive Vice President, Corporate Affairs, Corporate Secretary and Chief Compliance Officer

EXTENSION AMENDMENT TO
EMPLOYMENT AGREEMENT

This Extension Amendment (this "***Amendment***") is entered into as of April 28, 2021 (the "***Amendment Date***"), between ACTIVISION BLIZZARD, INC., a Delaware corporation (the "***Company***"), and ROBERT A. KOTICK (the "***CEO***") in order to amend as follows that certain Employment Agreement, effective as of October 1, 2016 (the "***Employment Agreement***"), between Employer and CEO.

R E C I T A L S:

WHEREAS, the Company and our CEO are parties to the Employment Agreement, the term of which expires December 31, 2021;

WHEREAS, our CEO has served as Chief Executive Officer of the Company for over 30 years, making him the longest tenured CEO of any public technology company and one of the longest serving Fortune 500 CEOs;

WHEREAS, as Founder and CEO, he has successfully operated the Company resulting in substantial value creation for stakeholders through thirty years of consistently delivering high quality games and industry leading financial results;

WHEREAS, under our CEO's leadership the Company's market capitalization has increased from less than $10 million to over $70 billion dollars and total shareholder return increased over 8,100% between 2000 and 2020 (compared to 322% for the S&P 500 index);

WHEREAS, in recognition of these exceptional factors the Board of Directors of the Company (the "***Board***") determined it is in the best interests of the Company and its stockholders to extend our CEO's Employment Period;

WHEREAS, the Company's performance over the course of the current Employment Agreement has been exceptional and the Board believes that executive compensation should continue to align at or below median peer group compensation targets, with a continued emphasis on long term shareholder value creation;

WHEREAS, our CEO is willing to continue to serve as Chief Executive Officer of the Company through the extended Employment Period and is willing to accept the terms and conditions detailed in this Amendment with a continued focus on the Company's pay-for performance culture;

WHEREAS, the Compensation Committee regularly conducts extensive shareholder outreach and has determined that certain program modifications will ensure the Company continues to be a leading pay-for-performance example of best practices. The Company and CEO agreed to the following: a $875,000 reduction in the contractually agreed upon Base Salary (a target below the bottom 25th percentile of the Company's peer group), a corresponding $1,750,000 reduction in potential Annual Bonus, deletion of the Transformative Transaction Award outlined in Section 6(d) of the Employment Agreement, and agreement that the successful Shareholder Value Creation Incentive outlined in Section 12 of the Employment Agreement shall not apply to any long-term incentive awards granted after this Amendment Date including, but not limited to, those contemplated in Section 4 of this Amendment; and

WHEREAS, the Compensation Committee (the "***Compensation Committee***") of the Board approved the execution and delivery of this Amendment by the Company at a meeting of the Compensation Committee held on April 1, 2021.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Effectiveness; Employment Period**. The first sentence of Section 2 of the Employment Agreement is hereby deleted and replaced with the following:

"The employment of the CEO under the terms of this Agreement (the "***Employment Period***") shall commence on the Effective Date and terminate on March 31, 2023 (the "***Expiration Date***")."

2. **Base Salary**. Section 3(a) of the Employment Agreement is hereby amended in its entirety to read as follows:

"The Company shall pay to the CEO a base salary ("***Base Salary***") in respect of each calendar year of the Company or portion thereof during the Employment Period. From November 6, 2020 through December 31, 2020, CEO voluntarily waived the Base Salary he otherwise would have been contractually entitled to receive for that period. Effective as of January 1, 2021, the Compensation Committee (as defined above) and CEO agreed to reduce his Base Salary from $1,750,000 annually to a Base Salary payable at the annual rate of $875,000. The Base Salary shall be paid in accordance with the customary payroll practices of the Company at regular intervals, but in no event less frequently than every month, as the Company may establish from time to time for senior executive employees of the Company."

