

**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,	
	2011	2010	2011	2010
Net revenues:				
Product sales	\$ 1,060	\$ 1,061	\$ 3,257	\$ 3,087
Subscription, licensing and other revenues*	347	366	1,498	1,360
Total net revenues	1,407	1,427	4,755	4,447
Costs and expenses:				
Cost of sales - product costs	483	585	1,134	1,350
Cost of sales - online subscriptions	58	73	238	241
Cost of sales - software royalties and amortization	85	128	218	338
Cost of sales - intellectual property licenses	96	92	165	197
Product development	256	273	646	635
Sales and marketing	281	225	545	516
General and administrative	122	122	456	375
Impairment of intangible assets	-	326	-	326
Restructuring	1	-	25	-
Total costs and expenses	1,382	1,824	3,427	3,978
Operating income (loss)	25	(397)	1,328	469
Investment and other income (expense), net	(5)	8	3	23
Income (loss) before income tax expense	20	(389)	1,331	492
Income tax (benefit) expense	(79)	(156)	246	74
Net income (loss)	\$ 99	\$ (233)	\$ 1,085	\$ 418
Basic earnings (loss) per common share	\$ 0.09	\$ (0.20)	\$ 0.93	\$ 0.34
Weighted average common shares outstanding	1,139	1,198	1,148	1,222
Diluted earnings (loss) per common share <sup>1</sup>	\$ 0.08	\$ (0.20)	\$ 0.92	\$ 0.33
Weighted average common shares outstanding assuming dilution	1,147	1,198	1,156	1,236

<sup>1</sup> The company calculates earnings per share pursuant to the two-class method which requires the allocation of net income between common shareholders and participating security holders. Net income attributable to Activision Blizzard Inc. common shareholders used to calculate earnings per common share assuming dilution was \$97 million and \$1,069 million for the three months and year ended December 31, 2011 as compared to the total net income of \$99 million and \$1,085 million for the same periods, respectively. Net income (loss) attributable to Activision Blizzard Inc. common shareholders used to calculate earnings per common share assuming dilution was \$(233) million and \$414 million for the three months and year ended December 31, 2010 as compared to \$(233) million and \$418 million for the same periods, respectively.

\* Subscription, licensing and other revenues represents revenues from *World of Warcraft* subscriptions, *Call of Duty Elite* memberships, licensing royalties from our products and franchises, value-added services, downloadable content, and other miscellaneous revenues.

**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Amounts in millions)

	December 31, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,165	\$ 2,812
Short-term investments	360	696
Accounts receivable, net	649	673
Inventories	144	112
Software development	137	147
Intellectual property licenses	22	45
Deferred income taxes, net	507	648
Other current assets	396	299
Total current assets	5,380	5,432
Long-term investments	16	23
Software development	62	55
Intellectual property licenses	12	28
Property and equipment, net	163	169
Other assets	12	15
Intangible assets, net	88	160
Trademark and trade names	433	433
Goodwill	7,111	7,132
Total assets	\$ 13,277	\$ 13,447
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 390	\$ 363
Deferred revenues	1,472	1,726
Accrued expenses and other liabilities	694	871
Total current liabilities	2,556	2,960
Deferred income taxes, net	55	120
Other liabilities	174	164
Total liabilities	2,785	3,244
Shareholders' equity:		
Common stock	---	---
Additional paid-in capital	9,616	12,353
Treasury stock	---	(2,194)
Retained earnings	948	57
Accumulated other comprehensive loss	(72)	(13)
Total shareholders' equity	10,492	10,203
Total liabilities and shareholders' equity	\$ 13,277	\$ 13,447

