

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Amounts in millions, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Net revenues:				
Product sales	\$ 1,061	\$ 1,232	\$ 3,087	\$ 3,080
Subscription, licensing and other revenues	366	325	1,360	1,199
Total net revenues	1,427	1,557	4,447	4,279
Costs and expenses:				
Cost of sales - product costs	585	670	1,350	1,432
Cost of sales - massively multi-player online role playing game ("MMORPG")	73	54	241	212
Cost of sales - software royalties and amortization	128	136	338	348
Cost of sales - intellectual property licenses	92	152	197	315
Product development	275	265	642	627
Sales and marketing	226	215	520	544
General and administrative	119	94	364	395
Impairment of intangible assets	326	409	326	409
Restructuring	---	(6)	---	23
Total costs and expenses	1,824	1,989	3,978	4,305
Operating income (loss)	(397)	(432)	469	(26)
Investment and other income, net	8	(3)	23	18
Income (loss) before income tax expense	(389)	(435)	492	(8)
Income tax (benefit) expense	(156)	(149)	74	(121)
Net income (loss)	\$ (233)	\$ (286)	\$ 418	\$ 113
Basic earnings (loss) per common share	\$ (0.20)	\$ (0.23)	\$ 0.34	\$ 0.09
Weighted average common shares outstanding	1,198	1,265	1,222	1,283
Diluted earnings (loss) per common share	\$ (0.20)	\$ (0.23)	\$ 0.33	\$ 0.09
Weighted average common shares outstanding assuming dilution	1,198	1,265	1,236	1,311

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Amounts in millions)

	December 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,812	\$ 2,768
Short-term investments	696	477
Accounts receivable, net	640	739
Inventories	112	241
Software development	147	224
Intellectual property licenses	45	55
Deferred income taxes, net	640	498
Other current assets	293	327
Total current assets	5,385	5,329
Long-term investments	23	23
Software development	55	10
Intellectual property licenses	28	28
Property and equipment, net	169	138
Other assets	21	9
Intangible assets, net	160	618
Trademark and trade names	433	433
Goodwill	7,132	7,154
Total assets	\$ 13,406	\$ 13,742
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 363	\$ 302
Deferred revenues	1,726	1,426
Accrued expenses and other liabilities	818	779
Total current liabilities	2,907	2,507
Deferred income taxes, net	112	270
Other liabilities	184	209
Total liabilities	3,203	2,986
Shareholders' equity:		
Common stock	---	---
Additional paid-in capital	12,353	12,376
Treasury stock	(2,194)	(1,235)
Retained earnings (accumulated deficit)	57	(361)
Accumulated other comprehensive loss	(13)	(24)
Total shareholders' equity	10,203	10,756
Total liabilities and shareholders' equity	\$ 13,406	\$ 13,742

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Cash flows from operating activities:				
Net income (loss)	\$ (233)	\$ (286)	\$ 418	\$ 113
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Deferred income taxes	(329)	(185)	(278)	(256)
Impairment of intangible assets	326	409	326	409
Depreciation and amortization	101	160	198	347
Loss on disposal of property and equipment	1	2	1	2
Amortization and write-off of capitalized software development costs and intellectual property licenses (1)	137	89	319	281
Stock-based compensation expense (2)	37	47	131	156
Excess tax benefits from stock options exercises	(11)	(11)	(22)	(79)
Changes in operating assets and liabilities:				
Accounts receivable	(395)	(513)	76	235
Inventories	143	110	124	21
Software development and intellectual property	(75)	(79)	(313)	(308)
Other assets	(201)	(163)	17	(110)
Deferred revenues	1,103	955	293	503
Accounts payable	130	21	70	(18)
Accrued expenses and other liabilities	259	257	16	(113)
Net cash provided by operating activities	993	813	1,376	1,183
Cash flows from investing activities:				
Proceeds from maturities of investments	107	35	580	44
Proceeds from sale of available-for-sale investments	---	---	---	2
Payment of contingent consideration	---	---	(4)	---
Purchases of available-for-sale investments	(119)	(197)	(800)	(425)
Capital expenditures	(21)	(28)	(97)	(69)
Decrease in restricted cash	44	45	9	5
Net cash provided by (used in) investing activities	11	(145)	(312)	(443)
Cash flows from financing activities:				
Proceeds from issuance of common stock to employees	19	18	73	81
Repurchase of common stock	(346)	(275)	(959)	(1,109)
Dividends paid	(2)	---	(189)	---
Excess tax benefits from stock option exercises	11	11	22	79
Net cash used in financing activities	(318)	(246)	(1,053)	(949)
Effect of foreign exchange rate changes on cash and cash equivalents	3	(14)	33	19
Net increase (decrease) in cash and cash equivalents	689	408	44	(190)
Cash and cash equivalents at beginning of period	2,123	2,360	2,768	2,958
Cash and cash equivalents at end of period	\$ 2,812	\$ 2,768	\$ 2,812	\$ 2,768

