Kristin Southey

Vice President of Investor Relations
The statements contained in this presentation that are not historical facts are “forward-looking statements.” The Company generally uses words such as “outlook,” “will,” “remains,” “to be,” “plans,” “believes,” “may,” “expects,” “intends,” and similar expressions to identify forward-looking statements. We caution you that a number of factors could cause the Company’s future results to differ materially from those expressed in any such forward-looking statements. These factors include, but are not limited to, sales of the Company’s titles, shifts in consumer spending trends, the seasonal and cyclical nature of the interactive game market, the Company’s ability to predict consumer preferences among competing hardware platforms (including next-generation hardware), declines in software pricing, product returns and price protection, product delays, retail acceptance of the Company’s products, adoption rate and availability of new hardware and related software, industry competition, rapid changes in technology and industry standards, protection of proprietary rights, litigation, maintenance of relationships with key personnel, customers, vendors and third-party developers, domestic and international economic, financial and political conditions and policies, foreign exchange rates, integration of recent acquisitions and the identification of suitable future acquisition opportunities, Activision Blizzard’s success in integrating the operations of Activision Publishing and Vivendi Games in a timely manner, or at all, and the combined company’s ability to realize the anticipated benefits and synergies of the transaction to the extent, or in the timeframe, anticipated. Other such factors include additional risk factors described in the Company’s Form 10-Q that was filed with the SEC on August 8, 2008 and our other SEC filings. 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 forward-looking statements in this presentation are based upon information available to the Company as of September 15, 2008. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after September 15, 2008 or to reflect the occurrence of unanticipated events. Forward-looking statements are not guarantees of our future performance.

Unless otherwise noted, financial commentary in this presentation is made on a non-GAAP basis excluding the impact of the change in deferred net revenues and cost of sales related to certain online-enabled games, equity-based compensation, the operating loss results from the historical Vivendi Games businesses that the Company intends to dispose of or exit, one-time costs related to the business combination with Vivendi, and the amortization of intangibles resulting from purchase price accounting adjustments; for a reconciliation, please refer to our press release dated July 31, 2008 which is available at www.activisionblizzard.com under “investor relations”. Finally, forecasts for calendar 2008 are as of our most recent conference call, which was held on July 31, 2008, and have not been updated.
Bobby Kotick

Chief Executive Officer
Consistent Record of Growth

- 16 years of consecutive revenue growth
- Continued margin expansion

Activision Stand Alone
Activision Blizzard

$2.9 Billion
$4.9 Billion (e)
$1 Billion
$600 Million

Operating Margin - Fiscal year ended 3/31 unless otherwise noted
Represents comparable CY08 non-GAAP financial projections and were given on 7/31/08 conference call and have not been updated
Non GAAP projections from first call estimates
Significant Value Creation

Annualized Shareholder Value Creation - Stock return CAGR

Source: Yahoo for pricing as of 9/3/08- Nasdaq and SP500 do not include dividends
Operating Margin Expansion

- Market Opportunities
- Portfolio Expansion
- Operational Discipline

Operating Margin Objectives*

- Calendar 08
  - 24-25%
- Near-Term
  - 27-28%
- Long-Term
  - 30% +

*Non GAAP
Calendar 2008 Highlights

Drivers of operating margin expansion

- Incredible combination - Activision Blizzard
- Integration on track
- Strong holiday Lineup
Operating Margin Expansion

Market Opportunities

Portfolio Expansion

Operational Discipline
Our Markets Are Growing

Growth in Installed Base of Hardware Units Console/Handheld* - a Key Driver of Packaged Goods Retail Software

NA, Europe, Japan

Sources: A-B Forecast, IDG, NPD, GfK, ChartTrack), PC Data - Gartner
*Includes PS2, PS3, 360, Wii, PSP, DS, future platforms.

Plus more than 225MM PC units WW in 2007
Interactive Entertainment is Growing

Activision Blizzard is well positioned to capture industry growth

Sources: A-B Forecast, DFC, IDG, PwC – Package goods NA, EUP, Japan (NPD,GfK,ChartTrack,Interbase). Other categories are WW.

Other: Casual, Mobile and Console Online

<table>
<thead>
<tr>
<th>Year</th>
<th>US/EUR/JPN Package goods retail software</th>
<th>Online PC subs</th>
<th>Console Online/Other</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$28B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$28B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008e</td>
<td>$28B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009e</td>
<td>$28B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010e</td>
<td>$51B</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our Markets Are Growing

Worldwide Online Market Components
The most profitable parts of our market are growing the fastest

(USD in billions)

Source: A-B Forecast, DFC, PwC
Our Markets Are Growing

Worldwide Online Gaming Market – Continues to Increase

Worldwide Online Game Revenue 2001-2010
CAGR 39%

CAGR 2001-2010

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>35%</td>
</tr>
<tr>
<td>EUR</td>
<td>61%</td>
</tr>
<tr>
<td>Asia</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: DFC Online Game Market Forecasts July 2008

Revenue includes advertising, subscription and digital download revenue, also mid, short, and long session revenue.

