

ACTIVISION | BLIZZARD



TRANSFORMERS  
DARK OF THE MOON  
THE GAME

SKYLANDERS  
SPYRO'S ADVENTURE

SPIDER-MAN  
EDGE OF TIME

CALL OF DUTY

DIABLO

WORLD  
WARCRAFT

STAR CRAFT

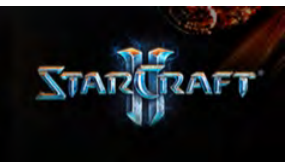
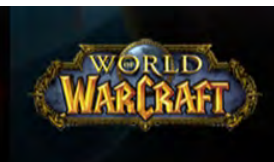
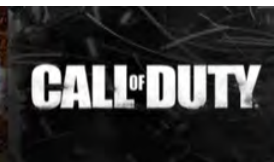
# Safe Harbor Disclosure

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

The statements contained in this presentation that are not historical facts are forward-looking statements. 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 23, 2012, or to reflect the occurrence of unanticipated events.



# Largest Independent Game Publisher

Complementary businesses supporting Console, PC, and Online communities

#1 in non-GAAP Sales, Operating Profit and Operating Margin\*

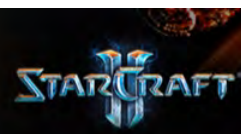
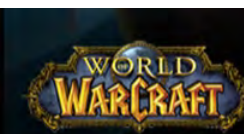
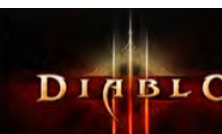
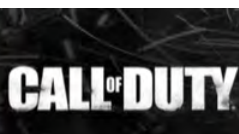
#1 Third-Party Digital Publisher in U.S. and Europe in 2011\*

#1 Western Publisher in Asia\*

#1 Portfolio of wholly-owned brands\*

#1 Recurring customer base – massive online community 50MM+

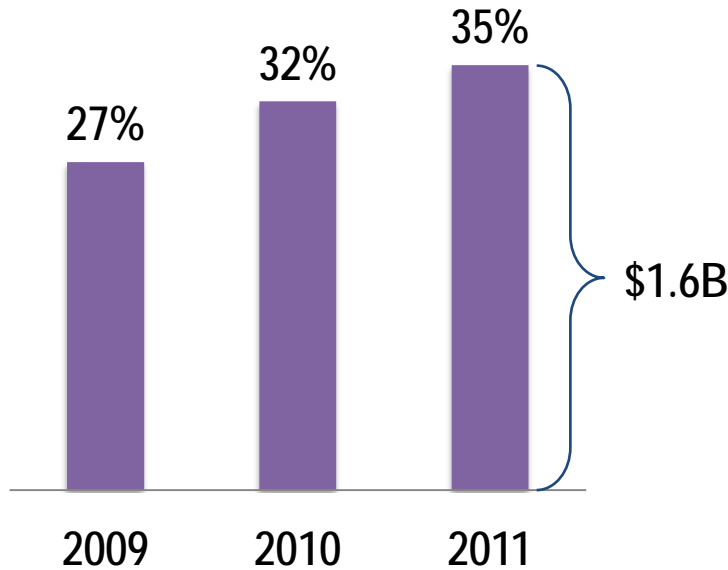
\*As compared against Western 3<sup>rd</sup> Party Video Game Software Publisher Peer Group of ATVI, EA, THQI, TTWO, UBI and ZNGA in 2011. Source: Activision Blizzard internal estimates and NPD, Chartrack, Gfk.