(1) Excludes deferral and amortization of stock-based compensation expense.

(2) Includes the net effects of capitalization, deferral, and amortization of stock-based compensation expense.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
SUPPLEMENTAL FINANCIAL INFORMATION
(Amounts in millions)

	Three Months Ended					Year over Year % Increase (Decrease)
	December 31, 2009	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Cash Flow Data						
Operating Cash Flow	\$ 813	\$ 227	\$ (26)	\$ 182	\$ 993	22 %
Operating Cash Flow - TTM	1,183	1,083	1,175	1,196	1,376	16
Capital Expenditures	28	12	27	37	21	(25)
Capital Expenditures - TTM	69	71	84	104	97	41
Non-GAAP Free Cash Flow	785	215	(53)	145	972	24
Non-GAAP Free Cash Flow - TTM	\$ 1,114	\$ 1,012	\$ 1,091	\$ 1,092	\$ 1,279	15 %

TTM represents trailing twelve months.

Non-GAAP free cash flow represents operating cash flow minus capital expenditures.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP MEASURES
(Amounts in millions, except earnings per share data)

		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - MMORPG	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Impairment of Intangible Assets	Total Costs and Expenses
Three Months Ended December 31, 2010											
GAAP Measurement		\$ 1,427	\$ 585	\$ 73	\$ 128	\$ 92	\$ 275	\$ 226	\$ 119	\$ 326	\$ 1,824
Less: Net effect from deferral in net revenues and related cost of sales	(a)	1,121	200	-	45	17	-	-	-	-	262
Less: Stock-based compensation	(b)	-	-	-	(14)	-	(8)	(2)	(13)	-	(37)
Less: Restructuring (included in general and administrative)	(c)	-	-	-	-	-	-	-	1	-	1
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(2)	-	(6)	(69)	-	-	-	-	(77)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(326)	(326)
Non-GAAP Measurement		\$ 2,548	\$ 783	\$ 73	\$ 153	\$ 40	\$ 267	\$ 224	\$ 107	\$ -	\$ 1,647

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Three Months Ended December 31, 2010					
GAAP Measurement		\$ (397)	\$ (233)	\$ (0.20)	\$ (0.20)
Less: Net effect from deferral in net revenues and related cost of sales	(a)	859	628	0.52	0.51
Less: Stock-based compensation	(b)	37	24	0.02	0.02
Less: Restructuring (included in general and administrative)	(c)	(1)	-	-	-
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	77	38	0.03	0.03
Less: Impairment of intangible assets	(e)	326	198	0.16	0.16
Non-GAAP Measurement		\$ 901	\$ 655	\$ 0.54	\$ 0.53

		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - MMORPG	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Impairment of Intangible Assets	Total Costs and Expenses
Year Ended December 31, 2010											
GAAP Measurement		\$ 4,447	\$ 1,350	\$ 241	\$ 338	\$ 197	\$ 642	\$ 520	\$ 364	\$ 326	\$ 3,978
Less: Net effect from deferral in net revenues and related cost of sales	(a)	356	3	-	29	5	-	-	-	-	37
Less: Stock-based compensation	(b)	-	-	-	(65)	-	(12)	(8)	(46)	-	(131)
Less: Restructuring (included in general and administrative)	(c)	-	-	-	-	-	-	-	(3)	-	(3)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(5)	-	(15)	(102)	-	-	(1)	-	(123)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(326)	(326)
Non-GAAP Measurement		\$ 4,803	\$ 1,348	\$ 241	\$ 287	\$ 100	\$ 630	\$ 512	\$ 314	\$ -	\$ 3,432

