

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

| | December 31, 2008 | December 31, 2007* |
|--|----------------------|-----------------------|
| ASSETS | (Unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,958 | \$ 62 |
| Short-term investments | 44 | 3 |
| Accounts receivable, net | 1,210 | 112 |
| Inventories | 262 | 21 |
| Software development | 235 | 25 |
| Intellectual property licenses | 35 | 9 |
| Deferred income taxes | 587 | 143 |
| Intangible assets, net | 14 | - |
| Other current assets | 201 | 23 |
| Total current assets | 5,546 | 398 |
| Long-term investments | 78 | - |
| Software development | 1 | 51 |
| Intellectual property licenses | 5 | 8 |
| Property and equipment, net | 149 | 129 |
| Deferred income taxes | 85 | 24 |
| Other assets | 30 | 6 |
| Intangible assets, net | 1,283 | 7 |
| Trade name | 433 | 53 |
| Goodwill | 7,227 | 203 |
| Total assets | \$ 14,837 | \$ 879 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 555 | \$ 49 |
| Deferred revenues | 923 | 197 |
| Deferred income tax | 51 | - |
| Accrued expenses and other liabilities | 842 | 282 |
| Total current liabilities | 2,371 | 528 |
| Deferred income tax | 700 | - |
| Other liabilities | 239 | 111 |
| Total liabilities | 3,310 | 639 |
| Shareholders' equity: | | |
| Common stock | - | - |
| Additional paid-in capital | 12,170 | 490 |
| Net receivable from Vivendi and affiliated companies | - | 77 |
| Retained earnings (accumulated deficit) | (474) | (367) |
| Accumulated other comprehensive income (loss) | (43) | 40 |
| Treasury stock | (126) | - |
| Total shareholders' equity | 11,527 | 240 |
| Total liabilities and shareholders' equity | \$ 14,837 | \$ 879 |

*On July 9, 2008, a business combination (the "Business Combination") by and among Activision, Inc., Sego Merger Corporation, a wholly-owned subsidiary of Activision, Inc., Vivendi S.A. ("Vivendi"), VGAC LLC, a wholly-owned subsidiary of Vivendi ("VGAC"), and Vivendi Games, Inc., a wholly-owned subsidiary of VGAC ("Vivendi Games" or "VG"), was consummated. As a result of the consummation of the Business Combination, Activision, Inc. was renamed Activision Blizzard, Inc.

For accounting purposes, because the Business Combination resulted in Vivendi obtaining control of Activision, Inc. through the acquisition of a majority of common stock of Activision, Inc., the Business Combination is treated as a "reverse acquisition," with Vivendi Games deemed to be the acquirer. As a result, (i) the historical financial statements of the company prior to July 9, 2008 are those of Vivendi Games, Inc. and (ii) the results of Activision, Inc. prior to July 9, 2008 are not included as part of the company's historical financial statements.

Further, earnings per share for periods prior to the Business Combination are retrospectively adjusted to reflect the number of equivalent shares received by Vivendi, former parent of Vivendi Games, Inc.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except earnings (loss) per share data)