3. **Annual Bonus**. Section 3(b) of the Employment Agreement is hereby amended in its entirety to read as follows:

"The CEO shall be entitled to receive an annual bonus for each of fiscal years 2021 and 2022 (the "***Annual Bonus***"), based upon the Company achieving financial objectives and strategic Environmental, Social, and Governance ("***ESG***") initiatives for the fiscal year with respect to which the Annual Bonus accrues. The financial and ESG objectives for each fiscal year shall be determined by the Compensation Committee in its discretion, after consultation with the CEO. During the Employment Period, the Annual Bonus for each fiscal year shall be up to a maximum of two hundred percent (200%) of the Base Salary in effect on the first day of such fiscal year, which is the median multiplier for target annual bonuses of chief executive officers of the Company's peer companies (as determined by the Compensation Committee) and therefore CEO's target Annual Bonus is less than the median target annual bonus of the chief executive officers of the Company's peer companies (as determined by the Compensation Committee) because the CEO's Base Salary is in the bottom quartile of the average base salary earned by chief executive officers of Activision Blizzard's peer companies. The Compensation Committee and CEO have agreed to increase the financial metrics portion of the Annual Bonus from sixty percent (60%) to eighty percent (80%) and to decrease the non-financial metrics portion of the Annual Bonus from forty percent (40%) to twenty percent (20%). The Annual Bonus shall be based twenty percent (20%) on objective and measurable strategic ESG initiatives (e.g., Human Capital Management, Corporate Social Responsibility, and Sustainability goals) and eighty percent (80%) on the attainment of Company non-GAAP financial metrics, in each such case, as established by the Compensation Committee. The Annual Bonus for each fiscal year shall be paid in such form as may be determined by the Compensation Committee for such fiscal year, in its sole and absolute discretion. The Company shall pay each Annual Bonus to the CEO no later than two and a half (2-1/2) months after the end of the fiscal year for which the Annual Bonus is awarded; provided that, except as otherwise provided in this Agreement, the CEO remains continuously employed by the Company or its subsidiaries and affiliates (the "***Company Group***") through the date on which the Annual Bonus is paid. Along with the payment of each Annual Bonus, the Company shall also deliver to the CEO a written statement setting forth the basis of its calculation of such Annual Bonus. The CEO and the CEO's representatives shall have the right, at the CEO's sole cost and expense, to inspect the records of the Company with respect to the calculation of any such Annual Bonus, to make copies of said records utilizing the Company's facilities without charge, and to have free and full access thereto upon reasonable notice during the normal business hours of the Company. The Annual Bonus shall be prorated to the extent it is calculated for a period of less than a full fiscal year. The Annual Bonus is intended to qualify as annual incentive compensation under Section 9 of the 2014 Plan, or a similar section of any successor Company incentive plan, and shall be subject to the conditions and limitations of such section."

4. **Long-Term Incentive Awards**.

The following sentence is hereby added after Section 6's heading "Future Equity/Incentive Awards" and prior to subsection (a) of Section 6:

"Notwithstanding anything herein to the contrary, no grant of equity awards to the CEO on or after the Amendment Date shall be subject to Section 12 of this Agreement."

Section 6(e) is hereby added to read as follows:

"Subject to the terms of the applicable plan and grant documents, the CEO shall be granted a future long-term incentive award in 2021 and 2022 intended to have a grant value (determined in accordance with generally accepted accounting principles) on the date of grant equal to no greater than the 50th percentile of the Company's then applicable group of peer companies' chief executive officer long-term incentive grants (as determined by the Compensation Committee in its sole and absolute discretion). Any such long-term equity incentive award shall remain outstanding and eligible to vest based on performance so long as the CEO is providing services to the Company.

Each future long-term incentive award granted under this Section 6(e) shall be one hundred percent (100%) performance vesting restricted stock units subject to cumulative financial performance metrics for three full fiscal years (as determined by the Compensation Committee in its sole and absolute discretion)."

5. **Transformative Transaction Award**. Section 6(d) of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

"**[*Reserved*]**."

6. **Change of Control**. Any long-term incentive awards granted under this Amendment will be subject to the same treatment and limitations of Section 10(b)(ii) of the Employment Agreement.

7. **No other Changes to the Employment Agreement**. Except as expressly amended by this Amendment, all of the terms of the Employment Agreement shall remain in full force and effect.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first set forth above.

EMPLOYER:	CEO:
Activision Blizzard, Inc.	
By: /s/ Claudine Naughton	By: /s/ Robert A. Kotick
Claudine Naughton	Robert A. Kotick
Chief People Officer	Founder and Chief Executive Officer