Asia revenue includes Japan
Market Share Gains are Likely

NA, EUP, Japan  Console/Hand-Held/PC/Online/In-game Adv. Market ‘07

Activision Blizzard
Only 12% Share

Rest of Market

Games market is still highly fragmented

Source: ATVI, GFK, NPD, Charttrack, IDG, PwC, DFC.
Capitalizing on Market Opportunity

**Historical Growth CAGR (FY01-08)**

- Industry: 14%
- Activision Stand Alone: 25%

+11% ppt above market

*Source: NPD GFK, Chartrack*
We Have Been Taking Share

Share US/Europe

Activision Stand Alone

Source: ATVI Financials (atvi only)

Games market is still highly fragmented
Market Growth

- Hardware/Software grows as expected
- Leverage from scale

- Sustained pricing
- AB continues to grow share
- Greater realization on PD investments

- Online gaming continues to grow
- Grow our presence in Asia

*Non GAAP

Operating Margin Objectives*

- Calendar 08: 24-25%
- Near-Term: 27-28%
- Long-Term: 30% +
Technology Changes

Creating opportunity with larger audiences

- Graphics Improvement
- Broadband Penetration
- Physical Interface
- Value Per Hour
Physical Media is Stagnant

A Changing Worldwide Market

Source: PwC

<table>
<thead>
<tr>
<th>Year</th>
<th>Box Office</th>
<th>Home video</th>
<th>Recorded Music</th>
<th>Books</th>
<th>Newspaper/Magazine</th>
<th>Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$775B</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008e</td>
<td>$717B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>$717B</td>
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<tr>
<td>2011e</td>
<td>$717B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PwC
Consumption of Media is Changing

# of movie tickets per person

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
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<tr>
<td></td>
<td>5.24</td>
<td>5.06</td>
<td>4.65</td>
<td>4.67</td>
<td>4.64</td>
</tr>
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</table>

Down 6%

Recorded Music $’s

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
<tr>
<td></td>
<td>$37B</td>
<td>$37B</td>
<td>$33B</td>
<td>$33B</td>
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</table>

Down 12%

Network TV Consumption Decreasing

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>711hrs</td>
<td>672hrs</td>
<td>672hrs</td>
<td>672hrs</td>
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</table>

Down 6%

Filmed Entertainment $’s

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$84B</td>
<td>$84B</td>
<td>$84B</td>
<td>$86B</td>
</tr>
</tbody>
</table>

FLAT

Source: PwC, Source: Nielsen, emarketer, US census bureau, NATO
Consumption of Media is Changing

Annual Internet Consumption Per Person is Increasing

Source: eMarketer
# How People are Spending Leisure Time

Source: Nielsen

<table>
<thead>
<tr>
<th>Share of Clock Among Leisure Activities*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Related Activities</td>
<td>33%</td>
</tr>
<tr>
<td>Watching TV on cable/satellite stations</td>
<td>27%</td>
</tr>
<tr>
<td>Watching TV on network stations</td>
<td>24%</td>
</tr>
<tr>
<td>Reading magazines</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Playing video games</strong></td>
<td><strong>12%</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Total audiences 213MM

Source: Nielsen
Interactive Entertainment

We are at the center of changing leisure time habits

Music
Story Telling
Social Networking

We are the leader in the fastest growing game categories
Two Trillion Dollar Market Opportunity

Global Entertainment & Media Market

CAGR 7%

2007 $1.6
2008e $1.7
2009e $1.8
2010e $1.9
2011e $2.1 Trillion

Total Global Ent’t and Media Market US, EMEA, Asia Pacific, Latin America and Canada

Source: PwC
# Global Entertainment & Media Market

*Video games are still a fraction of $1.6 Trillion market*  
*Which is expected to grow to $2.1 Trillion in 2011*

<table>
<thead>
<tr>
<th>Segment</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Access</td>
<td>12%</td>
</tr>
<tr>
<td>Newspaper Publishing</td>
<td>12%</td>
</tr>
<tr>
<td>Paid Cable</td>
<td>11%</td>
</tr>
<tr>
<td>Broadcast TV Advertising</td>
<td>10%</td>
</tr>
<tr>
<td>Casino/Other Regulated Gaming</td>
<td>7%</td>
</tr>
<tr>
<td>Book Publishing</td>
<td>7%</td>
</tr>
<tr>
<td>Sports</td>
<td>6%</td>
</tr>
<tr>
<td>Filmed Entertainment</td>
<td>5%</td>
</tr>
<tr>
<td>Magazine Publishing</td>
<td>5%</td>
</tr>
<tr>
<td>Internet Advertising</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Video Games</strong></td>
<td>&lt; 3%</td>
</tr>
<tr>
<td>Recorded Music</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total Global Ent’t &amp; Media Market</strong></td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total $’s</strong></td>
<td>$1.6T</td>
</tr>
</tbody>
</table>

*Source: PwC*
## Market Opportunity – 2011

### Gaining Share-Example

|$'s in billions except where noted$ |
|-----------------|-----------------|-----------------|-----------------|
| **Market**      | **Size of market 2011** | **0.5% share taken by VG equals $'s** | **AB Fair share @12%** | **AB Op. Income** |
| TV Subs, licenses & Advertising | $256 | $1.3 | $154MM | $46MM |
| Casino/Other Regulatory Gaming | $144 | $0.7 | $86MM | $26MM |
| Filmed Entertainment | $111 | $0.6 | $76MM | $20MM |
| Recorded Music | $32 | $0.2 | $19MM | $6MM |
| **Total** | **$543B** | **$3B** | **$335MM** | **$100MM** |

*AB current market share 12% of video game market  
**Operating margin calculated at 30%
Mike Griffith

President and Chief Executive Officer, Activision Publishing
Operating Margin Expansion

- Market Opportunities
- Portfolio Expansion
- Operational Discipline
Activision – This Cycle

Where We Have Been

- Significantly beat the market w/organic growth
- Last year int’l revenues grew by over 100%
- In CY07 we had the two top selling franchises
- Reduced false starts, cancellations and write-offs
- Held the line on overhead and marketing investment

Significantly increased revenues and operating margin
Results Prove Strategy

We've Grown Revenues and Operating Margin

Source: ATVI Financials (ATVI only) FYE 3/31
Activision Growth Strategies

How Did We Do It?