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

	Three Months Ended December 31,		Year Ended December 31,	
	2011	2010	2011	2010
Cash flows from operating activities:				
Net income (loss)	\$ 99	\$ (233)	\$ 1,085	\$ 418
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Deferred income taxes	(49)	(329)	75	(278)
Impairment of goodwill / intangible assets	12	326	12	326
Depreciation and amortization	71	101	148	198
Loss on disposal of property and equipment	3	1	4	1
Amortization and write-off of capitalized software development costs and intellectual property licenses (1)	136	137	287	319
Stock-based compensation expense (2)	42	37	103	131
Excess tax benefits from stock options exercises	(3)	(11)	(24)	(22)
Changes in operating assets and liabilities:				
Accounts receivable	(503)	(428)	13	43
Inventories	62	143	(34)	124
Software development and intellectual property	(73)	(75)	(254)	(313)
Other assets	(237)	(201)	(67)	17
Deferred revenues	1,020	1,103	(248)	293
Accounts payable	148	130	31	70
Accrued expenses and other liabilities	122	292	(179)	49
Net cash provided by operating activities	850	993	952	1,376
Cash flows from investing activities:				
Proceeds from maturities of available-for-sale investments	137	107	740	519
Proceeds from maturities of auction rate securities ("ARS") classified as trading securities	---	---	---	61
Proceeds from auction rate securities ("ARS") called at par	10	---	10	---
Payment of contingent consideration	---	---	(3)	(4)
Purchases of available-for-sale investments	(92)	(119)	(417)	(800)
Capital expenditures	(25)	(21)	(72)	(97)
Decrease in restricted cash	26	44	8	9
Net cash provided by (used in) investing activities	56	11	266	(312)
Cash flows from financing activities:				
Proceeds from issuance of common stock to employees	15	19	54	73
Repurchase of common stock	(168)	(346)	(692)	(959)
Dividends paid	---	(2)	(194)	(189)
Excess tax benefits from stock option exercises	3	11	24	22
Net cash used in financing activities	(150)	(318)	(808)	(1,053)
Effect of foreign exchange rate changes on cash and cash equivalents	(60)	3	(57)	33
Net increase (decrease) in cash and cash equivalents	696	689	353	44
Cash and cash equivalents at beginning of period	2,469	2,123	2,812	2,768
Cash and cash equivalents at end of period	\$ 3,165	\$ 2,812	\$ 3,165	\$ 2,812

(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				
	December 31, 2009	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
<b>Cash Flow Data</b>					
Operating Cash Flow	\$ 813	\$ 227	\$ (26)	\$ 182	\$ 993
Operating Cash Flow - TTM <sup>1</sup>	1,183	1,083	1,175	1,196	1,376
Capital Expenditures	28	12	27	37	21
Capital Expenditures - TTM <sup>1</sup>	69	71	84	104	97
Non-GAAP Free Cash Flow <sup>2</sup>	785	215	(53)	145	972
Non-GAAP Free Cash Flow - TTM <sup>1</sup>	\$ 1,114	\$ 1,012	\$ 1,091	\$ 1,092	\$ 1,279

	Three Months Ended			
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
<b>Cash Flow Data</b>				
Operating Cash Flow	\$ 134	\$ (78)	\$ 46	\$ 850
Operating Cash Flow - TTM <sup>1</sup>	1,283	1,231	1,095	952
Capital Expenditures	4	14	29	25
Capital Expenditures - TTM <sup>1</sup>	89	76	68	72
Non-GAAP Free Cash Flow <sup>2</sup>	130	(92)	17	825
Non-GAAP Free Cash Flow - TTM <sup>1</sup>	\$ 1,194	\$ 1,155	\$ 1,027	\$ 880

<sup>1</sup> TTM represents trailing twelve months. Operating Cash Flow for the year ended December 31, 2009, three months ended September 30, 2009, three months ended June 30, 2009, and three months ended March 31, 2009 was \$1,183 million, \$161 million, \$(181) million, and \$327 million, respectively. Capital expenditures for the year ended December 31, 2009, three months ended September 30, 2009, three months ended June 30, 2009, and three months ended March 31, 2009 was \$69 million, \$17 million, \$14 million, and \$10 million, respectively.

<sup>2</sup> 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)

Three Months Ended December 31, 2011		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - Online Subscriptions	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Restructuring	Total Costs and Expenses
GAAP Measurement		\$ 1,407	\$ 483	\$ 58	\$ 85	\$ 96	\$ 256	\$ 281	\$ 122	\$ 1	\$ 1,382
Less: Net effect from deferral in net revenues and related cost of sales	(a)	1,001	209	-	37	(3)	-	-	-	-	243
Less: Stock-based compensation	(b)	-	-	-	(3)	-	(25)	(2)	(13)	-	(43)
Less: Restructuring	(c)	-	-	-	-	-	-	-	(1)	(1)	(2)
Less: Amortization of intangible assets	(d)	-	(2)	-	-	(48)	-	-	-	-	(50)
Less: Impairment of goodwill	(e)	-	-	-	-	-	-	-	(12)	-	(12)
Non-GAAP Measurement		\$ 2,408	\$ 690	\$ 58	\$ 119	\$ 45	\$ 231	\$ 279	\$ 96	\$ -	\$ 1,518