| | Quarter ended December 31, | | Year ended December 31, | |
|--|----------------------------|-------------|-------------------------|-------------|
| | 2008 | 2007* | 2008 | 2007* |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net revenues: | | | | |
| Product sales | \$ 1,319 | \$ 211 | \$ 1,872 | \$ 457 |
| Subscription, licensing and other revenues | 320 | 242 | 1,154 | 892 |
| Total net revenues | 1,639 | 453 | 3,026 | 1,349 |
| Costs and expenses: | | | | |
| Cost of sales - product costs | 805 | 74 | 1,160 | 171 |
| Cost of sales - software royalties and amortization | 179 | 39 | 267 | 52 |
| Cost of sales - intellectual property licenses | 174 | 4 | 219 | 9 |
| Cost of sales - massively multi-play online game ("MMOG") | 53 | 45 | 193 | 204 |
| Product development | 196 | 122 | 592 | 397 |
| Sales and marketing | 244 | 67 | 464 | 172 |
| Restructuring costs | 32 | - | 93 | (1) |
| General and administrative | 104 | 57 | 271 | 166 |
| Total costs and expenses | 1,787 | 408 | 3,259 | 1,170 |
| Operating income (loss) | (148) | 45 | (233) | 179 |
| Investment income (loss), net | 18 | 1 | 46 | (4) |
| Income (loss) before income tax provision (benefit) | (130) | 46 | (187) | 175 |
| Income tax benefit | (58) | (40) | (80) | (52) |
| Net income (loss) | \$ (72) | \$ 86 | \$ (107) | \$ 227 |
| Basic earnings (loss) per share | \$ (0.05) | \$ 0.15 | \$ (0.11) | \$ 0.38 |
| Weighted average common shares outstanding | 1,326 | 591 | 946 | 591 |
| Diluted earnings (loss) per share | \$ (0.05) | \$ 0.15 | \$ (0.11) | \$ 0.38 |
| Weighted average common shares outstanding assuming dilution | 1,326 | 591 | 946 | 591 |

*On July 9, 2008, a business combination (the "Business Combination") by and among Activision, Inc., Sego Merger Corporation, a wholly-owned subsidiary of Activision, Inc., Vivendi S.A. ("Vivendi"), VGAC LLC, a wholly-owned subsidiary of Vivendi ("VGAC"), and Vivendi Games, Inc., a wholly-owned subsidiary of VGAC ("Vivendi Games" or "VG"), was consummated. As a result of the consummation of the Business Combination, Activision, Inc. was renamed Activision Blizzard, Inc.

For accounting purposes, because the Business Combination resulted in Vivendi obtaining control of Activision, Inc. through the acquisition of a majority of common stock of Activision, Inc., the Business Combination is treated as a "reverse acquisition," with Vivendi Games deemed to be the acquirer. As a result, (i) the historical financial statements of the company prior to July 9, 2008 are those of Vivendi Games, Inc. and (ii) the results of Activision, Inc. prior to July 9, 2008 are not included as part of the company's historical financial statements.

Further, earnings per share for periods prior to the Business Combination are retrospectively adjusted to reflect the number of equivalent shares received by Vivendi, former parent of Vivendi Games, Inc.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME
(In millions, except earnings (loss) per share data)

| Quarter ended December 31, 2008 | Net Revenues | Cost of Sales - Product costs | Cost of Sales - Software Royalties and Amortization | Cost of Sales - Intellectual property licenses | Cost of Sales - MMOG | Product Development | Sales and Marketing | General and Administrative | Restructuring | Total Costs and Expenses |
|---|--------------|-------------------------------|---|--|----------------------|---------------------|---------------------|----------------------------|---------------|--------------------------|
| GAAP Measurement | \$ 1,639 | \$ 805 | \$ 179 | \$ 174 | \$ 53 | \$ 196 | \$ 244 | \$ 104 | \$ 32 | \$ 1,787 |
| Less: Changes in deferred net revenues and related cost of sales (a) | 705 | 135 | 61 | 19 | - | - | - | - | - | 215 |
| Less: Equity-based compensation (including purchase price accounting related adjustments) (b) | - | - | (4) | - | (0) | (10) | (4) | (25) | - | (43) |
| Less: Results of Activision Blizzard's non-core exit operations (c) | (1) | (0) | (0) | - | (0) | (10) | (3) | (3) | - | (16) |
| Less: One time costs related to the Vivendi transaction, integration and restructuring (d) | - | - | - | - | - | - | - | (11) | (32) | (43) |
| Less: Amortization of intangibles and purchase price accounting related adjustments (e) | - | (7) | (71) | (118) | - | - | (4) | (1) | - | (201) |
| Non-GAAP Measurement | \$ 2,343 | \$ 933 | \$ 165 | \$ 75 | \$ 53 | \$ 176 | \$ 233 | \$ 64 | \$ - | \$ 1,699 |

