

Contacts:

Kristin Southey
SVP, Investor Relations
(310) 255-2635
ksouthey@activision.com

Maryanne Lataif
SVP, Corporate Communications
(310) 255-2704
mlataif@activision.com

FOR IMMEDIATE RELEASE

**ACTIVISION BLIZZARD ANNOUNCES BETTER-THAN-EXPECTED
SECOND QUARTER 2011 FINANCIAL RESULTS**

- Q2 Net Revenues Up Year Over Year; Record EPS Increases Over 66% Year Over Year -

*- For Six-Month Period Net Revenues Up; Record EPS Increases
Over 50% Year Over Year -*

*- For Six-Month Period Net Revenues from Digital Channels Grow More Than
20% Year Over Year -*

- Company Increases Full Year Outlook for Net Revenues and EPS -

Santa Monica, CA – August 3, 2011 – Activision Blizzard, Inc. (Nasdaq: ATVI) today announced better-than-expected financial results for the second quarter of 2011.

In the quarter, the company delivered record GAAP net revenues of \$1.1 billion, as compared with \$967 million for the second quarter of 2010. On a non-GAAP basis, the company's net revenues were \$699 million, as compared with \$683 million for the second quarter of 2010. For the second quarter, the company delivered record GAAP net revenues from digital channels, representing a 27% increase year over year, and accounting for 37% of the company's total net revenues. On a non-GAAP basis, record net revenues from digital channels increased 13% year over year, accounting for more than 60% of the quarter's total net revenues.

For the second quarter of 2011, Activision Blizzard's GAAP earnings per diluted share were \$0.29, as compared with \$0.17 for the second quarter of 2010. On a non-GAAP basis, the company's earnings per diluted share were \$0.10, as compared with \$0.06 for the second quarter of 2010.

Activision Blizzard Announced Q2 2011 Financial Results

The company reports results on both a GAAP and a non-GAAP basis. Please refer to the tables at the back of this press release for a reconciliation of the company's GAAP and non-GAAP results.

Robert Kotick, CEO of Activision Blizzard, stated, "Our better-than-expected second-quarter performance was driven by record digital sales of our online-enabled franchises. For the six month period, net revenues from digital channels grew more than 20%, driving record operating margin and EPS growth of more than 50%."

Kotick continued, "Looking to the balance of the year, while we have numerous releases we believe our audiences will be especially excited by three key properties -- *Call of Duty: Modern Warfare 3*TM, our new online service *Call of Duty Elite* and *Skylanders Spyro's Adventure*TM -- all of which are shaping up to be incredible. To date, pre-orders for *Modern Warfare 3* have significantly exceeded the pre-orders for *Black Ops* at this time last year. In addition, we believe that *Call of Duty Elite*, which was built for *Modern Warfare 3* and is expected to launch with the game on November 8, should redefine social connectivity for multiplayer gaming. Additionally, we expect that *Skylanders Spyro's Adventure* will change the way we look at toys and video games by bringing the world of toys, video games and the Internet together in an unprecedented way."

Kotick added, "Today, there are more ways than ever for players to access entertainment online and play games which have truly become one of the most compelling forms of entertainment in the world."

Business Highlights

- *Call of Duty: Black Ops* was the #1 game in the U.S. and Europe for the first half of 2011.¹
- For the second quarter, Blizzard Entertainment had two top-10 PC titles with *World of Warcraft*®: *Cataclysm*TM and *StarCraft*® II: *Wings of Liberty*TM.¹
- To date, *Call of Duty: Black Ops* players have logged more than 2.2 billion hours of online gameplay.²

¹According to The NPD Group, Charttrack and Gfk

²According to Microsoft, Sony and Activision Blizzard internal estimates

Activision Blizzard Announced Q2 2011 Financial Results

- Total unique online gamers playing *Call of Duty: Black Ops* were more than 30% greater than the total unique online gamers who played *Call of Duty: Modern Warfare*® 2 during the first eight months after each game's release.³
- On May 11, 2011, Activision Blizzard paid a cash dividend of \$0.165 per common share to shareholders of record as of March 16, 2011.
- As of June 30, 2011, Activision Blizzard had purchased approximately 43 million shares of its common stock, for an aggregate price of approximately \$479 million, under the \$1.5 billion stock repurchase program authorized by its Board of Directors in February 2011.

Company Outlook

On July 28, 2011, Activision Publishing released the *Call of Duty: Black Ops Annihilation*™ content pack for Sony's PlayStation3 computer entertainment system and the PC. During the quarter, Activision Publishing also expects to release *the Call of Duty: Black Ops Resurrection*™ content pack for the Xbox 360 video game and entertainment system from Microsoft, Sony's PlayStation3 computer entertainment system and the PC, as well as *X-Men*™ *Destiny*, *Cabela's Big Game Hunter 2012* and a Kinect-ready title for the Xbox 360, *Cabela's Hunting Party*. Additionally, Blizzard Entertainment's *World of Warcraft: Cataclysm* was launched in China on July 12, 2011.