Three Months Ended December 31, 2011		Operating Income	Net Income	Basic Earnings per Share	Diluted Earnings per Share
GAAP Measurement		\$ 25	\$ 99	\$ 0.09	\$ 0.08
Less: Net effect from deferral in net revenues and related cost of sales	(a)	758	549	0.47	0.47
Less: Stock-based compensation	(b)	43	33	0.03	0.03
Less: Restructuring	(c)	2	1	-	-
Less: Amortization of intangible assets	(d)	50	31	0.03	0.03
Less: Impairment of goodwill	(e)	12	12	0.01	0.01
Non-GAAP Measurement		\$ 890	\$ 725	\$ 0.63	\$ 0.62

Year Ended December 31, 2011		Net Revenues	Cost of Sales - Product Costs	Cost of Sales - Online Subscriptions	Cost of Sales - Software Royalties and Amortization	Cost of Sales - Intellectual Property Licenses	Product Development	Sales and Marketing	General and Administrative	Restructuring	Total Costs and Expenses
GAAP Measurement		\$ 4,755	\$ 1,134	\$ 238	\$ 218	\$ 165	\$ 646	\$ 545	\$ 456	\$ 25	\$ 3,427
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(266)	(11)	-	(48)	(24)	-	-	-	-	(83)
Less: Stock-based compensation	(b)	-	-	-	(10)	-	(40)	(6)	(47)	-	(103)
Less: Restructuring	(c)	-	-	-	-	-	-	-	(1)	(25)	(26)
Less: Amortization of intangible assets	(d)	-	(2)	-	(1)	(69)	-	-	-	-	(72)
Less: Impairment of goodwill	(e)	-	-	-	-	-	-	-	(12)	-	(12)
Non-GAAP Measurement		\$ 4,489	\$ 1,121	\$ 238	\$ 159	\$ 72	\$ 606	\$ 539	\$ 396	\$ -	\$ 3,131

Year Ended December 31, 2011		Operating Income	Net Income	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
GAAP Measurement		\$ 1,328	\$ 1,085	\$ 0.93	\$ 0.92
Less: Net effect from deferral in net revenues and related cost of sales	(a)	(183)	(151)	(0.13)	(0.13)
Less: Stock-based compensation	(b)	103	76	0.07	0.06
Less: Restructuring	(c)	26	19	0.02	0.02
Less: Amortization of intangible assets	(d)	72	46	0.04	0.04
Less: Impairment of goodwill	(e)	12	12	0.01	0.01
Non-GAAP Measurement		\$ 1,358	\$ 1,087	\$ 0.93	\$ 0.93

- (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 our Activision Publishing operations.  
(d) Reflects amortization of intangible assets.  
(e) Reflects impairment of goodwill.

The company calculates earnings per share pursuant to the two-class method which requires the allocation of net income between common shareholders and participating security holders. Net income attributable to Activision Blizzard Inc. common shareholders used to calculate non-GAAP earnings per common share assuming dilution was \$715 million and \$1,071 million for the three months and year ended December 31, 2011 as compared to the total non-GAAP net income of \$725 million and \$1,087 million for the same periods, respectively.

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 - Online Subscriptions	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	\$ 273	\$ 225	\$ 122	\$ 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	(d)	-	(2)	-	(6)	(69)	-	-	-	-	(77)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(326)	(326)
Non-GAAP Measurement		\$ 2,548	\$ 783	\$ 73	\$ 153	\$ 40	\$ 265	\$ 223	\$ 110	\$ -	\$ 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	(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 - Online Subscriptions	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	\$ 635	\$ 516	\$ 375	\$ 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	(d)	-	(5)	-	(15)	(102)	-	-	(1)	-	(123)
Less: Impairment of intangible assets	(e)	-	-	-	-	-	-	-	-	(326)	(326)
Non-GAAP Measurement		\$ 4,803	\$ 1,348	\$ 241	\$ 287	\$ 100	\$ 623	\$ 508	\$ 325	\$ -	\$ 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	(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.  
(e) Reflects impairment of intangible assets acquired as a result of purchase accounting.

The company calculates earnings per share pursuant to the two-class method which requires the allocation of net income between common shareholders and participating security holders. Net income attributable to Activision Blizzard Inc. common shareholders used to calculate non-GAAP earnings per common share assuming dilution was \$646 million and \$982 million for the three months and year ended December 31, 2010 as compared to the total non-GAAP net income of \$655 million and \$991 million for the same periods, respectively.