| Quarter ended December 31, 2008 | Operating Income (Loss) | Net Income (Loss) | Basic Earnings (Loss) per Share | Diluted Earnings (Loss) per Share |
|---|-------------------------|-------------------|---------------------------------|-----------------------------------|
| GAAP Measurement | \$ (148) | \$ (72) | \$ (0.05) | \$ (0.05) |
| Less: Changes in deferred net revenues and related cost of sales (a) | 490 | 313 | 0.24 | 0.23 |
| Less: Equity-based compensation (including purchase price accounting related adjustments) (b) | 43 | 26 | 0.02 | 0.02 |
| Less: Results of Activision Blizzard's non-core exit operations (c) | 15 | 11 | 0.01 | 0.01 |
| Less: One time costs related to the Vivendi transaction, integration and restructuring (d) | 43 | 30 | 0.02 | 0.02 |
| Less: Amortization of intangibles and purchase price accounting related adjustments (e) | 201 | 121 | 0.09 | 0.09 |
| Non-GAAP Measurement | \$ 644 | \$ 429 | \$ 0.32 | \$ 0.31 |

(a) Reflects the net change in deferred net revenues and related cost of sales.

(b) Includes expense related to employee stock options, employee stock purchase plan and restricted stock rights under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment."

(c) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited or is winding down.

(d) Reflects one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs, facility exit costs and balance sheet write down and exit costs from the cancellation of projects.

(e) Reflects amortization of intangible assets, and the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.

See explanation above regarding the Company's practice on reporting non-GAAP financial measures. The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings (loss) per share information is also presented as calculated. The sum of these measures, as presented, may differ due to the impact of rounding.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Quarter and Year Ended December 31, 2008
(Amounts in millions)

| | Quarter Ended | | | | Percent Increase (Decrease) |
|--|-------------------|------------|-------------------|------------|-----------------------------|
| | December 31, 2008 | | December 31, 2007 | | |
| | Amount | % of Total | Amount | % of Total | |
| Geographic Revenue Mix | | | | | |
| North America | \$ 903 | 55% | \$ 198 | 44% | 356% |
| Europe | 660 | 40% | 180 | 40% | 267% |
| Asia Pacific | 75 | 5% | 74 | 16% | 1% |
| Total net revenues core operations | 1,638 | 100% | 452 | 100% | 262% |
| Non-core operations | 1 | 0% | 1 | 0% | 0% |
| Total consolidated net revenues | \$ 1,639 | 100% | \$ 453 | 100% | 262% |
| Segment/Platform Mix | | | | | |
| Activision and Blizzard: | | | | | |
| MMOG | \$ 325 | 20% | \$ 279 | 62% | 16% |
| Console | 958 | 59% | 103 | 23% | 830% |
| Hand-held | 135 | 8% | 43 | 10% | 214% |
| PC | 49 | 3% | 27 | 5% | 81% |
| Total Activision and Blizzard net revenues | 1,467 | 90% | 452 | 100% | 225% |
| Total Distribution net revenues | 171 | 10% | - | - | n/a |
| Total net revenues core operations | 1,638 | 100% | 452 | 100% | 262% |
| Non-core operations | 1 | 0% | 1 | 0% | 0% |
| Total consolidated net revenues | \$ 1,639 | 100% | \$ 453 | 100% | 262% |