		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Year Ended December 31, 2010					
GAAP Measurement		\$ 469	\$ 418	\$ 0.34	\$ 0.33
Less: Net effect from deferral in net revenues and related cost of sales	(a)	319	232	0.19	0.19
Less: Stock-based compensation	(b)	131	88	0.07	0.07
Less: Restructuring (included in general and administrative)	(c)	3	2	-	-
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	123	53	0.04	0.04
Less: Impairment of intangible assets	(e)	326	198	0.16	0.16
Non-GAAP Measurement		\$ 1,371	\$ 991	\$ 0.81	\$ 0.79

- (a) Reflects the net change in deferred net revenues and related cost of sales.
(b) Includes expense related to stock-based compensation.
(c) Reflects restructuring related to the Business Combination with Vivendi Games. Restructuring activities includes severance costs, facility exit costs and balance sheet write down and exit costs from the cancellation of projects.
(d) Reflects amortization of intangible assets, and the change in the fair value of assets and liabilities from purchase price accounting related adjustments.
(e) Reflects impairment of intangible assets acquired as a result of purchase price accounting.

The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings 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
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP MEASURES
(Amounts in millions, except earnings per share data)

		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - MMORPG	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Impairment of Intangible Assets	Restructuring	Total Costs and Expenses
Three Months Ended December 31, 2009												
GAAP Measurement		\$ 1,557	\$ 670	\$ 54	\$ 136	\$ 152	\$ 265	\$ 215	\$ 94	\$ 409	\$ (6)	\$ 1,989
Less: Net effect from deferral in net revenues and related cost of sales	(a)	938	194	-	16	4	-	-	-	-	-	214
Less: Stock-based compensation	(b)	-	-	-	(16)	-	(12)	1	(20)	-	-	(47)
Less: Costs related to the Business Combination, integration and restructuring	(c)	-	-	-	-	-	-	-	-	-	6	6
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(1)	-	(29)	(112)	-	-	-	-	-	(142)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(409)	-	(409)
Non-GAAP Measurement		\$ 2,495	\$ 863	\$ 54	\$ 107	\$ 44	\$ 253	\$ 216	\$ 74	\$ -	\$ -	\$ 1,611

		Operating Income (Loss)	Net Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
Three Months Ended December 31, 2009					
GAAP Measurement		\$ (432)	\$ (286)	\$ (0.23)	\$ (0.23)
Less: Net effect from deferral in net revenues and related cost of sales	(a)	724	552	0.43	0.43
Less: Stock-based compensation	(b)	47	29	0.02	0.02
Less: Costs related to the Business Combination, integration and restructuring	(c)	(6)	(4)	-	-
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	142	92	0.07	0.07
Less: Impairment of intangible assets	(e)	409	249	0.19	0.19
Non-GAAP Measurement		\$ 884	\$ 632	\$ 0.50	\$ 0.49

		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - MMORPG	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Impairment of Intangible Assets	Restructuring	Total Costs and Expenses
Year Ended December 31, 2009												
GAAP Measurement		\$ 4,279	\$ 1,432	\$ 212	\$ 348	\$ 315	\$ 627	\$ 544	\$ 395	\$ 409	\$ 23	\$ 4,305
Less: Net effect from deferral in net revenues and related cost of sales	(a)	497	115	-	(4)	(2)	-	5	-	-	-	114
Less: Stock-based compensation	(b)	-	-	-	(34)	-	(40)	(9)	(71)	-	-	(154)
Less: Results of Activision Blizzard's non-core exit operations	(f)	(1)	-	-	-	-	4	(3)	(10)	-	-	(9)
Less: Costs related to the Business Combination, integration and restructuring	(c)	-	-	-	-	-	-	-	(24)	-	(23)	(47)
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	-	(5)	-	(66)	(186)	-	-	(2)	-	-	(259)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(409)	-	(409)
Non-GAAP Measurement		\$ 4,775	\$ 1,542	\$ 212	\$ 244	\$ 127	\$ 591	\$ 537	\$ 288	\$ -	\$ -	\$ 3,541