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, 2011 and 2010**

(Amounts in millions)

	Three Months Ended							
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)		
	Amount	% of Total	Amount	% of Total				
<b>GAAP Net Revenues by Distribution Channel</b>								
Retail channel	\$ 841	60	% \$ 820	57	% \$ 21	3	%	
Digital online channels*	363	26	414	29	(51)	(12)		
Total Activision and Blizzard	1,204	86	1,234	86	(30)	(2)		
Distribution	203	14	193	14	10	5		
Total consolidated GAAP net revenues	1,407	100	1,427	100	(20)	(1)		
<b>Change in Deferred Net Revenues<sup>1</sup></b>								
Retail channel	1,055		1,065					
Digital online channels*	(54)		56					
Total changes in deferred net revenues	1,001		1,121					
<b>Non-GAAP Net Revenues by Distribution Channel</b>								
Retail channel	1,896	79	1,885	74	11	1		
Digital online channels*	309	13	470	18	(161)	(34)		
Total Activision and Blizzard	2,205	92	2,355	92	(150)	(6)		
Distribution	203	8	193	8	10	5		
Total non-GAAP net revenues <sup>2</sup>	\$ 2,408	100	% \$ 2,548	100	% \$ (140)	(5)	%	

	Year Ended							
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)		
	Amount	% of Total	Amount	% of Total				
<b>GAAP Net Revenues by Distribution Channel</b>								
Retail channel	\$ 2,697	57	% \$ 2,629	59	% \$ 68	3	%	
Digital online channels*	1,640	34	1,440	32	200	14		
Total Activision and Blizzard	4,337	91	4,069	91	268	7		
Distribution	418	9	378	9	40	11		
Total consolidated GAAP net revenues	4,755	100	4,447	100	308	7		
<b>Change in Deferred Net Revenues<sup>1</sup></b>								
Retail channel	(185)		251					
Digital online channels*	(81)		105					
Total changes in deferred net revenues	(266)		356					
<b>Non-GAAP Net Revenues by Distribution Channel</b>								
Retail channel	2,512	56	2,880	60	(368)	(13)		
Digital online channels*	1,559	35	1,545	32	14	1		
Total Activision and Blizzard	4,071	91	4,425	92	(354)	(8)		
Distribution	418	9	378	8	40	11		
Total non-GAAP net revenues <sup>2</sup>	\$ 4,489	100	% \$ 4,803	100	% \$ (314)	(7)	%	

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

<sup>2</sup> Total non-GAAP net revenues presented also represents our total operating segment net revenues.

\* Net revenues from digital online channel represent revenues from subscriptions and memberships, licensing royalties, value-added services, downloadable content, digitally distributed products, and wireless devices.

## ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

## FINANCIAL INFORMATION

For the Three Months Ended December 31, 2011 and 2010

(Amounts in millions)

	Three Months Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>GAAP Net Revenues by Segment/Platform Mix</b>						
Activision and Blizzard:						
Online subscriptions*	\$ 268	19 %	\$ 340	24 %	\$ (72)	(21)%
PC and Other	123	9	124	9	(1)	(1)
Sony PlayStation 3	259	19	259	18	---	---
Sony PlayStation 2	3	---	6	---	(3)	(50)
Microsoft Xbox 360	300	21	281	20	19	7
Nintendo Wii	166	12	141	10	25	18
Total console <sup>^</sup>	728	52	687	48	41	6
Sony PlayStation Portable	3	---	6	---	(3)	(50)
Nintendo 3DS	26	2	---	---	26	NM
Nintendo Dual Screen	56	4	77	5	(21)	(27)
Total handheld	85	6	83	5	2	2
Total Activision and Blizzard	1,204	86	1,234	86	(30)	(2)
Total Distribution	203	14	193	14	10	5
Total consolidated GAAP net revenues	1,407	100	1,427	100	(20)	(1)
<b>Change in Deferred Net Revenues (1)</b>						
Activision and Blizzard:						
Online subscriptions*	(18)		204			
PC and Other	54		---			
Sony PlayStation 3	453		393			
Microsoft Xbox 360	483		441			
Nintendo Wii	24		75			
Total console <sup>^</sup>	960		909			
Nintendo Dual Screen	5		8			
Total changes in deferred net revenues	1,001		1,121			
<b>Non-GAAP Net Revenues by Segment/Platform Mix</b>						
Activision and Blizzard:						
Online subscriptions*	250	10	544	21	(294)	(54)
PC and Other	177	7	124	5	53	43
Sony PlayStation 3	712	30	652	26	60	9
Sony PlayStation 2	3	---	6	---	(3)	(50)
Microsoft Xbox 360	783	32	722	28	61	8
Nintendo Wii	190	8	216	8	(26)	(12)
Total console <sup>^</sup>	1,688	70	1,596	62	92	6
Sony PlayStation Portable	3	---	6	---	(3)	(50)
Nintendo 3DS	26	1	---	---	26	NM
Nintendo Dual Screen	61	3	85	4	(24)	(28)
Total handheld	90	4	91	4	(1)	(1)
Total Activision and Blizzard	2,205	91	2,355	92	(150)	(6)
Total Distribution	203	9	193	8	10	5
Total non-GAAP net revenues (2)	\$ 2,408	100 %	\$ 2,548	100 %	\$ (140)	(5)%