- Followed Institutionalized Business Processes
- Stayed Focused on Proven Strategies

Delivered Great Games that Sell
### Key Business Processes – Have Driven Success

#### Strategic Planning

**“Define What’s Needed”**
- **Annual** planning establishing 3 yr goals
- Set targets and strategies

#### Franchise Planning

**“Create What’s Needed”**
- **Quarterly** reviews of 3 yr franchise plans
- Ensures product programs reflect consumer learning and deliver financial goals

#### Greenlight

**“Deliver What’s Needed”**
- **Weekly** marketing, product development and financial review of products in pipeline
- In-depth reviews at 4 key stages of development for each title
Growth Strategies

- Drive **annual** growth & profit of proven franchises
- **Selectively** add new properties
- Drive **scale** through international expansion
- Monetize **emerging** markets
Expand International Business

Packaged Goods Retail Software Dollar Share – 2007
NA & Europe

Activision Publishing

<table>
<thead>
<tr>
<th>Region</th>
<th>Share</th>
<th>Change</th>
<th>Additional Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>10%</td>
<td>+8%</td>
<td>+$700MM</td>
</tr>
</tbody>
</table>

If we match our NA. share we would generate add’l $700MM in revenue

Source: NPD, GfK, Charttrack
Emerging Opportunities

- Monetize downloadable content
  - 10X year over year downloads

- Monetize online game play
  - COD4 players average 115 hours online

- Selectively expand geographies
  - Penetrate Asia
Continue Executing Proven Strategies

- Execute against strong holiday lineup
- Continue to drive Europe

- Launch new intellectual properties
- Increase international penetration

- Maximize ancillary revenue streams
- Leverage Asian opportunity

Operating Margin Objectives*

- Calendar 08: 24-25%
- Near-Term: 27-28%
- Long-Term: 30% +

*Non GAAP
Call of Duty – Franchise Growth

- COD Brand Established
- COD Brought to Consoles
- Focus on Story Telling
- Next Gen Launch Title
- Wii and PS3 Launch titles
- Modern Day Setting
Call of Duty – Franchise Growth

Proven Record of Growing Revenue

Source: AB FY ended 3/31 Activision
Call of Duty – What We Have Learned

Proven Record of Growing Revenue and Profitability

What We Learned
- Studio leapfrog strategy to annualize
- IP boundaries are expandable
- The consumer base is growing
- Appetite for more online play

Call of Duty Operating Margin

Over 30 MM units LTD
Call of Duty – Where We Are Going

Focus on Quality
- COD4 is one of the highest quality/best selling titles ever
  - COD4 11M units LTD
  - GTA4 9M units LTD
  - Halo 3 7M units LTD
  - COD5 - expected to be the highest rated Treyarch game
  - COD6 - Already in development

Broaden platform exposure
- Wii and PS2

Increase Online Monetization
- DLC - Experience Day 1 Advantage
- Exploration of Subscription Model and Asia

Source: NPD, GfK, ChartTrack, Rest of Europe estimate (ATVI internal estimates)
Call of Duty – Margin Expansion

- Solid launch of World at War
- Continued catalog of Modern Warfare

- Continue leapfrog development
- Maintain catalog momentum

- Explore Online Monetization
- New Models
Guitar Hero – 2008

Franchise Performance

23MM

20% of 2007 WW
music video game subgenre

Fastest video game franchise to $1 Billion in sales

#1 selling brand for CY07/08YTD

60% of 2007 WW music video game subgenre

Pop Culture Phenomenon

The Simpsons

iTunes

#1 South Park Episode

Aerosmith
Guitar Hero – Franchise Growth

Proven Record of Growing Revenue

Source: AB FY ended 3/31 Activision

Revenue Up 4x+
Guitar Hero – Margin Expansion

Proven Record of Growing Revenue and Profitability

What we learned

- Consumer still has insatiable appetite
- IP boundaries are expandable
- Int’l markets huge opportunity
- Supply Chain efficiency requires scale
  “Size matters”

Guitar Hero Operating Margin

Over 23 MM units LTD
Guitar Hero - Franchise Expansion

More Choices More Often - Nintendo DS First Ever

Innovation is key to growing the franchise
Guitar Hero – Franchise Expansion

More Choices More Often – Hardware Innovation

- Strengthen our leadership in the genre with the best social experience combined with the best gameplay
- Leverage our expertise in HW to innovate the genre

Innovation is key to growing the franchise
Guitar Hero – Franchise Expansion

Expand International Guitar Hero Business

FY08 Int'l Publishing Net Revenue as % of Revenues*

<table>
<thead>
<tr>
<th>ATVI Pub. FY08</th>
<th>Guitar Hero FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

Drivers

- Enter Handheld market
- Drive local affinity via Eurocentric content and DLC
- ‘Own’ permanent space and demo units in top 5 customers per country
- More international development – Acquisition of Freestyle games
- Partnership with UMG - access to international content and better understanding of consumer

*FYE 3/31
Guitar Hero – Margin Expansion

- Solid launch of Guitar Hero World Tour
- Continued catalog of GH 3/ Aerosmith

- Launch more choices
- Growth in international business

- Line extensions into different music genres and experiences
- Online/subscription models
New Franchise Development in the Racing Genre
Selectively Add New Franchises

Is the Opportunity Global?

Racing Franchise International 2007-2008YTD

- US: 42%
- Europe: 58%
Do We Have a Proven Developer

- Bizarre Creations, Liverpool, UK
- Over 10 year proven track record
- Average Game Rankings – 89

We have a great track record of launching NEW IP
Activision’s Strong Holiday Lineup

The top 2 selling franchises of CY07 return
Activision Strong Lineup CY09

CY 2008
- Guitar Hero Aerosmith
- Enemy Territory Quake Wars
- Guitar Hero On Tour
- Kung Fu Panda
- Crash Bandicoot
- The Legend of Spyro
- Guitar Hero World Tour
- Call of Duty WAW
- Bond - Quantum of Solace
- Spider-Man Web of Shadows
- Madagascar 2