| | Year Ended | | | | Percent Increase (Decrease) |
|--|-------------------|------------|-------------------|------------|-----------------------------|
| | December 31, 2008 | | December 31, 2007 | | |
| | Amount | % of Total | Amount | % of Total | |
| Geographic Revenue Mix | | | | | |
| North America | \$ 1,494 | 49% | \$ 620 | 46% | 141% |
| Europe | 1,287 | 42% | 555 | 41% | 132% |
| Asia Pacific | 228 | 8% | 164 | 12% | 39% |
| Total net revenues core operations | 3,009 | 99% | 1,339 | 99% | 125% |
| Non-core operations | 17 | 1% | 10 | 1% | 70% |
| Total consolidated net revenues | \$ 3,026 | 100% | \$ 1,349 | 100% | 124% |
| Segment/Platform Mix | | | | | |
| Activision and Blizzard: | | | | | |
| MMOG | \$ 1,152 | 38% | \$ 1,024 | 76% | 13% |
| Console | 1,294 | 43% | 157 | 11% | 724% |
| Hand-held | 237 | 8% | 64 | 5% | 270% |
| PC | 99 | 3% | 94 | 7% | 5% |
| Total Activision and Blizzard net revenues | 2,782 | 92% | 1,339 | 99% | 108% |
| Total Distribution net revenues | 227 | 7% | - | - | n/a |
| Total net revenues core operations | 3,009 | 99% | 1,339 | 99% | 125% |
| Non-core operations | 17 | 1% | 10 | 1% | 70% |
| Total consolidated net revenues | \$ 3,026 | 100% | \$ 1,349 | 100% | 124% |

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
 FINANCIAL INFORMATION
 For the Quarter and Year Ended December 31, 2008

| | Quarter Ended December 31, 2008 | Quarter Ended December 31, 2007 | Year Ended December 31, 2008 | Year Ended December 31, 2007 |
|---|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| Activision & Blizzard Net Revenues | | | | |
| MMOG | 22% | 62% | 41% | 77% |
| PC | 3% | 6% | 4% | 7% |
| Console | 66% | 23% | 47% | 12% |
| Sony PlayStation 3 | 11% | 2% | 9% | 2% |
| Sony PlayStation 2 | 14% | 9% | 10% | 5% |
| Microsoft Xbox 360 | 19% | 7% | 13% | 3% |
| Nintendo Wii | 22% | 5% | 15% | 2% |
| Hand-held | 9% | 9% | 8% | 4% |
| Sony PlayStation Portable | 1% | 3% | 1% | 2% |
| Nintendo Dual Screen | 8% | 5% | 7% | 2% |
| Nintendo Game Boy Advance | 0% | 1% | 0% | 0% |
| Total Activision & Blizzard net revenues | 100% | 100% | 100% | 100% |

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
For the twelve months ended December 31, 2008 and 2007
GAAP to Non-GAAP Reconciliations

Segment Information - Comparable Basis Segment Operating Income (Loss) (amounts in millions)

| Twelve months ended December 31, 2008 | Activision ⁽ⁱ⁾ | Blizzard ⁽ⁱⁱ⁾ | Distribution ⁽ⁱⁱⁱ⁾ | Core ^(iv) | Non-Core ^(v) | Segments / Consolidated Total |
|---|---------------------------|--------------------------|-------------------------------|----------------------|-------------------------|-------------------------------|
| | | | | | | |
| Segment operating income (loss) (VG Jan. 1-Dec. 31, Activision July 10-Dec. 31) | \$ 307 | \$ 704 | \$ 22 | \$ 1,033 | \$ (266) | \$ 767 |
| Reconciliation to GAAP consolidated operating income (loss) | | | | | | |
| - Net effect from deferral of net revenues and cost of sales | | | | | | (496) |
| - Stock-based compensation | | | | | | (90) |
| - Restructuring expenses | | | | | | (93) |
| - Amortization of intangible assets and purchase price accounting related adjustments | | | | | | (292) |
| - Integration and transaction costs | | | | | | (29) |
| Consolidated operating income (loss) (GAAP) | | | | | | \$ (233) |
| Comparable Presentation Adjustments: | | | | | | |
| Including Activision, Inc. prior periods from July 1 to July 9, 2008 | | | | | | |
| Segment operating income (loss) | (10) | - | 1 | (9) | | (9) |
| Reconciliation to consolidated operating income (loss) | | | | | | |
| - Stock-based compensation | | | | | | (3) |
| - Integration and transaction costs | | | | | | (38) |
| Consolidated operating income (loss) | | | | | | \$ (50) |
| Including Activision, Inc. prior periods for the six months ended June 30, 2008 | | | | | | |
| Segment operating income (loss) | 172 | - | 4 | 176 | | 176 |
| Reconciliation to consolidated operating income (loss) | | | | | | |
| - Stock-based compensation | | | | | | (29) |
| - Integration and transaction costs | | | | | | (12) |
| Consolidated operating income (loss) | | | | | | \$ 135 |
| Non-GAAP Comparable Basis Segment Operating Income (Loss) | \$ 469 | \$ 704 | \$ 27 | \$ 1,200 | | |
| Twelve months ended December 31, 2007 | | | | | | |
| Segment operating income (loss) (VG only) | \$ (13) | \$ 568 | \$ - | \$ 555 | \$ (198) | \$ 357 |
| Reconciliation to GAAP consolidated operating income (loss) | | | | | | |
| - Net effect from deferral of net revenues and cost of sales | | | | | | (38) |
| - Stock-based compensation | | | | | | (137) |
| - Restructuring expenses | | | | | | 1 |
| - Amortization of intangible assets and purchase price accounting related adjustments | | | | | | (4) |
| Consolidated operating income (loss) (GAAP) | | | | | | \$ 179 |
| Comparable Presentation Adjustment: | | | | | | |
| Including Activision, Inc. prior periods for the twelve months ended December 31, 2007 | | | | | | |
| Segment operating income (loss) | 424 | - | 15 | 439 | | 439 |
| Reconciliation to consolidated operating income (loss) | | | | | | |
| - Stock-based compensation | | | | | | (43) |
| Consolidated operating income (loss) | | | | | | \$ 396 |
| Non-GAAP Comparable Basis Segment Operating Income (Loss) | \$ 411 | \$ 568 | \$ 15 | \$ 994 | | |
| - Change in comparable basis -- twelve months ended December 31, 2008 vs. 2007 | | | | | | 21% |