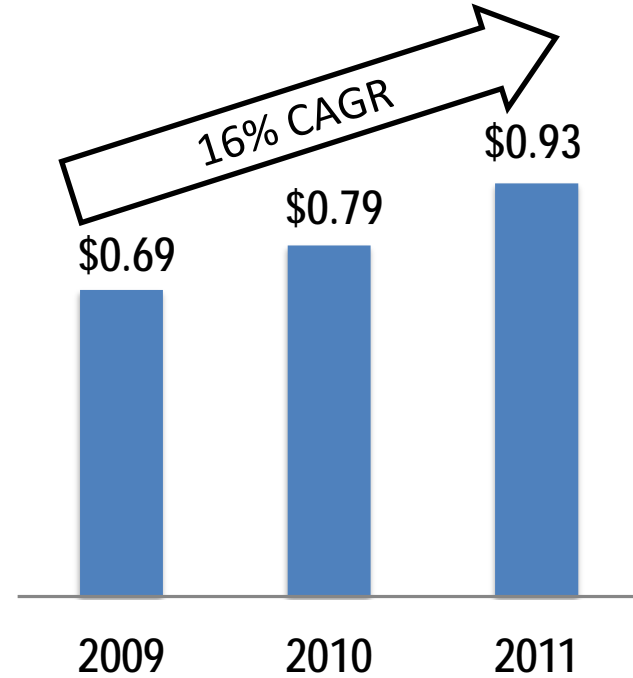
Non-GAAP:

# Record Digital Revenues Drive EPS

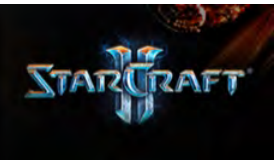
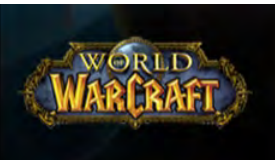
Non-GAAP Digital Revenues  
as Percentage of Total



Non-GAAP EPS



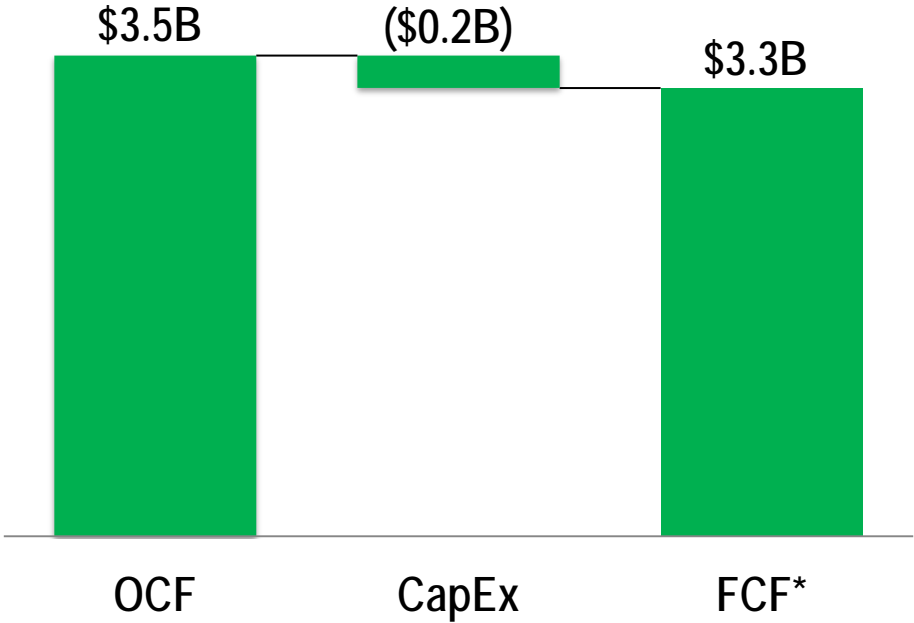
Total Company Non-GAAP Operating Margin:	2009	2010	2011
	25.8%	28.5%	30.3%



