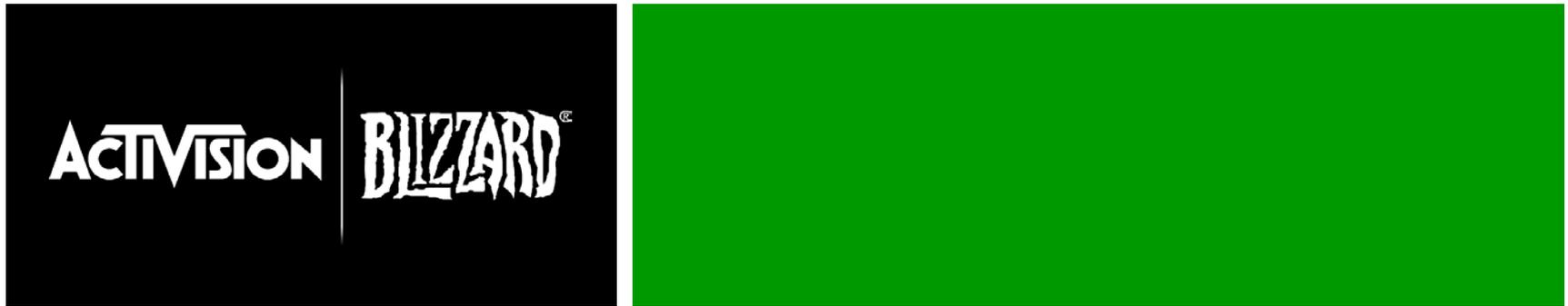


# First Quarter CY 2012 Results



May 9, 2012

# Safe Harbor Disclosure

Please review our SEC filings on Form 10-K and Form 10-Q

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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 as," "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, 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, May 9, 2012, or to reflect the occurrence of unanticipated events.

# Activision Blizzard Q1 2012 Highlights

Another quarter of better than expected performance

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## Better-than-expected quarter driven by:

- The talent and commitment of our employees
- Our strong partnerships
- Our ability to build large franchises with highly engaged online communities
- Our long term focus and financial strength

## Multiple franchises expected to drive bottom line in 2012

- Diablo: Diablo III to launch May 15<sup>th</sup>
- Call of Duty: Developing the ground-breaking Black Ops II
- World of Warcraft: Hard at work on Mists of Pandaria
- Skylanders: Driving growth toward our next \$1B IP

## Strong pipeline for 2012 and beyond:

- Activision Publishing: Call of Duty Black Ops II, Skylanders Giants, Call of Duty China, and Bungie's genre-defining new IP
- Blizzard Entertainment: Diablo III, World of Warcraft Mists of Pandaria, StarCraft II: Heart of the Swarm, a new free to play game and a new MMORPG

# Activision Blizzard 1Q 2012 Results

Strong performance driven by innovation and online-enabled franchises

GAAP	1Q 2011	Prior 1Q 2012 Outlook <sup>1</sup>	1Q 2012
Net Revenues	\$1,449M	\$965M	\$1,172M
EPS	\$0.42	\$0.22	\$0.33
Non-GAAP <sup>2</sup>	1Q 2011	Prior 1Q 2012 Outlook <sup>1</sup>	1Q 2012
Net Revenues	\$755M	\$525M	\$587M
EPS	\$0.13	\$0.03	\$0.06
		As of 12/31/11	As of 03/31/12
Cash & Investments <sup>3</sup>		\$3.5B	\$3.5B
1Q 2012 share repurchases			\$261M

<sup>1</sup> Prior outlook provided on 02/09/12

<sup>2</sup> Non-GAAP information reconciliation tables in the appendix of the earnings release, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com)

<sup>3</sup> Includes short and long-term investments.