(i) Activision Publishing ("Activision") -- which consists of the historical business of Activision, Inc. publishing interactive entertainment software and peripherals, and certain studios, assets, and titles previously included in Vivendi Games' historical "Sierra" operating segment.

(ii) Blizzard -- which consists of the business of Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMOG category.

(iii) Distribution -- which consists of the distribution of interactive entertainment software and hardware products.

(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- which consists of legacy divisions or business units that the company has exited or is winding down as part of our restructuring and integration efforts as a result of the business combination.

To conform to current period measurement of segment operating income, inter-segment adjustments were not included as a measurement of the segment profit or loss for the quarter and year ended December 31, 2007. This is consistent with our measurement of segment profit or loss for the quarter and year ended December 31, 2008. It was determined that excluding these inter-segment adjustments would result in the most comparable presentation of segment performance. Therefore, for the quarter and year ended December 31, 2008, and 2007, we have excluded these inter-segment adjustments. For our previously issued September 30, 2008 results, the nine and three months ended September 30, 2007 measurement of segment operating income included inter-segment adjustments of \$41 million and \$11 million in Activision, \$5 million and \$1 million in Blizzard, and (\$46) million and (\$12) million in Non-Core, respectively. Excluding these inter-segment adjustments for the nine and three months ended September 30, 2007, Activision segment operating income would have reported as (\$38) million and (\$8) million, Blizzard segment operating income would have reported as \$452 million and \$133 million, and Non-Core segment operating income would have reported as (\$132) million and (\$52) million, respectively.

There is no effect to the reported segment and consolidated operating income for the nine and three months ended September 30, 2008, and there is no impact to the consolidated operating income for the nine and three months ended September 30, 2007.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