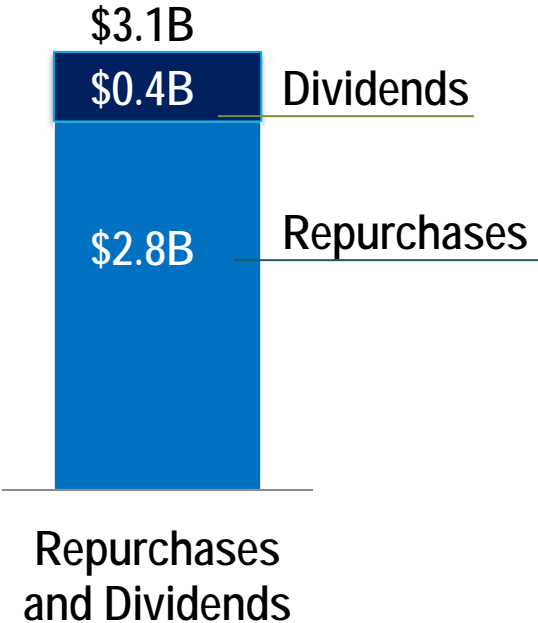
# Strong Cash Flow and Balance Sheet

We Still have \$3.5 Billion in Cash and Investments

2009 – 2011: Strong Cash Flow



2009 - 2011



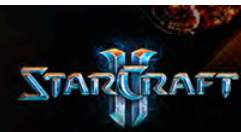
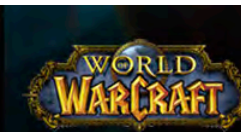
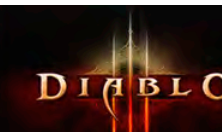
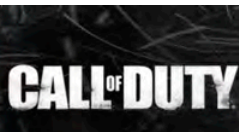
\* Free Cash Flow ("FCF") represents Operating Cash Flow ("OCF") minus Capital Expenditure ("CapEx").

\*\* Cash includes short-term and long-term investments, as of 3/31/12.