50+ SKUs

CY 2009
- Guitar Hero (TBA)
- Guitar Hero NDS
- Transformers (w/movie)
- Monsters Vs Aliens
- James Bond
- Marvel Ultimate Alliance 2
- Wolverine (w/movie)
- Singularity
- Prototype
- Wolfenstein
- Ice Age
- Guitar Hero 5
- Guitar Hero NDS
- Call of Duty
- Tony Hawk
- Racing game

70+ SKUs
Blizzard Entertainment 1991

Started in 1991 with $20,000 in seed money

It began as a game company

It became a global community
Blizzard Entertainment Today

- Powerful global interactive entertainment brand
- 5 out of the 10 bestselling PC games since 2000
- Over 60M units sold since 1995
- Operating margins greater than 45%
- Ranked #1 in PC-gaming quality
- Strong pipeline of multiyear releases
Blizzard - Track Record of Growth

Revenues
$1 Billion+ (e) Revenues for CY08
Blizzard Company Values

Commit to Quality

Quality First and Foremost
Blizzard’s Competitive Advantage

**Development Talent**
- Unparalleled design and development talent
  - 14 year average tenure for executive team
  - Everyone is a gamer
  - Unmatched ability to balance deep content with broad accessibility

**Brands and Community**
- Rich, immersive franchises with cross-continental appeal
- Global brand with unrivaled quality reputation
- Global World of Warcraft success provides scale to:
  - Amortize high continued investment in content
  - Continue to raise the competitive bar

**Infrastructure**
- Network, server and technical know-how
- Superior worldwide service and support org
- The industry’s most valuable global subscriber database
- Retail strength in Europe & North America
Development Talent and Leadership

With an average tenure of more than 14 years, Blizzard’s top leadership is the most experienced team in online gaming.

**Mike Morhaime**
President & CEO (Cofounder)
- 17 years with Blizzard

**Paul Sams**
Chief Operating Officer
- 14 years with Blizzard

**Frank Pearce**
EVP of Product Development (Cofounder)
- 17 years with Blizzard

**Rob Pardo**
EVP of Game Design
- 11 years with Blizzard

**Chris Metzen**
SVP of Creative Development
- 14 years with Blizzard

**Neal Hubbard**
SVP of Global Marketing
- 12 years with Blizzard
Blizzard’s Strong Brand Portfolio

Blizzard Brand Umbrella

- World of Warcraft
- Warcraft
- Diablo
- StarCraft
Blizzard - Track Record of Success

Entire Portfolio of Wholly Owned - Internally Developed Intellectual Properties
Blizzard has 2 of the top 4 best-selling PC titles since 2000. In all, 5 of the top 10 titles are Blizzard releases, with every Blizzard franchise represented.

<table>
<thead>
<tr>
<th>RANK</th>
<th>TITLE</th>
<th>PUBLISHER</th>
<th>LAUNCH DATE</th>
<th>LTD UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>THE SIMS (STANDARD + DELUXE)</td>
<td>EA</td>
<td>Feb-00</td>
<td>6,778</td>
</tr>
<tr>
<td>2</td>
<td>WORLD OF WARCRAFT (STANDARD + BATTLECHEST)</td>
<td>BLIZZARD</td>
<td>Nov-04</td>
<td>4,071</td>
</tr>
<tr>
<td>3</td>
<td>THE SIMS 2</td>
<td>EA</td>
<td>Sep-04</td>
<td>3,496</td>
</tr>
<tr>
<td>4</td>
<td>DIABLO 2 (STANDARD + BATTLECHEST)</td>
<td>BLIZZARD</td>
<td>Jun-00</td>
<td>3,393</td>
</tr>
<tr>
<td>5</td>
<td>AGE OF EMPIRES 2</td>
<td>MICROSOFT</td>
<td>Sep-99</td>
<td>2,872</td>
</tr>
<tr>
<td>6</td>
<td>ROLLER COASTER TYCOON</td>
<td>Atari</td>
<td>Mar-99</td>
<td>2,737</td>
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<tr>
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<td>WARCRAFT III (STANDARD + BATTLECHEST)</td>
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<td>BLIZZARD</td>
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<td>STARCRAFT (STANDARD + BATTLECHEST)</td>
<td>BLIZZARD</td>
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<tr>
<td>10</td>
<td>CIVILIZATION 3</td>
<td>Atari</td>
<td>Oct-01</td>
<td>1,901</td>
</tr>
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</table>

Source: NPD Jul 2008
**Franchise Strength**

*World of Warcraft continues to dominate and is the #1 product YTD through July.* In all, Blizzard has 4 of the top 11 products YTD 2008.