		Operating Income (Loss)	Net Income	Basic Earnings per Share	Diluted Earnings per Share
Year Ended December 31, 2009					
GAAP Measurement		\$ (26)	\$ 113	\$ 0.09	\$ 0.09
Less: Net effect from deferral in net revenues and related cost of sales	(a)	383	279	0.22	0.21
Less: Stock-based compensation	(b)	154	96	0.07	0.07
Less: Results of Activision Blizzard's non-core exit operations	(f)	8	4	-	-
Less: Costs related to the Business Combination, integration and restructuring	(c)	47	28	0.02	0.02
Less: Amortization of intangible assets and purchase price accounting related adjustments	(d)	259	141	0.11	0.11
Less: Impairment of intangible assets	(e)	409	249	0.19	0.19
Non-GAAP Measurement		\$ 1,234	\$ 910	\$ 0.70	\$ 0.69

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

(b) Includes expense related to stock-based compensation.

(c) Reflects 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.

(d) Reflects amortization of intangible assets, and the change in the fair value of assets and liabilities from purchase price accounting related adjustments.

(e) Reflects impairment of intangible assets acquired as a result of purchase accounting.

(f) Reflects the results of products and operations from the historical Vivendi Games businesses that the company has exited, divested or wound down.

The per share adjustments are presented as calculated, and the GAAP and non-GAAP earnings 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 Three Months and Year Ended December 31, 2010 and 2009

(Amounts in millions)

	Three Months Ended							
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)		
	Amount	% of Total	Amount	% of Total				
GAAP Net Revenues by Distribution Channel								
Retail channel	\$ 820	57 %	\$ 1,000	64 %	\$ (180)	(18) %		
Digital online channel*	414	29	336	22	78	23		
Total Activision and Blizzard	1,234	86	1,336	86	(102)	(8)		
Distribution	193	14	221	14	(28)	(13)		
Total consolidated GAAP net revenues	1,427	100	1,557	100	(130)	(8)		
Change in Deferred Net Revenues¹								
Retail channel	1,059		933					
Digital online channel*	62		5					
Total changes in deferred net revenues	1,121		938					
Non-GAAP Net Revenues by Distribution Channel								
Retail channel	1,879	73	1,933	77	(54)	(3)		
Digital online channel*	476	19	341	14	135	40		
Total Activision and Blizzard	2,355	92	2,274	91	81	4		
Distribution	193	8	221	9	(28)	(13)		
Total non-GAAP net revenues ²	\$ 2,548	100 %	\$ 2,495	100 %	\$ 53	2 %		

	Year Ended							
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)		
	Amount	% of Total	Amount	% of Total				
GAAP Net Revenues by Distribution Channel								
Retail channel	\$ 2,629	59 %	\$ 2,622	61 %	\$ 7	- %		
Digital online channel*	1,440	32	1,234	29	206	17		
Total Activision and Blizzard	4,069	91	3,856	90	213	6		
Distribution	378	9	423	10	(45)	(11)		
Total consolidated GAAP net revenues	4,447	100	4,279	100	168	4		
Change in Deferred Net Revenues¹								
Retail channel	243		457					
Digital online channel*	113		39					
Total changes in deferred net revenues	356		496					
Non-GAAP Net Revenues by Distribution Channel								
Retail channel	2,872	60	3,079	64	(207)	(7)		
Digital online channel*	1,553	32	1,273	27	280	22		
Total Activision and Blizzard	4,425	92	4,352	91	73	2		
Distribution	378	8	423	9	(45)	(11)		
Total non-GAAP net revenues ²	\$ 4,803	100 %	\$ 4,775	100 %	\$ 28	1 %		

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues.

² Total non-GAAP net revenues presented also represents our total operating segment net revenues.