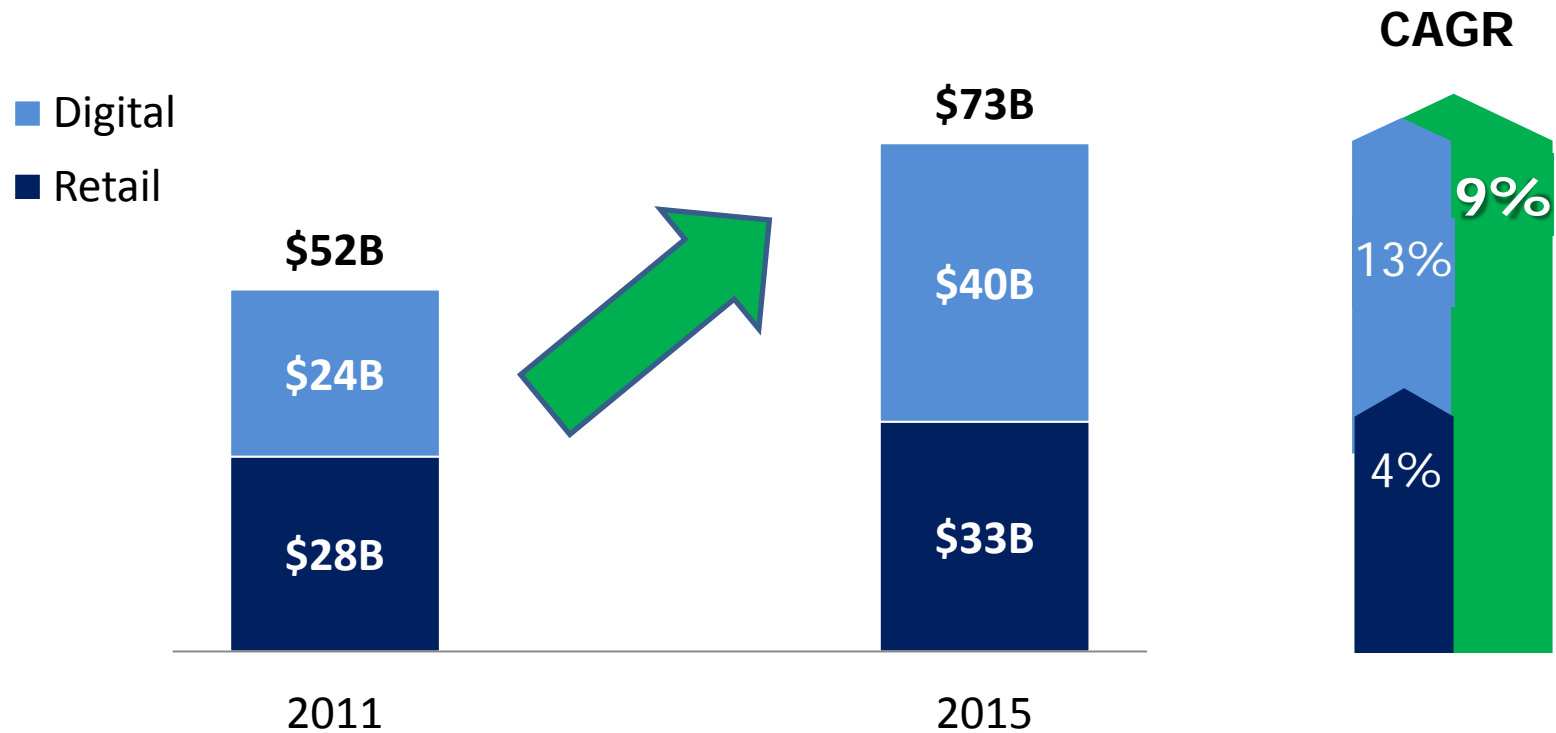
# Q1 2012 Earnings Highlights

- 1 Better than expected results; raised 2012 Revenue/EPS outlook
- 2 Skylanders drove Q1 upside, on track to become \$1B+ franchise
- 3 Call of Duty Elite premium members grew 33% to 1.5M
- 4 10.2M World of Warcraft subs, inline with prior quarter
- 5 Diablo III set pre-order records for Blizzard, launched May 15th

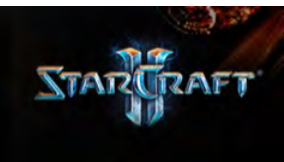
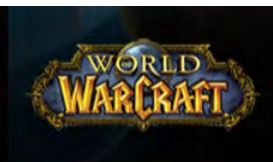
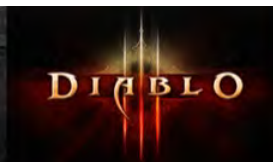
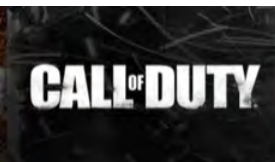