For the Three Months Ended December 31, 2008 and 2007

GAAP to Non-GAAP Reconciliations

Segment Information - Comparable Basis Segment Operating Income (Loss) (amounts in millions)

| Three months ended December 31, 2008 | Activision ⁽ⁱ⁾ | Blizzard ⁽ⁱⁱ⁾ | Distribution ⁽ⁱⁱⁱ⁾ | Core ^(iv) | Non-Core ^(v) | Segments / Consolidated Total |
|--|---------------------------|--------------------------|-------------------------------|----------------------|-------------------------|-------------------------------|
| Segment operating income (loss) | \$ 368 | \$ 257 | \$ 19 | \$ 644 | \$ (15) | \$ 629 |
| Reconciliation to GAAP consolidated operating income (loss) | | | | | | |
| - Net effect from deferral of net revenues and cost of sales | | | | | | (490) |
| - Stock-based compensation | | | | | | (43) |
| - Restructuring expenses | | | | | | (32) |
| - Amortization of intangible assets and purchase price accounting related adjustments | | | | | | (201) |
| - Integration and transaction costs | | | | | | (11) |
| Consolidated operating income (loss) (GAAP) | | | | | \$ | (148) |
| Non-GAAP Comparable Basis Segment Operating Income (Loss) | \$ 368 | \$ 257 | \$ 19 | \$ 644 | | |
| Three months ended December 31, 2007 | Activision ⁽ⁱ⁾ | Blizzard ⁽ⁱⁱ⁾ | Distribution ⁽ⁱⁱⁱ⁾ | Core ^(iv) | Non-Core ^(v) | Segments / Consolidated Total |
| Segment operating income (loss) (VG only) | \$ 24 | \$ 116 | \$ - | \$ 140 | \$ (63) | \$ 77 |
| Reconciliation to GAAP consolidated operating income (loss) | | | | | | |
| - Net effect from deferral of net revenues and cost of sales | | | | | | 30 |
| - Stock-based compensation | | | | | | (61) |
| - Amortization of intangible assets and purchase price accounting related adjustments | | | | | | (1) |
| Consolidated operating income (loss) (GAAP) | | | | | \$ | 45 |
| Comparable Presentation Adjustment: Including Activision, Inc. prior periods for the three months ended December 31, 2007 | | | | | | |
| Segment operating income (loss) | 412 | - | 14 | 426 | | 426 |
| Reconciliation to consolidated operating income (loss) | | | | | | |
| - Stock-based compensation | | | | | | (21) |
| Consolidated operating income (loss) | | | | | \$ | 405 |
| Non-GAAP Comparable Basis Segment Operating Income (Loss) | \$ 436 | \$ 116 | \$ 14 | \$ 566 | | |
| - Change in comparable basis -- three months ended December 31, 2008 vs. 2007 | | | | | | 14% |

(i) Activision Publishing ("Activision") -- which consists of the historical business of Activision, Inc. publishing interactive entertainment software and peripherals, and certain studios, assets, and titles previously included in Vivendi Games' historical "Sierra" operating segment.

(ii) Blizzard -- which consists of the business of Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMOG category.

(iii) Distribution -- which consists of the distribution of interactive entertainment software and hardware products.

(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- which consists of legacy divisions or business units that the company has exited or is winding down as part of our restructuring and integration efforts as a result of the business combination.

To conform to current period measurement of segment operating income, inter-segment adjustments were not included as a measurement of the segment profit or loss for the quarter and year ended December 31, 2007. This is consistent with our measurement of segment profit or loss for the quarter and year ended December 31, 2008. It was determined that excluding these inter-segment adjustments would result in the most comparable presentation of segment performance. Therefore, for the quarter and year ended December 31, 2008, and 2007, we have excluded these inter-segment adjustments. For our previously issued September 30, 2008 results, the nine and three months ended September 30, 2007 measurement of segment operating income included inter-segment adjustments of \$41 million and \$11 million in Activision, \$5 million and \$1 million in Blizzard, and (\$46) million and (\$12) million in Non-Core, respectively. Excluding these inter-segment adjustments for the nine and three months ended September 30, 2007, Activision segment operating income would have reported as (\$38) million and (\$8) million, Blizzard segment operating income would have reported as \$452 million and \$133 million, and Non-Core segment operating income would have reported as (\$132) million and (\$52) million, respectively.