* Represents revenues from subscriptions and licensing royalties, value added services, downloadable contents, digitally distributed products, and wireless devices.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION

For the Three Months Ended December 31, 2010 and 2009

(Amounts in millions)

	Three Months Ended					
	December 31, 2010		December 31, 2009		\$ Increase	% Increase
	Amount	% of Total	Amount	% of Total	(Decrease)	(Decrease)
GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	\$ 340	24 %	\$ 309	20 %	\$ 31	10 %
PC and other	124	9	45	3	79	176
Sony PlayStation 3	259	18	228	15	31	14
Sony PlayStation 2	6	---	53	3	(47)	(89)
Microsoft Xbox 360	281	20	324	21	(43)	(13)
Nintendo Wii	141	10	260	17	(119)	(46)
Total console	687	48	865	56	(178)	(21)
Sony PlayStation Portable	6	---	16	1	(10)	(63)
Nintendo Dual Screen	77	5	101	6	(24)	(24)
Total handheld	83	5	117	7	(34)	(29)
Total Activision and Blizzard	1,234	86	1,336	86	(102)	(8)
Distribution:						
Total Distribution	193	14	221	14	(28)	(13)
Total consolidated GAAP net revenues	1,427	100	1,557	100	(130)	(8)
Change in Deferred Net Revenues¹						
Activision and Blizzard:						
MMORPG	204		12			
PC and other	---		76			
Sony PlayStation 3	393		343			
Microsoft Xbox 360	441		429			
Nintendo Wii	75		78			
Total console	909		850			
Nintendo Dual Screen	8		---			
Total changes in deferred net revenues	1,121		938			
Non-GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	544	21	321	12	223	69
PC and other	124	5	121	5	3	2
Sony PlayStation 3	652	26	571	23	81	14
Sony PlayStation 2	6	---	53	2	(47)	(89)
Microsoft Xbox 360	722	28	753	30	(31)	(4)
Nintendo Wii	216	8	338	14	(122)	(36)
Total console	1,596	62	1,715	69	(119)	(7)
Sony PlayStation Portable	6	---	16	1	(10)	(63)
Nintendo Dual Screen	85	4	101	4	(16)	(16)
Total handheld	91	4	117	5	(26)	(22)
Total Activision and Blizzard	2,355	92	2,274	91	81	4
Total Distribution	193	8	221	9	(28)	(13)
Total non-GAAP net revenues ²	\$ 2,548	100 %	\$ 2,495	100 %	\$ 53	2 %

1 We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues.

2 Total non-GAAP net revenues presented also represents our total operating segment net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION

For the Year Ended December 31, 2010 and 2009

(Amounts in millions)

	Year Ended					
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	\$ 1,230	28 %	\$ 1,248	29 %	\$ (18)	(1)%
PC and other	325	7	164	4	161	98
Sony PlayStation 3	854	19	584	14	270	46
Sony PlayStation 2	35	1	174	4	(139)	(80)
Microsoft Xbox 360	1,033	23	857	19	176	21
Nintendo Wii	408	9	584	14	(176)	(30)
Total console	2,330	52	2,199	51	131	6
Sony PlayStation Portable	16	---	48	1	(32)	(67)
Nintendo Dual Screen	168	4	196	5	(28)	(14)
Total handheld	184	4	244	6	(60)	(25)
Total Activision and Blizzard	4,069	91	3,855	90	214	6
Distribution:						
Total Distribution	378	9	423	10	(45)	(11)
Total platform mix net revenues	4,447	100	4,278	100	169	4
Other ¹						
Total consolidated GAAP net revenues	4,447	100	4,279	100	168	4
Change in Deferred Net Revenues¹						
Activision and Blizzard:						
MMORPG	191		(93)			
PC and other	81		49			
Sony PlayStation 3	77		259			
Microsoft Xbox 360	15		284			
Nintendo Wii	(16)		(2)			
Total console	76		541			
Nintendo Dual Screen	8		---			
Total changes in deferred net revenues	356		497			
Other ¹						
	---		(1)			
Non-GAAP Net Revenues by Segment/Platform Mix						
Activision and Blizzard:						
MMORPG	1,421	30	1,155	24	266	23
PC and other	406	8	213	4	193	91
Sony PlayStation 3	931	19	843	18	88	10
Sony PlayStation 2	35	1	174	4	(139)	(80)
Microsoft Xbox 360	1,048	22	1,141	24	(93)	(8)
Nintendo Wii	392	8	582	12	(190)	(33)
Total console	2,406	50	2,740	58	(334)	(12)
Sony PlayStation Portable	16	---	48	1	(32)	(67)
Nintendo Dual Screen	176	4	196	4	(20)	(10)
Total handheld	192	4	244	5	(52)	(21)
Total Activision and Blizzard	4,425	92	4,352	91	73	2
Total Distribution	378	8	423	9	(45)	(11)
Total non-GAAP net revenues ²	\$ 4,803	100 %	\$ 4,775	100 %	\$ 28	1 %