# Key 2012 Priorities

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## Blizzard Entertainment

To launch at least two titles including Diablo III May 15<sup>th</sup>

## Activision Publishing

Focused on Call of Duty and Skylanders

## Margin Expansion

- Increasing sales of Skylanders toys with above corporate average margin
- Expanding our high margin Blizzard slate
- Productivity improvements across key areas of operating expenses

# Financial Outlook<sup>1</sup>, as of May 9, 2012

Expecting record 2012 non-GAAP EPS and record non-GAAP Operating Margins

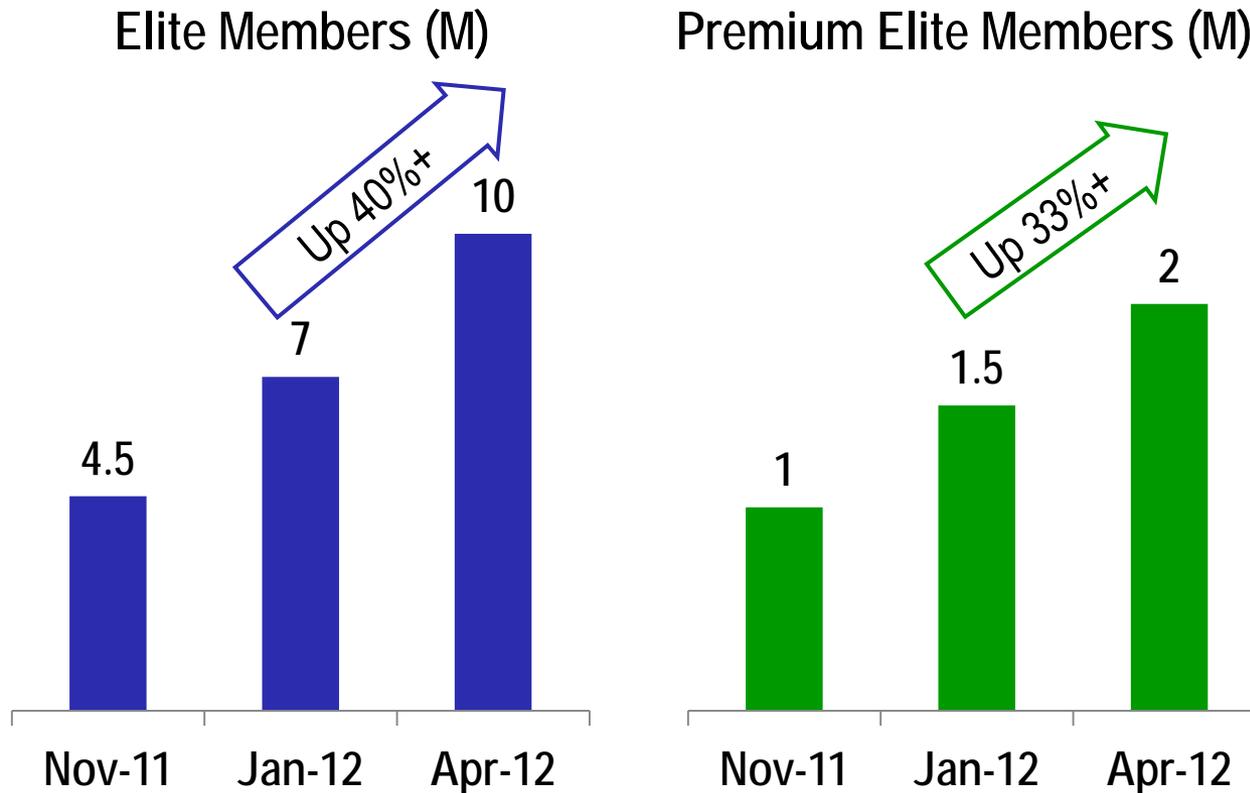
	2012		2Q 2012	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net Revenues	\$4,200M	\$4,530M	\$950M	\$805M
COGS (Prod/Online)	28%	27%	29%	27%
Operating Expense, incl. Royalties	48%	40%	50%	54%
Tax Rate	26%	27%	26%	27%
EPS	\$0.65	\$0.95	\$0.13	\$0.10
Diluted Share Count	1.15B	1.15B	1.15B	1.15B

<sup>1</sup> 2012 full-year guidance assumes at least two major title releases from Blizzard Entertainment.