There is no effect to the reported segment and consolidated operating income for the nine and three months ended September 30, 2008, and there is no impact to the consolidated operating income for the nine and three months ended September 30, 2007.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
For the Twelve Months Ended December 31, 2008 and 2007
GAAP to Non-GAAP Reconciliations

Segment Information - Comparable Basis Segment Net Revenues (amounts in millions)

| | <u>Activision</u> ⁽ⁱ⁾ | <u>Blizzard</u> ⁽ⁱⁱ⁾ | <u>Distribution</u> ⁽ⁱⁱⁱ⁾ | <u>Core</u> ^(iv) | <u>Non-Core</u> ^(v) | <u>Segments / Consolidated Total</u> |
|---|----------------------------------|---------------------------------|--------------------------------------|-----------------------------|--------------------------------|--------------------------------------|
| Twelve months ended December 31, 2008 | | | | | | |
| Segment net revenues (VG Jan. 1-Dec. 31, Activision July 10-Dec. 31) | \$ 2,152 | \$ 1,343 | \$ 227 | \$ 3,722 | \$ 17 | \$ 3,739 |
| Reconciliation to GAAP consolidated net revenues | | | | | | |
| - Net effect from deferral of net revenues | | | | | | (713) |
| Consolidated net revenues (GAAP) | | | | | \$ | \$ 3,026 |
| Comparable Presentation Adjustments: | | | | | | |
| Including Activision, Inc. prior periods from July 1 to July 9, 2008 | | | | | | |
| Segment net revenues | 35 | - | 18 | 53 | | |
| Including Activision, Inc. prior periods for the six months June 30, 2008 | | | | | | |
| Segment net revenues | 1,092 | - | 165 | 1,257 | | |
| Non-GAAP Comparable Basis Segment Net Revenues | \$ 3,279 | \$ 1,343 | \$ 410 | \$ 5,032 | | |
| Twelve months ended December 31, 2007 | | | | | | |
| Segment net revenues (VG only) | \$ 272 | \$ 1,107 | \$ - | \$ 1,379 | \$ 10 | \$ 1,389 |
| Reconciliation to GAAP consolidated net revenues | | | | | | |
| - Net effect from deferral of net revenues | | | | | | (40) |
| Consolidated net revenues (GAAP) | | | | | \$ | \$ 1,349 |
| Comparable Presentation Adjustment: | | | | | | |
| Including Activision, Inc. prior periods for the twelve months ended December 31, 2007 | | | | | | |
| Segment net revenues | 2,200 | - | 408 | 2,608 | | |
| Non-GAAP Comparable Basis Segment Net Revenues | \$ 2,472 | \$ 1,107 | \$ 408 | \$ 3,987 | | |
| - Change in comparable basis -- twelve months ended December 31, 2008 vs. 2007 | | | | | | 26% |

(i) Activision Publishing ("Activision") -- which consists of the historical business of Activision, Inc. publishing interactive entertainment software and peripherals, and certain studios, assets, and titles previously included in Vivendi Games' historical "Sierra" operating segment.

(ii) Blizzard -- which consists of the business of Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMOG category.

(iii) Distribution -- which consists of the distribution of interactive entertainment software and hardware products.

(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- which consists of legacy divisions or business units that the company has exited or is winding down as part of our restructuring and integration efforts as a result of the business combination.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
For the Three Months Ended December 31, 2008 and 2007
GAAP to Non-GAAP Reconciliations
Segment Information - Comparable Basis Net Revenues (amounts in millions)