Activision Blizzard plans to allocate the majority of its resources and focus toward opportunities which it expects will afford it the greatest competitive advantages and the greatest potential for best-in-class quality, high-margin digital growth, and long-term success. These opportunities include new content for Blizzard Entertainment's *World of Warcraft*, *StarCraft* and *Diablo* franchises, and Blizzard Entertainment's next-generation MMO; robust investment in Activision Publishing's forthcoming *Call of Duty* titles, including a micro-transaction game for China; the development of a best-in-class digital platform, *Call of Duty Elite*; a new property from Bungie; and *Skylander's Spyro's Adventure*,™ an innovative new universe bringing the world of toys, video games and the Internet together in an unprecedented way. These investments should better position Activision Blizzard for long-term growth and enable it to continue expanding its position as the largest digital video-game publisher.

³According to Microsoft, Sony and Activision Blizzard internal estimates

Activision Blizzard Announced Q2 2011 Financial Results

For calendar year 2011, Activision Blizzard is raising its outlook from the estimates it provided on May 9, 2011. Since Blizzard Entertainment has not confirmed a launch date for its next global release, the company's calendar year outlook at this time does not include a new game from Blizzard in 2011.

	<u>GAAP Outlook</u>	<u>Prior* GAAP Outlook</u>	<u>Non-GAAP Outlook</u>	<u>Prior* Non-GAAP Outlook</u>
<u>CY 2011</u>				
Net Revenues (in billions)	\$ 4.18	\$ 4.05	\$ 4.05	\$ 3.95
EPS	\$ 0.68	\$ 0.61	\$ 0.77	\$ 0.73
<u>Q3 2011</u>				
Net Revenues (in millions)	\$ 650	n/a	\$ 530	n/a
EPS	\$ 0.05	n/a	\$ 0.01	n/a

*Prior outlook was provided on May 9, 2011

Activision Blizzard's financial outlook is subject to significant risks and uncertainties, including declines in demand for its products, competition, the effectiveness of the company's restructuring efforts, fluctuations in foreign exchange and tax rates, and counterparty risks relating to customers, licensees, licensors and manufacturers. The company's outlook is also based on assumptions about sell-through rates for its products, and the launch timing, success and pricing of its new slate of products. Current macroeconomic conditions increase those risks and uncertainties. As a result of these and other factors, actual results may deviate materially from the outlook presented above.

Conference Call

Today at 4:30 p.m. EDT, Activision Blizzard's management will host a conference call and Webcast to discuss the company's results for the second quarter and management's outlook for the remainder of the year. The company welcomes all members of the financial and media communities and other interested parties to visit the "Investor Relations" area of www.activisionblizzard.com to listen to the conference call via live Webcast or to listen to the call live by dialing into 888-500-6973 in the U.S. with passcode 1853254.

Non-GAAP Financial Measures

In order to supplement our financial measures that are presented in accordance with GAAP, Activision Blizzard presents certain non-GAAP measures of financial performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, 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 the restructuring of our Activision Publishing operations;
- the amortization of intangibles and impairment of intangible assets; 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.

Activision Blizzard Announced Q2 2011 Financial Results

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, in this release, 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.

About Activision Blizzard

Headquartered in Santa Monica, California, Activision Blizzard, Inc. is a worldwide online, PC, console, handheld and mobile game publisher with leading positions across the major categories of the rapidly growing interactive entertainment software industry.

Activision Blizzard maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Ireland, Italy, Sweden, Spain, the Netherlands, Australia, South Korea and China. More information about Activision Blizzard and its products can be found on the company's website, www.activisionblizzard.com.

Activision Blizzard Announced Q2 2011 Financial Results

Cautionary Note Regarding Forward-looking Statements: Information in this press release that involves Activision Blizzard's expectations, plans, intentions or strategies regarding the future, including statements under the heading "Company Outlook," are forward-looking statements that are not facts and involve a number of risks and uncertainties. Activision Blizzard generally uses words such as "outlook," "will," "could," "should," "would," "might," "to be," "plans," "believes," "may," "expects," "intends," "anticipates," "estimate," "future," "plan," "positioned," "potential," "project," "remain," "scheduled," "set to," "subject to," "upcoming" and similar expressions to identify forward-looking statements. Factors that could cause Activision Blizzard's actual future results to differ materially from those expressed in the forward-looking statements set forth in this release 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, the effectiveness of Activision Blizzard's restructuring efforts, 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, and the other factors identified in the risk factors section of Activision Blizzard's most recent annual report on Form 10-K. The forward-looking statements in this release are based upon information available to Activision Blizzard as of the date of this release, and Activision Blizzard assumes no obligation to update any such forward-looking statements. Although these forward-looking statements are believed to be true when made, they may ultimately prove to be incorrect. These statements are not guarantees of the future performance of Activision Blizzard and are subject to risks, uncertainties and other factors, some of which are beyond its control and may cause actual results to differ materially from current expectations.

###

(Tables to Follow)