<table>
<thead>
<tr>
<th>RANK</th>
<th>TITLE</th>
<th>PUBLISHER</th>
<th>LAUNCH DATE</th>
<th>YTD UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>World of Warcraft + Battlechest</td>
<td>Blizzard</td>
<td>Nov-04</td>
<td>512,990</td>
</tr>
<tr>
<td>2</td>
<td>Age of Conan Hyborian Adventures + Collector's</td>
<td>Eidos</td>
<td>May-08</td>
<td>312,341</td>
</tr>
<tr>
<td>3</td>
<td>The Sims 2 Deluxe + Double Deluxe</td>
<td>Electronic Arts</td>
<td>May-07</td>
<td>243,232</td>
</tr>
<tr>
<td>4</td>
<td>The Sims 2 Freetime Expansion</td>
<td>Electronic Arts</td>
<td>Feb-08</td>
<td>230,667</td>
</tr>
<tr>
<td>5</td>
<td>Call of Duty 4 Modern Warfare</td>
<td>Activision</td>
<td>Nov-07</td>
<td>203,314</td>
</tr>
<tr>
<td>6</td>
<td>World of Warcraft The Burning Crusade</td>
<td>Blizzard</td>
<td>Jan-07</td>
<td>195,616</td>
</tr>
<tr>
<td>7</td>
<td>Sins of A Solar Empire</td>
<td>Stardock</td>
<td>Feb-08</td>
<td>138,052</td>
</tr>
<tr>
<td>8</td>
<td>Sim City 4 Deluxe</td>
<td>Electronic Arts</td>
<td>Sep-03</td>
<td>137,250</td>
</tr>
<tr>
<td>9</td>
<td>Civilization 4</td>
<td>2K Games</td>
<td>Oct-05</td>
<td>129,835</td>
</tr>
<tr>
<td>10</td>
<td>Warcraft 3 + Battlechest</td>
<td>Blizzard</td>
<td>Jun-07</td>
<td>118,598</td>
</tr>
<tr>
<td>11</td>
<td>Diablo 2 + Battlechest</td>
<td>Blizzard</td>
<td>Jun-00</td>
<td>117,998</td>
</tr>
<tr>
<td>12</td>
<td>The Sims 2 Kitchen And Bath Interior Design Stuff</td>
<td>Electronic Arts</td>
<td>Apr-08</td>
<td>114,013</td>
</tr>
<tr>
<td>13</td>
<td>Crysis + Collector's</td>
<td>Electronic Arts</td>
<td>Nov-07</td>
<td>111,084</td>
</tr>
<tr>
<td>14</td>
<td>Age of Empires 3</td>
<td>Microsoft</td>
<td>Oct-05</td>
<td>96,164</td>
</tr>
<tr>
<td>15</td>
<td>The Sims 2 Teen Style Stuff Expansion</td>
<td>Electronic Arts</td>
<td>Nov-07</td>
<td>94,181</td>
</tr>
<tr>
<td>16</td>
<td>The Sims 2 Bon Voyage Expansion</td>
<td>Electronic Arts</td>
<td>Sep-07</td>
<td>92,489</td>
</tr>
<tr>
<td>17</td>
<td>The Orange Box</td>
<td>Valve</td>
<td>Oct-07</td>
<td>90,395</td>
</tr>
<tr>
<td>18</td>
<td>The Sims 2 University Expansion</td>
<td>Electronic Arts</td>
<td>Feb-05</td>
<td>85,316</td>
</tr>
<tr>
<td>19</td>
<td>Warhammer 40000 Dawn of War Soulstorm Expansion</td>
<td>THQ</td>
<td>Mar-08</td>
<td>85,098</td>
</tr>
<tr>
<td>20</td>
<td>Bejeweled 2</td>
<td>PopCap Games</td>
<td>Dec-04</td>
<td>83,251</td>
</tr>
</tbody>
</table>

*Source: NPD Jul 2008
Excludes titles sold for less than $9.99.
## Franchise Strength

### Committed to Quality

#### TOP 10 - PC RTS

<table>
<thead>
<tr>
<th>TITLE</th>
<th>DEVELOPER</th>
<th>REVIEW SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starcraft: Broodwar</td>
<td>Blizzard Entertainment</td>
<td>96.0%</td>
</tr>
<tr>
<td>Company of Heroes</td>
<td>Relic</td>
<td>93.8%</td>
</tr>
<tr>
<td>Starcraft</td>
<td>Blizzard Entertainment</td>
<td>93.1%</td>
</tr>
<tr>
<td>Warcraft III: Reign of Chaos</td>
<td>Blizzard Entertainment</td>
<td>92.9%</td>
</tr>
<tr>
<td>Dungeon Keeper</td>
<td>Bullfrog</td>
<td>92.2%</td>
</tr>
<tr>
<td>Rome: Total War</td>
<td>Creative Assembly</td>
<td>91.7%</td>
</tr>
<tr>
<td>Age of Empires II</td>
<td>Ensemble Studios</td>
<td>91.6%</td>
</tr>
<tr>
<td>Command &amp; Conquer Red Alert</td>
<td>Westwood Studios</td>
<td>90.9%</td>
</tr>
<tr>
<td>Warcraft III: The Frozen Throne</td>
<td>Blizzard Entertainment</td>
<td>90.7%</td>
</tr>
<tr>
<td>Black &amp; White</td>
<td>Lionhead Studios</td>
<td>89.7%</td>
</tr>
</tbody>
</table>

#### TOP 10 - PC MMO

<table>
<thead>
<tr>
<th>TITLE</th>
<th>DEVELOPER</th>
<th>REVIEW SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>World of Warcraft</td>
<td>Blizzard Entertainment</td>
<td>91.9%</td>
</tr>
<tr>
<td>World of Warcraft: The Burning Crusade</td>
<td>Blizzard Entertainment</td>
<td>91.0%</td>
</tr>
<tr>
<td>Eve Online</td>
<td>CCP</td>
<td>89.6%</td>
</tr>
<tr>
<td>EverQuest: The Ruins of Kunark</td>
<td>Sony Online</td>
<td>88.8%</td>
</tr>
<tr>
<td>Dark Age of Camelot</td>
<td>EA Mythic</td>
<td>87.5%</td>
</tr>
<tr>
<td>EverQuest</td>
<td>Sony Online</td>
<td>87.3%</td>
</tr>
<tr>
<td>The Lord of the Rings Online</td>
<td>Turbine</td>
<td>87.1%</td>
</tr>
<tr>
<td>EverQuest: The Shadows of Lucin</td>
<td>Sony Online</td>
<td>85.8%</td>
</tr>
<tr>
<td>City of Heroes</td>
<td>NCsoft</td>
<td>85.6%</td>
</tr>
<tr>
<td>Dark Age of Camelot: Catacombs</td>
<td>Mythic</td>
<td>85.5%</td>
</tr>
</tbody>
</table>