# Fallacy #1 – No Growth in Videogames

Estimated Worldwide Video Game Sales Growth, Ex. Japan, \$Billions

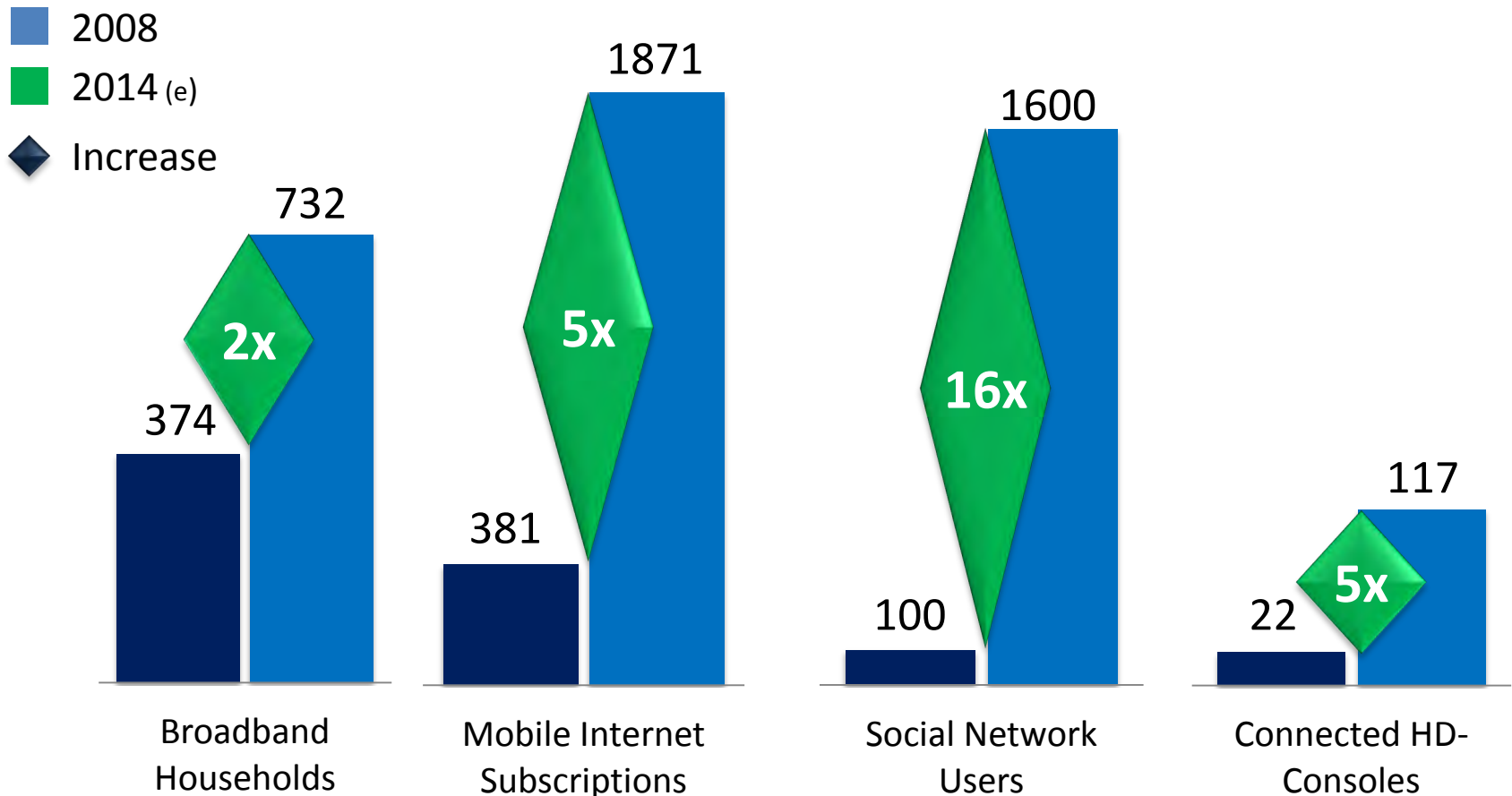


Source: PWC Media and Entertainment Outlook, 12th Edition.



# Fallacy #1 – No Growth in Videogames

Gamers Playing More and Paying More for the Most Engaging Games





# Fallacy #2 – We Only Have Two Properties

## ACTIVISION

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CALL OF DUTY  
BLACK OPS II

SKYLANDERS  
SPYRO'S ADVENTURE

CALL OF DUTY  
China

BUNGIE

## BILZARD

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WORLD OF  
WARCRAFT  
MISTS OF PANDARIA

DIABLO

STARCRRAFT  
HEART OF THE SWARM

New  
MMO

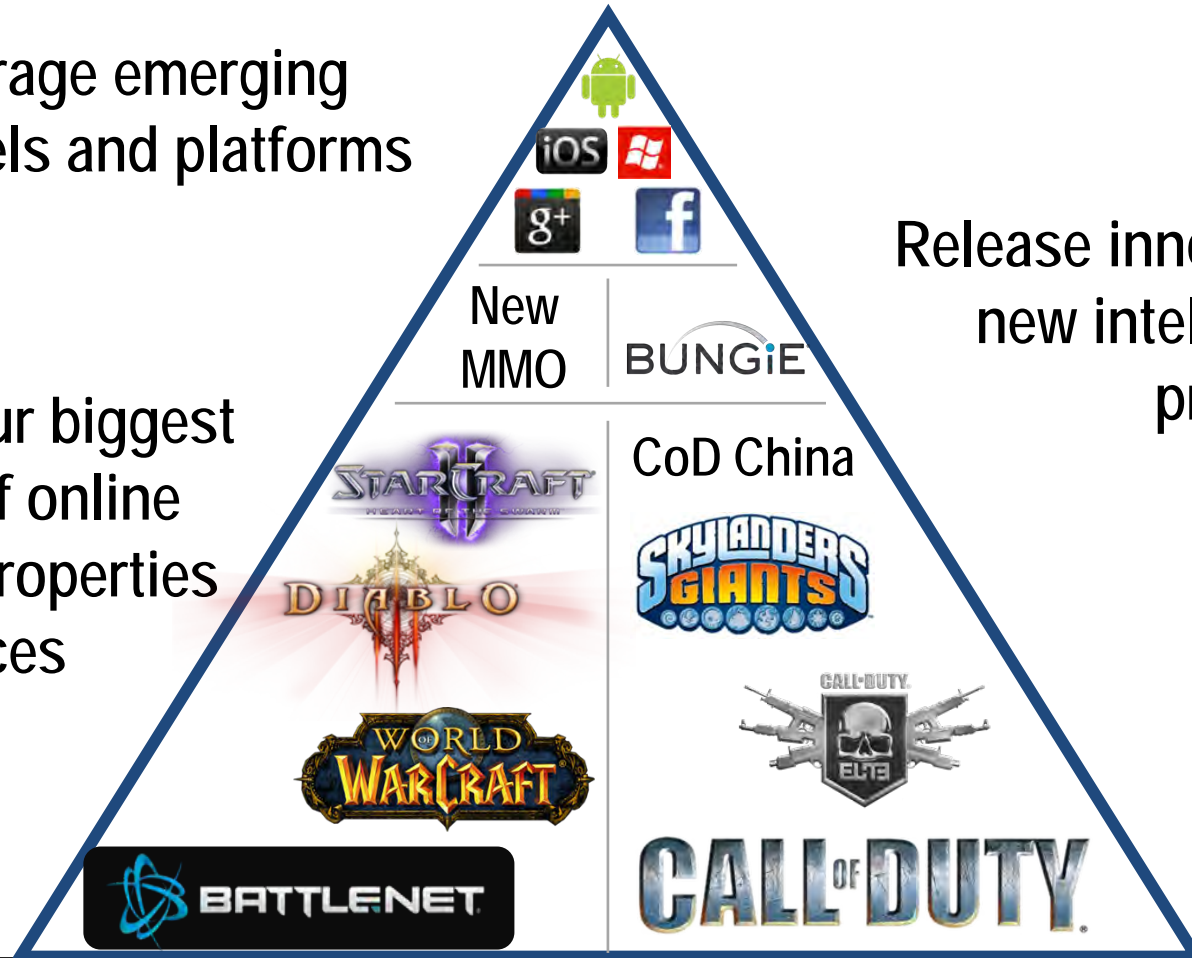
# We Create and Distribute Premium Content and Experiences



