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ACTIVISION BLIZZARD
RECONCILIATION TO IFRS
2008 REVENUE & EBITA

February 18, 2009

Activision Blizzard Reconciliation to IFRS

US non-GAAP comparable basis

- Net revenues: \$5bn
- Operating income: \$1.2bn

ACTIVISION | BLIZZARD™



IFRS

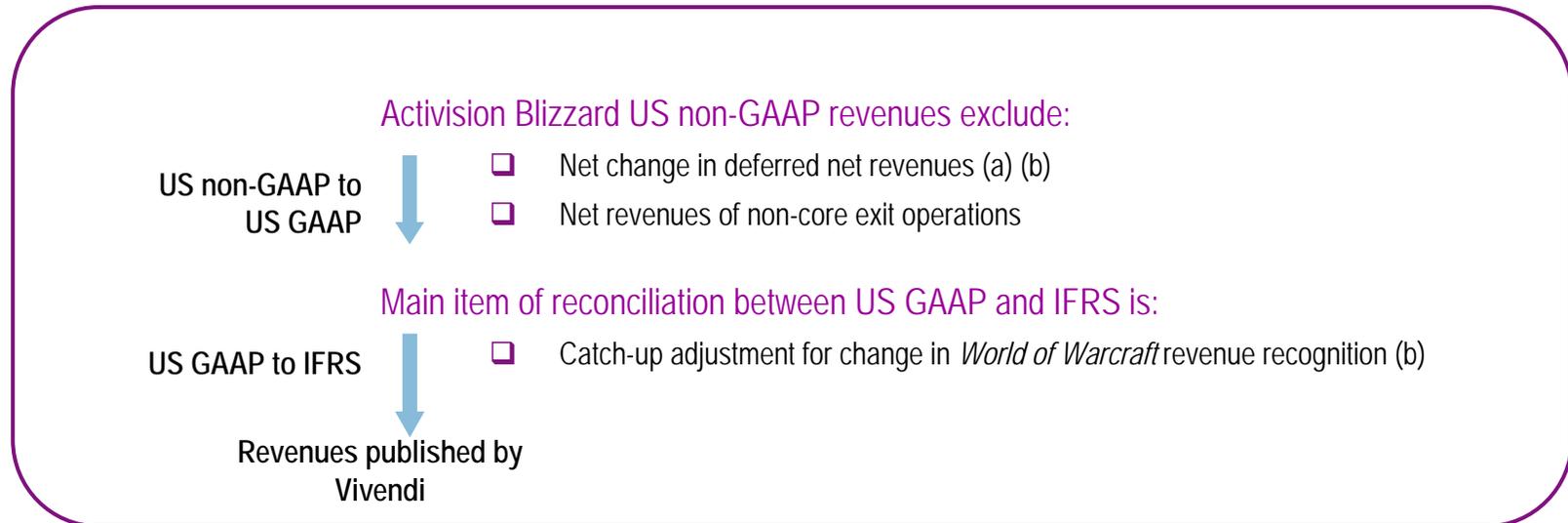
- Net Revenues: €2.1bn
- EBITA: €34m

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- On July 9, 2008, the business combination between Activision and Vivendi Games was completed. Activision Blizzard, the new entity is listed on the NASDAQ and publishes in US GAAP.
- In addition to its US GAAP results, Activision Blizzard also reports results on a US non-GAAP basis including comparable basis segment net revenues and operating income. The comparable basis results include both Activision and Blizzard operations for the full year. Management believes that the use of these non-GAAP measures helps investors to better understand the results of Activision Blizzard.
- Vivendi publishes in IFRS in actual perimeter which includes Vivendi Games from January 1 to July 9, 2008 and Activision Blizzard from July 10, 2008.

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Activision Blizzard Revenue Reconciliation



- (a) As online functionality becomes a more important component of gameplay, certain of the company's online-enabled games for certain platforms contain a more-than-inconsequential separate service deliverable in addition to the product, and the company's performance obligations for these games extends beyond the sale of the games. Vendor-specific objective evidence of fair value does not exist for the online services, as the company does not plan to separately charge for this component of online-enabled games. As a result, the company recognizes in both US GAAP and IFRS all of the revenue from the sale of these games ratably over the estimated service period. In addition, the company defers the costs of sales of those titles to match revenues. This change has no impact on cash flows.
- (b) Following the merger of Activision and Vivendi Games in July, Activision Blizzard reviewed the accounting policies and principles of Vivendi Games and has determined that the revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, should be deferred and recognized ratably over the estimated customer life beginning upon activation of the software and delivery of the services. Accordingly, in Q3 2008, Activision Blizzard recorded this accounting change retroactively in its US GAAP financial statements. In Q4 2008, Vivendi changed the IFRS accounting treatment for the year ended December 31, 2008, to align it with that of US GAAP. As a result, Vivendi has recorded a cumulative catch-up adjustment through the current period statement of earnings to align Activision Blizzard's deferred revenue balance in IFRS with US GAAP .