#### TOP 10 - PC ACTION RPG

<table>
<thead>
<tr>
<th>TITLE</th>
<th>DEVELOPER</th>
<th>REVIEW SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass Effect</td>
<td>Bioware</td>
<td>90.7%</td>
</tr>
<tr>
<td>Diablo</td>
<td>Blizzard Entertainment</td>
<td>89.3%</td>
</tr>
<tr>
<td>Diablo II</td>
<td>Blizzard Entertainment</td>
<td>88.7%</td>
</tr>
<tr>
<td>Freedom Force</td>
<td>Irrational Games</td>
<td>88.3%</td>
</tr>
<tr>
<td>Diablo II: Lord of Destruction</td>
<td>Blizzard Entertainment</td>
<td>86.2%</td>
</tr>
<tr>
<td>Dungeon Siege</td>
<td>Gas Powered Games</td>
<td>85.4%</td>
</tr>
<tr>
<td>Fable</td>
<td>Lionhead Studios</td>
<td>83.4%</td>
</tr>
<tr>
<td>Marvel: Ultimate Alliance</td>
<td>Raven Software</td>
<td>82.9%</td>
</tr>
<tr>
<td>Divine Divinity</td>
<td>Larion</td>
<td>82.6%</td>
</tr>
<tr>
<td>Titan Quest</td>
<td>Iron Lore</td>
<td>81.4%</td>
</tr>
</tbody>
</table>

**Average Quality Rating on All Releases More Than 90%**
Infrastructure

- Substantial investment in infrastructure
  - Extensive global technology, development, and customer service
  - Credit card payment system
  - Built-in security
  - Over 100 developers continually updating the game
  - World of Warcraft is localized in nine languages
    - Staff provides service to players in their native language
  - 24/7 local service and support - 2000 employees dedicated
  - Only publisher to scale three continents

Rapid Scalability
MMORPG Business Environment

- The category is attractive – strong growth forecasted in subscription revenue and broadband households

- Category is highly competitive and characterized by a few players

- Cost of competition is significant and increasing
  - Cost of entry/operation has increased as quality and service expectations rise
  - High player investment in character and community creates high switching costs

- Few companies can support the caliber of content necessary to command subscriptions among the huge number of free and ad driven long and mid session MMORPG's

- Top competitors are successful regional operators trying to expand globally

- Item-trading model will grow mainly in simpler social games
MMO subscription revenue for the western world is expected to grow 14% per year.

Source: Screen Digest May 2008
The number of broadband households is expected to grow by 80% from 2007 to 2012, adding 230M broadband households. China is expected to account for 42% of the growth, adding 97M broadband households by 2012.

Source: Screen Digest Sep 2008
Blizzard Growth Drivers

- **Franchise portfolio expansions**
  - New products and expansion packs
  - Multiyear slate already in development
  - StarCraft II and Battle.net

- **Value added services**
  - Paid character name changes, transfers in World of Warcraft
  - Recently increased pool of eligible players for transfers
  - Additional services to be added in the future

- **Geographical expansion**
  - Recently entered Latin America, Russia
  - Investigating viability of other regions
Paul Sams
Chief Operating Officer
Global Brand Growth

The last 12 years of brand growth has been fueled not only by ever-increasing domestic success but also through the global penetration of Blizzard’s brand franchises. The worldwide appeal of our franchises creates a unique scale advantage, enabling investment in content quality at a level unmatched by competition.

Cumulative Unit Sales for Blizzard Brand, 1995 – 2007

Strong Growth in Every Region
Proven Record of Innovation

Strong brand loyalty and high quality have propelled each Blizzard launch to be bigger than the last, regardless of genre, franchise or theme.

**First 12 Months Sell-thru World Wide**

Every Launch Is Bigger Than Predecessor

<table>
<thead>
<tr>
<th>Game</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warcraft I</td>
<td>1994</td>
</tr>
<tr>
<td>Warcraft II</td>
<td>1995</td>
</tr>
<tr>
<td>Diablo I</td>
<td>1996</td>
</tr>
<tr>
<td>StarCraft</td>
<td>1998</td>
</tr>
<tr>
<td>Diablo II</td>
<td>2000</td>
</tr>
<tr>
<td>Warcraft III</td>
<td>2002</td>
</tr>
<tr>
<td>World of Warcraft</td>
<td>2004</td>
</tr>
</tbody>
</table>

* Sell-Thru Units = retail boxes + upgraded WoW accounts (Asia)
Blizzard’s Proven Approach to Design

- Blizzard’s consistent success is a game design culture focused on creating broadly accessible, highly re-playable games with relentless polish
  - Do not ship until the game is ready
  - Great games maximize long-term value

- Accessibility is driven by designing games that are “easy to learn, but hard to master”
  - Create equal appeal for casual and hardcore gamers

- Community and replayability opportunities are maximized through online multiplayer functionality

- Loyalty is enhanced through our commitment to customer service
  - Offer technical support for each game for as long as it’s actively played
  - Provide material content updates to add features and address any new issues that arise
World of Warcraft®

• Unrivaled online gaming community
  - Subscription based revenue model
  - >10.9M current World of Warcraft subscribers
  - World of Warcraft: The Burning Crusade expansion pack sold 2.4M copies in 24 hours

• Significant competitive advantage
  - #1 MMORPG worldwide
  - Substantial investment in content and infrastructure
  - Leading global expertise with over 2,000 customer service staff providing 24/7 support
  - Significant player investment in characters and community – “stickiness”
  - Leading Western entertainment franchise in Asia

Release Date for Wrath of the Lich King Confirmed Today: Nov. 13
World of Warcraft Subscriber Base

World of Warcraft’s 10.9M subscribers are distributed nearly equally between West and East regions.