Leverage emerging models and platforms

Launch our biggest pipeline of online enabled properties and services

Release innovative new intellectual property



Strong Cash Flow and Balance Sheet

# CALL OF DUTY®

Largest interactive entertainment franchise ever\* in U.S. and Europe

Approximately 40M Monthly Active Users (MAU) as of March 2012\*\*

Launched the first online service ever for a console game – Elite

Black Ops II already looks amazing, to launch November 13, 2012

Free-to-play, microtransaction-based game in development for China

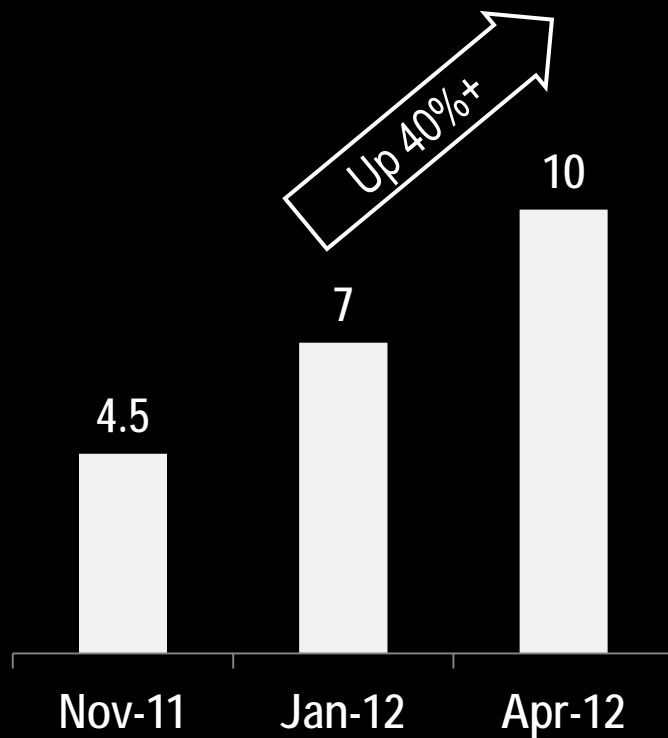
\*In \$'s across Xbox 360, PS3 and PC, according to NPD, GFK/Chartrack