(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.

\* Revenue from online subscriptions consists of revenue from all *World of Warcraft* products, including subscriptions, boxed products, expansion packs, licensing royalties, and value-added services. It also includes revenues from *Call of Duty Elite* memberships.<sup>^</sup> Downloadable content and their related revenues are included in each respective console platforms and total console.



**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES**  
**FINANCIAL INFORMATION**

**For the Year Ended December 31, 2011 and 2010**

(Amounts in millions)

	Year Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>GAAP Net Revenues by Segment/Platform Mix</b>						
Activision and Blizzard:						
Online subscriptions*	\$ 1,357	29 %	\$ 1,230	28 %	\$ 127	10 %
PC and Other	374	8	325	7	49	15
Sony PlayStation 3	935	20	854	19	81	9
Sony PlayStation 2	13	---	35	1	(22)	(63)
Microsoft Xbox 360	1,140	24	1,033	23	107	10
Nintendo Wii	351	7	408	9	(57)	(14)
Total console^	2,439	51	2,330	52	109	5
Sony PlayStation Portable	15	---	16	---	(1)	(6)
Nintendo 3DS	35	1	---	---	35	NM
Nintendo Dual Screen	117	2	168	4	(51)	(30)
Total handheld	167	3	184	4	(17)	(9)
Total Activision and Blizzard	4,337	91	4,069	91	268	7
Total Distribution	418	9	378	9	40	11
Total Activision and Blizzard	4,755	100	4,447	100	308	7
<b>Change in Deferred Net Revenues (1)</b>						
Activision and Blizzard:						
Online subscriptions*	(202)		191			
PC and Other	(75)		81			
Sony PlayStation 3	36		77			
Microsoft Xbox 360	43		15			
Nintendo Wii	(66)		(16)			
Total console^	13		76			
Nintendo Dual Screen	(2)		8			
Total changes in deferred net revenues	(266)		356			
<b>Non-GAAP Net Revenues by Segment/Platform Mix</b>						
Activision and Blizzard:						
Online subscriptions*	1,155	26	1,421	30	(266)	(19)
PC and Other	299	7	406	8	(107)	(26)
Sony PlayStation 3	971	22	931	19	40	4
Sony PlayStation 2	13	---	35	1	(22)	(63)
Microsoft Xbox 360	1,183	26	1,048	22	135	13
Nintendo Wii	285	6	392	8	(107)	(27)
Total console^	2,452	54	2,406	50	46	2
Sony PlayStation Portable	15	---	16	---	(1)	(6)
Nintendo 3DS	35	1	---	---	35	NM
Nintendo Dual Screen	115	3	176	4	(61)	(35)
Total handheld	165	4	192	4	(27)	(14)
Total Activision and Blizzard	4,071	91	4,425	92	(354)	(8)
Total Distribution	418	9	378	8	40	11
Total non-GAAP net revenues (2)	\$ 4,489	100 %	\$ 4,803	100 %	\$ (314)	(7)%

(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.

\* Revenue from online subscriptions consists of revenue from all *World of Warcraft* products, including subscriptions, boxed products, expansion packs, licensing royalties, and value-added services. It also includes revenues from *Call of Duty Elite* memberships.

^ Downloadable content and their related revenues are included in each respective console platforms and total console.