Our outlook is based on assumptions about sell-through rates for our products and the launch timing, success and pricing of our slate of new products which are subject to significant risks and uncertainties, including possible declines in the overall demand for video games and in the demand for our products, the dependence in the interactive software industry and by us on an increasingly limited number of popular franchises for a disproportionately high percentage of revenues and profits, our ability to predict shifts in consumer preferences among genres and competition. Current macroeconomic conditions and market conditions within the video game industry increase those risks and uncertainties. Our outlook is also subject to other risks and uncertainties including litigation and associated costs, fluctuations in foreign exchange and tax rates, counterparty risks relating to customers, licensees, licensors and manufacturers. As a result of these and other factors (including those mentioned in our Safe Harbor Disclosure at the beginning of this presentation and in our 2011 Annual Report on Form 10-K) actual results may deviate materially from the outlook presented above.

# Call of Duty Elite Membership Growth

Strong growth since launch, 33% Premium Member growth since January 31, 2011



Source: Activision Blizzard internal estimates

# Call of Duty: Black Ops II

Launching November 13, 2012 with Elite 2.0

**CALL OF DUTY**  
BLACK OPS II



ACTIVISION

# Skylanders

Driving growth to build a \$1B+ franchise



## Skylanders Spyro's Adventure:

- Increasing supply drives sales
- 30M+ toys sold-through as of 3/31/12

## Skylanders Giants and LightCore:

- Giants and LightCore figures light up on and near the Portal of Power

## Skylanders Giants to come in:

- Starter Packs including a portal of power
- Expansion packs
- Single character packs

## Franchise growth opportunities:

- Mobile: Skylanders Cloud Patrol
- Webworld
- Licensing: Frito-Lay, apparel, back to school, construction sets, plush toys, sleepwear, headwear, and more



8 Giants



8 LightCore figures



8 New Core Skylanders and 24 Re-Posed Fan Favorites from Skylanders Spyro's Adventure



iOS



Licensing

# Activision Publishing Highlights

Focused on our biggest opportunities

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**Call of Duty:** Largest interactive entertainment franchise ever\* in U.S. and Europe

**Call of Duty Black Ops II:** We expect it to be our best Call of Duty game ever

**Call of Duty ELITE:** 2M+ annual premium members, up 33% since January 31\*\*

**Call of Duty China:** Free-to-play, microtransaction-based game in development

**Skylanders Spyro's Adventure:** 30M+ toys sold, our largest new IP launch\*\*\*

**Skylanders Giants:** Adding LightCore and Giants and all new game powers

**Bungie:** Multiplatform genre-defining new IP from one of the industry's best

\*In \$'s across Xbox 360, PS3 and PC, according to NPD, GFK/Charttrack

\*\*Activision Blizzard estimates, as of April 30, 2012

\*\*\* Includes toys in starter packs, according to NPD, GFK/Charttrack and Activision Blizzard internal estimates, as of March 31, 2012

# Blizzard Entertainment Highlights

Working hard on exciting pipeline of new games

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## Diablo III

- To launch May 15<sup>th</sup> with more than 8,000 retailers hosting midnight openings
- Over 2M players participated in the beta, worldwide
- Record preorders, including 1.2M World of Warcraft Annual Pass\* subscribers

## World of Warcraft: Mists of Pandaria

- 1.2M players signed up\* for World of Warcraft Annual Pass, invited to beta test
- Beta test feedback has been positive

## StarCraft II: Heart of the Swarm

- Testing Arcade update and collaborating with map creators in the community to incorporate new functionality. Planning to launch the new Arcade in coming months

## eSports

- Announced a StarCraft II: Heart of the Swarm beta sneak peek at Major League Gaming's Spring Championship at the Anaheim Convention Center, June 8-10
- Korea eSports Association and Ongamenet, a cable TV station, to create new StarCraft II leagues in Korea

## Large and Innovative Pipeline

- Multiple title launches expected in 2012; work continues on the unannounced MMORPG

\* As of May 1, 2012

# 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. 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;
- expenses related to restructuring;
- the amortization of intangibles, and impairment of intangible assets and goodwill; 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, 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, and non-GAAP operating margin 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 quarter ended March 31, 2012, please refer to the Company's earnings release dated May 9, 2012, which is available on our website, [www.activisionblizzard.com](http://www.activisionblizzard.com).

# First Quarter CY 2012 Results



May 9, 2012