\*\* Source: Activision Blizzard internal estimates

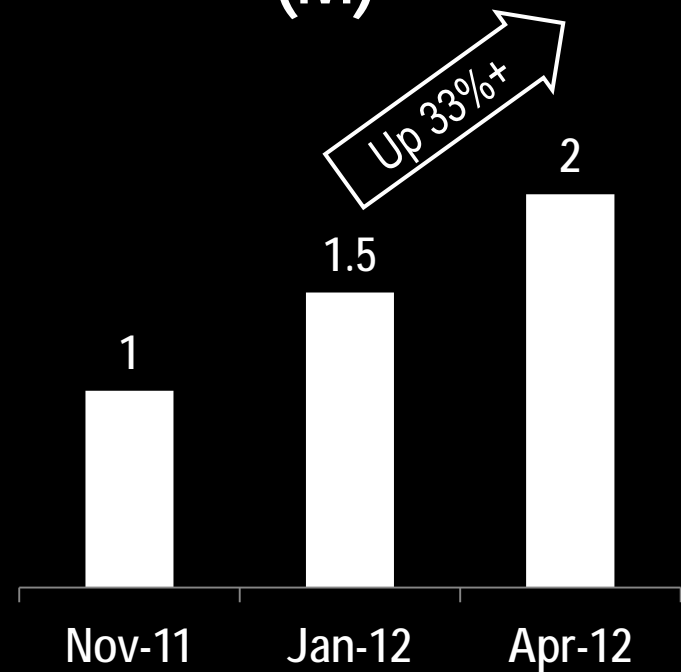
**Strong Engagement, Strong Pipeline**



## Members (M)



## Premium Members (M)



# Record Day 1 Reveal

**CALL OF DUTY**  
BLACK OPS II

**CALL OF DUTY**  
BLACK OPS II

Vs.

**CALL OF DUTY**  
MW3



Trailer views



Day-1 traffic

Press Feedback

Retailer Preorders



\* Source: Activision Blizzard internal estimates, North America only

It's big...



# Skylanders



- Toys:
  - \$80B+ Worldwide opportunity\*
- Skylanders Spyro's Adventure:
  - Sell through \$300M+ LTD
  - 30M+ toys sold-through as of 3/31/12
  - #1 video game thru April
- Franchise growth opportunities:
  - Mobile: Skylanders Cloud Patrol
  - Webworld
  - Licensing



Giants



LightCore figures



iOS



Licensing

\* Source: Activision Blizzard internal estimates



# Build the Momentum



- Giant reveal at NY Toy Fair
- Huge character lineup
- LightCore technology
- Large scale media program
- Expansive licensing enhances reach
- Giants Coming this Holiday





# Robust Retail Support

- Global Partnerships with Toys“R”Us
- Strong Worldwide Distribution & Interactive Displays
- Expanded Retail Footprint





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

See You Starside in 2013!

BLIZZARD



New MMO



1.2M players signed up\*  
for WoW Annual Pass

Beta test feedback has been positive

DIABLO®



The background features the word "DIABLO" in a stylized, metallic font. Behind the letters is a vertical sword with intricate engravings. The background is dark and textured, resembling a demon's face or a cave with glowing red and orange elements.

# DIABLO®

4.7+ Million  
gamers ready to  
play on Day One\*

\* Based on internal company records and reports from key distribution partners.

The logo for StarCraft III: Heart of the Swarm. The word "STARCRRAFT" is written in a large, metallic, blue and silver font with a 3D effect. The Roman numeral "III" is positioned above the "C" and "R". Below the main title, the subtitle "HEART OF THE SWARM" is written in a smaller, white, sans-serif font. The entire logo is set against a dark background with a purple and blue energy aura behind the "III" and the subtitle.

STARCRRAFT<sup>®</sup>  
HEART OF THE SWARM

Beta Peek Coming June 8<sup>th</sup>

# ACTIVISION

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**CALL OF DUTY**  
BLACK OPS II



**CALL OF DUTY**  
China

**BUNGIE**

# BILZARD

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**DIABLO**



New  
MMO



ACTIVISION | BLIZZARD



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WORLD  
WARCRAFT

STAR CRAFT

# 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.

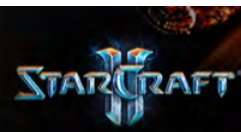
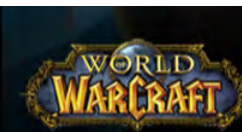
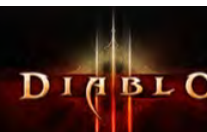
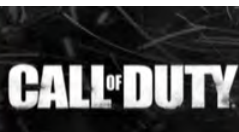
Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard's GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP 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.