Activision Blizzard EBITA Reconciliation

Activision Blizzard US non-GAAP operating income excludes:

US non-GAAP to
US GAAP

- ❑ Net change in deferred net revenues and related costs of sales
- ❑ Operating loss of non-core exit operations
- ❑ Expenses related to equity-based compensation costs
- ❑ One-time costs related to the business combination between Activision and Vivendi Games
- ❑ Amortization of intangibles and purchase price accounting related adjustments

Main items of reconciliation between US GAAP and IFRS in 2008 are:

US GAAP to IFRS

- ❑ Catch-up adjustment for change in *World of Warcraft* revenue recognition
- ❑ Difference in treatment of the expense related to equity-based compensation costs

Vivendi publishes EBITA in IFRS, which excludes:

EBITA published
by Vivendi

- ❑ Amortization and impairment losses of intangible assets acquired through business combinations

Activision Blizzard - Reconciliation to 2008 IFRS Revenues

<i>In millions</i>		2008
US GAAP Basis	Comparable Basis Net Revenues of Core Operations (a)	\$5,032
	Less: Activision operations prior to July 10, 2008	-\$1,310
	Non-GAAP Net Revenues of Core Operations	\$3,722
	Less: Changes in deferred net revenues (b)	-\$713
	Less: Net Revenues of Activision Blizzard's non-core exit operations	\$17
	Net Revenues in US GAAP as published by Activision Blizzard	\$3,026
Reconciling differences between US GAAP and IFRS		-\$63
	Effect of alignment of deferred net revenues balance with US GAAP (b)	-\$63
IFRS	Net Revenues in IFRS (in millions of dollars)	\$2,963
	Translation from dollars to euros	
	Net Revenues in IFRS (in millions of euros), as published by Vivendi	2,091 €

(a) Please refer to comparable basis definition on slide 2

(b) Please refer to explanation on slide 3

Activision Blizzard - Reconciliation to 2008 IFRS EBITA

In millions

2008

US GAAP Basis	Comparable basis Operating Income/(Loss) of Core Operations (a)	\$1,200	
	Less: Activision - operating income generated prior to July 10, 2008	-\$167	
	Non-GAAP Operating Income/(Loss) of Core Operations	\$1,033	
	Less: Changes in deferred net revenues and cost of sales (b)	-\$496	} Included in EBITA and ANI
	Less: Equity-based compensation expense	-\$90	
Less: Results of Activision Blizzard's non-core exit operations	-\$266		
Less: One time costs related to the Vivendi transaction, integration and restructuring	-\$122		
	Less: Amortization of intangibles and purchase price accounting related adjustments	-\$292	
	Operating Income/(Loss) under US GAAP as published by Activision Blizzard	-\$233	
Reconciling differences between US GAAP and IFRS		-\$20	
	Effect of alignment of deferred net revenues balance with US GAAP (b)	-\$58	
	Equity-based compensation expense (c)	\$30	
	One time costs related to the Vivendi transaction, integration and restructuring (d)	\$0	
	Other	\$8	
IFRS	Operating income/(Loss) in IFRS	-\$253	
	Less: Impairment of intangible assets acquired through business combinations	\$7	} Elimination of items excluded from EBITA
	Less: Amortization of intangible assets acquired through business combinations	\$302	
	EBITA in IFRS (in millions of dollars)	\$56	
	Translation from dollars to euros		
	EBITA in IFRS (in millions of euros), as published by Vivendi	34 €	

- (a) Please refer to comparable basis definition on slide 2
- (b) Please refer to explanation on slide 3
- (c) In IFRS, existing Activision stock options were neither re-measured at fair value nor allocated to the cost of the business combination at the closing date of the business combination; hence the incremental fair value recorded in US GAAP is reversed, net of costs capitalized.
- (d) Restructuring activities includes severance costs, facility exit costs, and balance-sheet write down and exit costs from the cancellation of projects. In IFRS, accrual for restructuring activities is recorded at the time the company is committed to the restructuring plan. In US GAAP, the corresponding expense is recorded on the basis of the actual timing of the restructuring activities.

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