- **West**: US, Europe, Australia, etc. (45%)
- **East**: China, Korea, etc. (55%)

*World of Warcraft is the World’s Only Truly Global MMO*
World of Warcraft Global Operations

**Direct Markets**
- North America
- Europe
- Korea
- Australia / New Zealand
- Latin America *
- Russia *
- Southeast Asia *

**Markets with Partnerships**
- Mainland China (The9)
- Regions of Taiwan, Hong Kong, and Macau (Soft-World)

* Retail product sold via distribution

We Approach Business Locally and Scale Globally
World of Warcraft Growth Strategies

• **Free trials**
  - No-risk opportunity to experience World of Warcraft for 10 days
  - Heavily promoted to reach the widest possible audience

• **Continue adding new content**
  - Multiple major content updates made throughout the year
  - Expansions (separate add-ons products) add new content, features and mechanics

• **Expand to additional regions**
  - Launched in Latin America and Russia this summer
  - Opportunities increase along with broadband penetration

• **Value-added services**
  - Current offerings include paid character transfers and name changes
  - New options driven by ongoing content development and expansions
World of Warcraft Growth vs. Competition

MMOG Active Subscriptions, 200,000+

Source: MMOGChart.com
StarCraft® Phenomenon

**StarCraft**
- Real time strategy game
- Over 9.5 million copies sold worldwide since 1998 launch
- Over 2 million unique players still play StarCraft on Battle.net each month
- Virtually a national sport in Korea

**StarCraft II**
- Announced game in development May 2007 in Seoul Olympic Stadium to capacity crowd
- Over 20MM trailer downloads from blizzard.com
- 13 million views on YouTube

StarCraft Tournaments in Korea Can Attract 100,000+ Live Spectators
StarCraft II Growth Strategies

• Massive popularity for Blizzard real time strategy games in Asia
  - StarCraft and Warcraft III heavily played in Korea
  - China: Warcraft III player base is estimated to be almost half the size of World of Warcraft

• StarCraft II/Battle.net-opportunity to redefine Asian business model
  - Grow from lessons learned during past RTS launches, World of Warcraft operation
  - Capture the vast, existing player base, bring them to our platform
  - Aggressively re-establish Battle.net with exciting features and benefits to incentivize players on pirated versions to use legitimate copies
  - Implement business model that fits local markets

• Go direct in Asia
  - Set up direct operations (JVs when legally required) in key Asian markets, such as with NetEase in China
  - Own the player relationship to establish new standards of quality
  - Be better positioned to capture opportunities (eSports, sponsoring, ads)

Positions Us for Better Quality, User Experience and Economics
Diablo® Phenomenon

Diablo

• Over 18.5 million copies sold worldwide since first launch in 1996
• 8 years after launch, Diablo II is the #1 non-MMO PC RPG in North America YTD Jul 2008
• Reinvigorated RPG gaming, and still used as a benchmark for the action-RPG genre

Diablo III

• Announced development in June at 2008 Blizzard Worldwide Invitational to capacity crowd
• Over 13 million trailer downloads since end of June
Battle.net

Battle.net is Blizzard Entertainment’s proprietary online-gaming service

• **Launched with original Diablo game**
  - Facilitated quality control of online environment
  - Made Blizzard a leader in online gaming since 1997
  - Developed expertise that led to World of Warcraft

• **Millions of active Battle.net accounts today**

• **New Battle.net technology**
  - Connect communities for each Blizzard game to each other
  - Unified chat, social networking functionality, and achievement systems
A Tradition of Excellence

Since 1996, every Blizzard game has:

- Been a #1 bestseller
- Won a Game of the Year award from one or more major publications

This has happened 10 times so far...
Thomas Tippl

Chief Financial Officer
Most Profitable Pure-Play in Sector

Operating Income

<table>
<thead>
<tr>
<th>CY2008e*</th>
<th>Activision Blizzard*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.2B</td>
<td></td>
</tr>
<tr>
<td>$0.4B</td>
<td>Comp**</td>
</tr>
</tbody>
</table>

Operating Margin

<table>
<thead>
<tr>
<th>CY2008e*</th>
<th>Activision Blizzard*</th>
</tr>
</thead>
<tbody>
<tr>
<td>24-25%</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td>Comp**</td>
</tr>
</tbody>
</table>

*Represents comparable CY08 non-GAAP financial projections and were given on 7/31/08 conference call and have not been updated
**Non GAAP projections from first call estimates
# Activision Blizzard Financial Outlook

## More Profit – Non GAAP

<table>
<thead>
<tr>
<th>Outlook</th>
<th>CY09*</th>
<th>CY08**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$4.3B</td>
<td>$4.9B</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1.1B</td>
<td>$1.2B</td>
</tr>
<tr>
<td>Operating margin</td>
<td>25%+</td>
<td>24-25%</td>
</tr>
</tbody>
</table>

*Outlook provided on 12/3/07 and has not been updated
**CY08 outlook provided 7/31/08 and has not been updated

We expect another year of top and bottom line growth in Calendar 2009
Blizzard’s Financial Impact

More Profit, More Leverage, More Consistently

Operating Income 1st Half CY08 (e)

<table>
<thead>
<tr>
<th></th>
<th>AB</th>
<th>Comp</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$437MM</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>($227)MM</td>
<td>0%</td>
</tr>
</tbody>
</table>

Operating Income 2nd Half CY08

<table>
<thead>
<tr>
<th></th>
<th>AB</th>
<th>Comp</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$760MM</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>$664MM</td>
<td>100%+</td>
</tr>
</tbody>
</table>

*ATVI conference call 7/31 and analyst reports*
# Blizzard’s Financial Impact

## More Profit, More Leverage

<table>
<thead>
<tr>
<th></th>
<th>ATVI*</th>
<th>AB</th>
<th>Blizzard Impact</th>
<th>WHY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>53-56%</td>
<td>60-63%</td>
<td>+++</td>
<td>No distribution business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No First Party Royalties</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Subscription model</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PC only COGS</td>
</tr>
<tr>
<td>Product Creation Costs</td>
<td>20-22%</td>
<td>18-20%</td>
<td>+</td>
<td>Large scale single platform</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No licensing royalties</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Leverage current technology</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>10-12%</td>
<td>10-12%</td>
<td>=</td>
<td>Both companies efficient</td>
</tr>
<tr>
<td>G/A</td>
<td>4-6%</td>
<td>6-8%</td>
<td>-</td>
<td>Blizzard’s performance based incentive plan</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>18-19%</td>
<td>24-25%*</td>
<td>+++</td>
<td>Subscription model</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Small but focused product lineup</td>
</tr>
</tbody>
</table>