| | <u>Activision</u> ⁽ⁱ⁾ | <u>Blizzard</u> ⁽ⁱⁱ⁾ | <u>Distribution</u> ⁽ⁱⁱⁱ⁾ | <u>Core</u> ^(iv) | <u>Non-Core</u> ^(v) | <u>Segments / Consolidated Total</u> |
|--|----------------------------------|---------------------------------|--------------------------------------|-----------------------------|--------------------------------|--------------------------------------|
| Three months ended December 31, 2008 | | | | | | |
| Segment net revenues | \$ 1,695 | \$ 477 | \$ 171 | \$ 2,343 | \$ 1 | \$ 2,344 |
| Reconciliation to GAAP consolidated net revenues | | | | | | |
| - Net effect from deferral of net revenues | | | | | | (705) |
| Consolidated net revenues (GAAP) | | | | | | \$ 1,639 |
| Non-GAAP Comparable Basis Segment Net Revenues | \$ 1,695 | \$ 477 | \$ 171 | \$ 2,343 | | |
| Three months ended December 31, 2007 | | | | | | |
| Segment net revenues (VG only) | \$ 164 | \$ 251 | \$ - | \$ 415 | \$ 1 | \$ 416 |
| Reconciliation to GAAP consolidated net revenues | | | | | | |
| - Net effect from deferral of net revenues | | | | | | 37 |
| Consolidated net revenues (GAAP) | | | | | | \$ 453 |
| Comparable Presentation Adjustment: | | | | | | |
| Including Activision, Inc. prior periods for the three months ended December 31, 2007 | | | | | | |
| Segment net revenues | 1,308 | - | 174 | 1,482 | | |
| Non-GAAP Comparable Basis Segment Net Revenues | \$ 1,472 | \$ 251 | \$ 174 | \$ 1,897 | | |
| - Change in comparable basis -- three months ended December 31, 2008 vs. 2007 | | | | | | 24% |

(i) Activision Publishing ("Activision") -- which consists of the historical business of Activision, Inc. publishing interactive entertainment software and peripherals, and certain studios, assets, and titles previously included in Vivendi Games' historical "Sierra" operating segment.

(ii) Blizzard -- which consists of the business of Blizzard Entertainment, Inc. and its subsidiaries publishing traditional games and online subscription-based games in the MMOG category.

(iii) Distribution -- which consists of the distribution of interactive entertainment software and hardware products.

(iv) Activision, Blizzard and Distribution are referred to collectively as Activision Blizzard Inc.'s core operations ("Core").

(v) Activision Blizzard's non-core exit operations ("Non-Core") -- which consists of legacy divisions or business units that the company has exited or is winding down as part of our restructuring and integration efforts as a result of the business combination.

Activision Blizzard Outlook
For the Quarter Ending March 31, 2009 and Year Ending
December 31, 2009

GAAP to Non-GAAP Reconciliation
(In millions, except earnings (loss) per share data)

| | Outlook for Quarter Ending March 31, 2009 | Outlook for Year Ending December 31, 2009 |
|---|--|--|
| Net Revenues (GAAP) | \$ 860 | \$ 4,200 |
| Excluding the impacts of: | | |
| Change in deferred net revenues | (310) | 500 (a) |
| Non-GAAP Net Revenues | \$ 550 | \$ 4,700 |
| | | |
| Earnings Per Diluted Share (GAAP) | \$ 0.08 | \$ 0.22 |
| Excluding the impacts of: | | |
| Change in deferred net revenues and related cost of sales | (0.10) | 0.15 (b) |
| Equity based compensation (including purchase price accounting related adjustments) | 0.02 | 0.08 (c) |
| Results of products and operations that the company has exited or is winding down | 0.00 | 0.01 (d) |
| One time costs related to the Vivendi transaction, integration and restructuring | 0.01 | 0.02 (e) |
| Amortization of intangibles and purchase price accounting related adjustments | 0.02 | 0.13 (f) |
| Non-GAAP Earnings Per Diluted Share | \$ 0.03 | \$ 0.61 |

(a) Reflects the net change in deferred net revenues.

(b) Reflects the net change in deferred net revenues and related cost of sales.

(c) Reflects equity based compensation costs, including the increase in fair value associated with the historical Activision stock awards as part of the purchase price accounting adjustments. Also includes the costs of the Blizzard Entertainment equity plan and Vivendi awards to historical Vivendi Games employees.

(d) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited or is winding down and exit costs from the cancellation of projects.

(e) Reflects one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs and restructuring activities). Restructuring activities includes severance costs and facility exit costs.

(f) Reflects amortization of intangible assets, the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.

The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings (loss) per share information is also presented as calculated. The sum of these measures, as presented, may differ due to the impact of rounding.