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues and other.

² Total non-GAAP net revenues presented also represents our total operating segment net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION

For the Three Months And Year Ended December 31, 2010 and 2009

(Amounts in millions)

	Three Months Ended					
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
GAAP Net Revenues by Geographic Region						
North America	\$ 734	51 %	\$ 759	49 %	\$ (25)	(3)%
Europe	600	42	710	46	(110)	(15)
Asia Pacific	93	7	88	5	5	6
Total consolidated GAAP net revenues	1,427	100	1,557	100	(130)	(8)
Change in Deferred Net Revenues¹						
North America	627		528			
Europe	440		371			
Asia Pacific	54		39			
Total changes in net revenues	1,121		938			
Non-GAAP Net Revenues by Geographic Region						
North America	1,361	53	1,287	52	74	6
Europe	1,040	41	1,081	43	(41)	(4)
Asia Pacific	147	6	127	5	20	16
Total non-GAAP net revenues ²	\$ 2,548	100 %	\$ 2,495	100 %	\$ 53	2 %

	Year Ended					
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
GAAP Net Revenues by Geographic Region						
North America	\$ 2,409	54 %	\$ 2,217	52 %	\$ 192	9 %
Europe	1,743	39	1,798	42	(55)	(3)
Asia Pacific	295	7	263	6	32	12
Total geographic region net revenues	4,447	100	4,278	100	169	4
Other ¹	---	---	1	---	(1)	NM
Total consolidated GAAP net revenues	4,447	100	4,279	100	168	4
Change in Deferred Net Revenues¹						
North America	166		241			
Europe	159		224			
Asia Pacific	31		32			
Total changes in net revenues	356		497			
Other¹	---		(1)			
Non-GAAP Net Revenues by Geographic Region						
North America	2,575	54	2,458	52	117	5
Europe	1,902	39	2,022	42	(120)	(6)
Asia Pacific	326	7	295	6	31	11
Total non-GAAP net revenues ²	\$ 4,803	100 %	\$ 4,775	100 %	\$ 28	1 %

¹ We provide net revenues including (in accordance with GAAP) and excluding (non-GAAP) the impact of changes in deferred net revenues.

² Total non-GAAP net revenues presented also represents our total operating segment net revenues.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
SEGMENT INFORMATION

For the Three Months And Year Ended December 31, 2010 and 2009

(Amounts in millions)

	Three Months Ended					
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
Segment net revenues:						
Activision ⁽ⁱ⁾	\$ 1,785	125 %	\$ 1,945	125 %	\$ (160)	(8)%
Blizzard ⁽ⁱⁱ⁾	570	40	329	21	241	73
Distribution ⁽ⁱⁱⁱ⁾	193	14	221	14	(28)	(13)
Operating segment total	2,548	179	2,495	160	53	2
Reconciliation to consolidated net revenues:						
Net effect from deferral of net revenues	(1,121)	(79)	(938)	(60)		
Consolidated net revenues	\$ 1,427	100 %	\$ 1,557	100 %	(130)	(8)
Segment income from operations:						
Activision ⁽ⁱ⁾	\$ 599		\$ 712		(113)	(16)
Blizzard ⁽ⁱⁱ⁾	291		162		129	80
Distribution ⁽ⁱⁱⁱ⁾	11		10		1	10
Operating segment total	901		884		17	2
Reconciliation to consolidated operating income (loss):						
Net effect from deferral of net revenues and related cost of sales	(859)		(724)			
Stock-based compensation expense	(37)		(47)			
Restructuring	1		6			
Amortization of intangible assets and purchase price accounting related adjustments	(77)		(142)			
Impairment of intangible assets	(326)		(409)			
Consolidated operating (loss)	\$ (397)		\$ (432)		\$ 35	(8)%
Operating margin from total operating segments	35%		35%			