*Standalone

Approximation of AB ranges to get to a 24-25% margin in CY08.
Integration Update

- Quickly eliminate unprofitable investments
- Apply Activision proven brand management process to Sierra product pipeline
  - Global appeal
  - Across major platforms
  - Sequel potential
  - Proven developer solution
  - High margin potential
- Focus on high-yielding opportunities
- Leverage combined scale
What We Have Done

Quickly Right Sized the Business

- Business Units – Exit unprofitable Mobile and Casual units

- Projects – Significantly reduced development projects from 20 to approx. 5 properties
  - kept proven properties like Crash and Spryo

- Development Resources – Downsize wholly owned studios from 4 to 2
Synergy Strategies

Synergies Between $100-$150

Eliminate redundancies/reduce costs
- Headcount
- Facilities
- IT

Realize economies of scale
- COGS
- Sales and Marketing

VG Exit = 2/3
AB = 1/3
Operating Margin Expansion

Market Opportunities

Portfolio Expansion

Operational Discipline
Gross Margin Expansion

- Continued execution
- Mix improvement due to merger
- Ramp to higher margin next gen products
- Mix shift to more publishing
- Improved economics for WOW in China
- Supply chain synergies
- 1st Party royalty reductions
- Digital distribution
- Additional subscription based titles

Operating Margin Objectives*

- **Calendar 08**: 24-25%
- **Near-Term**: 27-28%
- **Long-Term**: 30% +

*Non GAAP
PCC Execution

- OI Margin focused studio incentive system
- Delivery of quality holiday lineup

- Optimizing the Development Cost equation
  - Sharing of technology, Outsourcing

- Cross function sharing of knowledge and resources ATVI/BLIZZARD

Operating Margin Objectives*

- Calendar 08: 24-25%
- Near-Term: 27-28%
- Long-Term: 30% +

*Non GAAP
Development Cost Equation

On Quality, On Time, On Budget

# of Heads × Cost per Head × Amount of Time = To Get Desired Quality On Time
Optimize Development Cost Equation

On Quality, On Time, On Budget

\[ \text{# of Heads} \times \text{Cost per Head} \times \text{Amount of Time} = \text{To Get Desired Quality On Time} \]

- Share tools and technology
- Technology proven when we ramp to full team size

COD Modern Warfare engine used in:

- CALL OF DUTY: WORLD AT WAR
- 007: QUANTUM OF SOLACE
Optimize Development Cost Equation

On Quality, On Time, On Budget

# of Heads  \( \times \) Cost per Head  \( \times \) Amount of Time = To Get Desired Quality On Time

- Outsourcing
- Offshoring

- First time China co-development
- \( \sim 25\% - 30\% \) Cost reduction
- Highest rated animated movie game
Optimize Development Cost Equation

*On Quality, On Time, On Budget*

- Three year franchise plans make us ready for innovation in advance
- Upstream Q/A
- Industry leading submission rates

# of Heads \( \times \) Cost per Head \( \times \) Amount of Time = To Get Desired Quality On Time

<table>
<thead>
<tr>
<th>Year</th>
<th>Submission Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td>1.95</td>
</tr>
<tr>
<td>FY07</td>
<td>1.55</td>
</tr>
<tr>
<td>FY08</td>
<td>1.27</td>
</tr>
<tr>
<td>CY 08 to date</td>
<td>1.14</td>
</tr>
</tbody>
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#1 Industry Submission Record
Optimize Development Cost Equation

On Quality, On Time, On Budget

\[ \text{# of Heads} \times \text{Cost per Head} \times \text{Amount of Time} = \text{To Get Desired Quality On Time} \]

**FY08 Product Creation Costs***

- Only publisher not to delay a game
- Shipped ALL movie games w/movie
- COD4 highly rated/best selling
- GH3 best selling game 2007
- Spiderman #1 movie title
- Kung Fu Panda highest rated animated movie title

<table>
<thead>
<tr>
<th>ATVI stand alone</th>
<th>Comp</th>
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</thead>
<tbody>
<tr>
<td>22%</td>
<td>26%</td>
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</tbody>
</table>

*FYE 3/31
*ATVI estimates and analyst estimates
Sales & Marketing Execution

- Increasing shift to online advertising
- Marketing Synergy on buying power/variable spending reductions
- Cross marketing with COD/GH fan base/leverage CRM database
- Leverage Online Communities – extrapolate Blizzard practices to create strong consumer connection to brands

Operating Margin Objectives*

- Calendar 08: 24-25%
- Near-Term: 27-28%
- Long-Term: 30% +

*Non GAAP
G&A Execution

- Eliminate overlap
- Reduce costs: IT, facilities, headcount

- Procurement synergies
- Lower legal expenses

- Overhead to grow half the rate of revenues
- Continue to benefit from new larger scale

Operating Margin Objectives*

- Calendar 08: 24-25%
- Near-Term: 27-28%
- Long-Term: 30% +

*Non GAAP
Cash Flow Generation

- Free cash flow generated in Fiscal 08
  - ATVI standalone $544MM

- Post merger capex goes up but still relatively small

Goal: convert 85%+ of net income into free cash flow
Strong Cash Balance

- Cash Balance is competitive advantage
  - Especially in current credit environment
  - Provides flexibility/ability to move quickly
- Disciplined M&A
- Share Repurchase under review

$3 Billion*  

*Approximately
Key Takeaways From Today

- Large untapped market opportunity
- Strategy for continued portfolio expansion
- More profit, more leverage, more consistency
- Put cash to work

Operating margin expansion will drive shareholder value