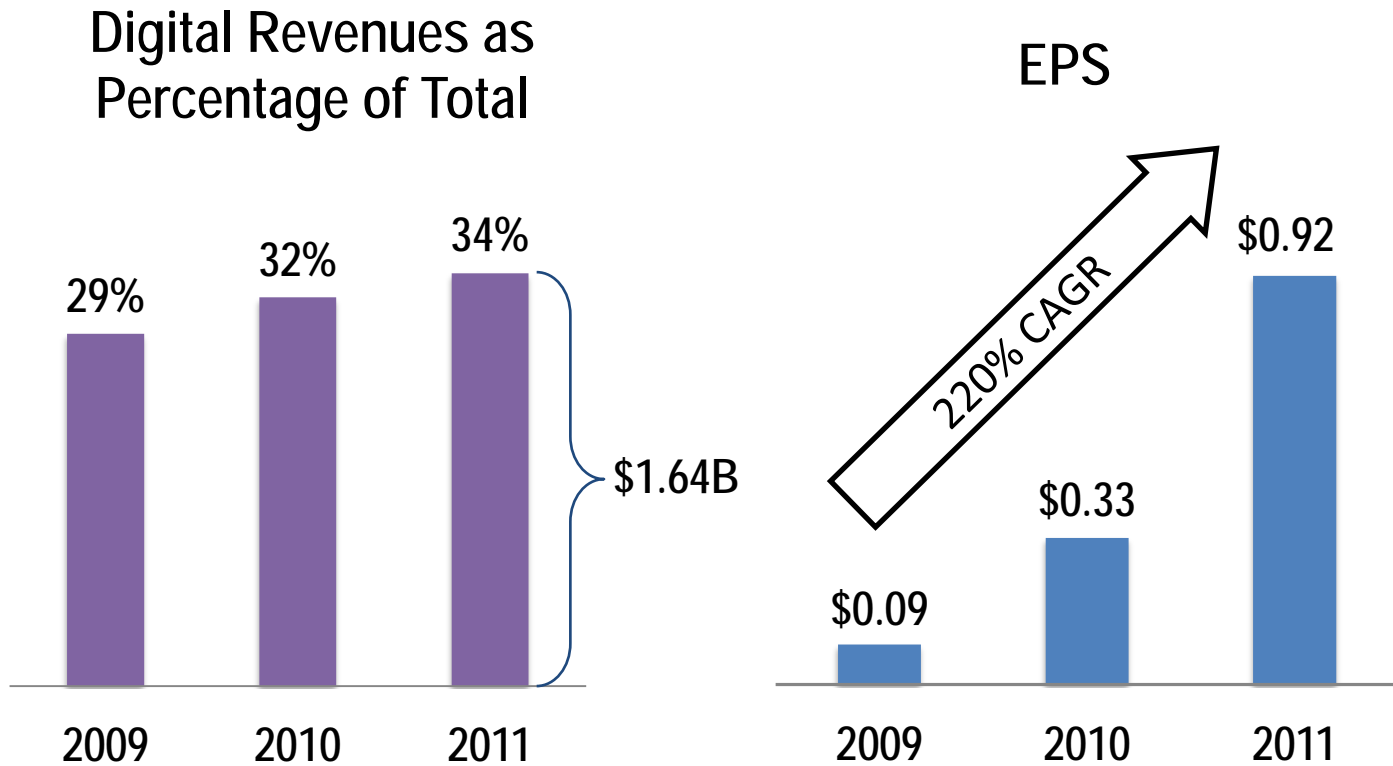
Management believes this is appropriate because doing so enables an analysis of performance based on the timing of actual transactions with our customers, which is consistent with the way the company is measured by investment analysts and industry data sources. In addition, excluding the change in deferred 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).



GAAP:

# Record Digital Revenues Drive EPS



Total Company Operating Margin:	2009	2010	2011
	-0.6%	10.5%	27.9%