	Year Ended					
	December 31, 2010		December 31, 2009		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
Segment net revenues:						
Activision ⁽ⁱ⁾	\$ 2,769	62 %	\$ 3,156	74 %	\$ (387)	(12)%
Blizzard ⁽ⁱⁱ⁾	1,656	37	1,196	28	460	38
Distribution ⁽ⁱⁱⁱ⁾	378	9	423	10	(45)	(11)
Operating segment total	4,803	108	4,775	112	28	1
Reconciliation to consolidated net revenues:						
Net effect from deferral of net revenues	(356)	(8)	(497)	(12)		
Other ^(iv)	---	---	1	---		
Consolidated net revenues	\$ 4,447	100 %	\$ 4,279	100 %	168	4
Segment income from operations:						
Activision ⁽ⁱ⁾	\$ 511		\$ 663		(152)	(23)
Blizzard ⁽ⁱⁱ⁾	850		555		295	53
Distribution ⁽ⁱⁱⁱ⁾	10		16		(6)	(38)
Operating segment total	1,371		1,234		137	11
Reconciliation to consolidated operating income (loss):						
Net effect from deferral of net revenues and related cost of sales	(319)		(383)			
Stock-based compensation expense	(131)		(154)			
Restructuring	(3)		(23)			
Amortization of intangible assets and purchase price accounting related adjustments	(123)		(259)			
Impairment of intangible assets	(326)		(409)			
Integration and transactions costs	---		(24)			
Other ^(iv)	---		(8)			
Consolidated operating income (loss)	\$ 469		\$ (26)		\$ 495	NM%
Operating margin from total operating segments	29%		26%			

(i) Activision Publishing ("Activision") — publishes interactive entertainment products and contents.

(ii) Blizzard — Blizzard Entertainment, Inc. and its subsidiaries ("Blizzard") publishes PC games and online subscription-based games in the MMORPG category.

(iii) Activision Blizzard Distribution ("Distribution") — distributes interactive entertainment software and hardware products.

(iv) Other represents Non-Core activities, which are legacy Vivendi Games' divisions or business units that we have exited, divested or wound down as part of our restructuring and integration efforts as a result of the Business Combination. Prior to July 1, 2009, Non-Core activities were managed as a stand alone operating segment; however, in light of the minimal activities and insignificance of Non-Core activities, as of that date we ceased their management as a separate operating segment and consequently, we are no longer providing separate operating segment disclosure.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES OUTLOOK**For the Quarter Ending March 31, 2011 and****Year Ending December 31, 2011****GAAP to Non-GAAP Reconciliation****(Amounts in millions, except per share data)**

	Outlook for Three Months Ending <u>March 31, 2011</u>	Outlook for Year Ending <u>December 31, 2011</u>
Net Revenues (GAAP)	\$ 1,280	\$ 3,950
<u>Excluding the impact of:</u>		
Change in deferred net revenues	(a) <u>(640)</u>	<u>(50)</u>
Non-GAAP Net Revenues	\$ 640	\$ 3,900
Earnings Per Diluted Share (GAAP)	\$ 0.28	\$ 0.56
<u>Excluding the impact of:</u>		
Net effect from deferral in net revenues and related cost of sales	(b) (0.26)	0.01
Stock-based compensation	(c) 0.02	0.07
Amortization of intangible assets	(d) -	0.03
Restructuring expenses	(e) 0.03	0.03
Non-GAAP Earnings Per Diluted Share	<u>\$ 0.07</u>	<u>\$ 0.70</u>

(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 expense related to stock-based compensation.

(d) Reflects amortization of intangible assets.

(e) Reflects expenses relating to the restructuring of our Activision Publishing operations.

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.