**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES**  
**FINANCIAL INFORMATION**

**For the Three Months And Year Ended December 31, 2011 and 2010**

(Amounts in millions)

	Three Months Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>GAAP Net Revenues by Geographic Region</b>						
North America	\$ 718	51 %	\$ 734	51 %	\$ (16)	(2)%
Europe	605	43	600	42	5	1
Asia Pacific	84	6	93	7	(9)	(10)
Total consolidated GAAP net revenues	<u>1,407</u>	<u>100</u>	<u>1,427</u>	<u>100</u>	<u>(20)</u>	<u>(1)</u>
<b>Change in Deferred Net Revenues (1)</b>						
North America	548		627			
Europe	395		440			
Asia Pacific	58		54			
Total changes in net revenues	<u>1,001</u>		<u>1,121</u>			
<b>Non-GAAP Net Revenues by Geographic Region</b>						
North America	1,266	53	1,361	53	(95)	(7)
Europe	1,000	41	1,040	41	(40)	(4)
Asia Pacific	142	6	147	6	(5)	(3)
Total non-GAAP net revenues (2)	<u>\$ 2,408</u>	<u>100 %</u>	<u>\$ 2,548</u>	<u>100 %</u>	<u>\$ (140)</u>	<u>(5)%</u>

	Year Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>GAAP Net Revenues by Geographic Region</b>						
North America	\$ 2,405	50 %	\$ 2,409	54 %	\$ (4)	-
Europe	1,990	42	1,743	39	247	14
Asia Pacific	360	8	295	7	65	22
Total consolidated GAAP net revenues	<u>4,755</u>	<u>100</u>	<u>4,447</u>	<u>100</u>	<u>308</u>	<u>7</u>
<b>Change in Deferred Net Revenues (1)</b>						
North America	(154)		166			
Europe	(104)		159			
Asia Pacific	(8)		31			
Total changes in net revenues	<u>(266)</u>		<u>356</u>			
<b>Non-GAAP Net Revenues by Geographic Region</b>						
North America	2,251	50	2,575	54	(324)	(13)
Europe	1,886	42	1,902	39	(16)	(1)
Asia Pacific	352	8	326	7	26	8
Total non-GAAP net revenues (2)	<u>\$ 4,489</u>	<u>100 %</u>	<u>\$ 4,803</u>	<u>100 %</u>	<u>\$ (314)</u>	<u>(7)%</u>

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, 2011 and 2010

(Amounts in millions)

	Three Months Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>Segment net revenues:</b>						
Activision <sup>(i)</sup>	\$ 1,929	137 %	\$ 1,785	125 %	\$ 144	8 %
Blizzard <sup>(ii)</sup>	276	20	570	40	(294)	(52)
Distribution <sup>(iii)</sup>	203	14	193	14	10	5
Operating segment total	2,408	171	2,548	179	(140)	(5)
<b>Reconciliation to consolidated net revenues:</b>						
Net effect from deferral of net revenues	(1,001)	(71)	(1,121)	(79)		
Consolidated net revenues	\$ 1,407	100 %	\$ 1,427	100 %	\$ (20)	(1)%
<b>Segment income from operations:</b>						
Activision <sup>(i)</sup>	\$ 809		\$ 599		\$ 210	35 %
Blizzard <sup>(ii)</sup>	71		291		(220)	(76)
Distribution <sup>(iii)</sup>	10		11		(1)	(9)
Operating segment total	890		901		(11)	(1)
<b>Reconciliation to consolidated operating income (loss) and consolidated income (loss) before income tax expense:</b>						
Net effect from deferral of net revenues and related cost of sales	(758)		(859)			
Stock-based compensation expense	(43)		(37)			
Restructuring	(2)		1			
Amortization of intangible assets	(50)		(77)			
Impairment of goodwill/intangible assets	(12)		(326)			
Consolidated operating income (loss)	\$ 25		\$ (397)		422	NM
Investment and other income (expense), net	(5)		8			
Consolidated income (loss) before income tax expense	\$ 20		\$ (389)		\$ 409	NM%
Operating margin from total operating segments	37.0%		35.4%			

	Year Ended					
	December 31, 2011		December 31, 2010		\$ Increase (Decrease)	% Increase (Decrease)
	Amount	% of Total	Amount	% of Total		
<b>Segment net revenues:</b>						
Activision <sup>(i)</sup>	\$ 2,828	59 %	\$ 2,769	62 %	\$ 59	2 %
Blizzard <sup>(ii)</sup>	1,243	26	1,656	37	(413)	(25)
Distribution <sup>(iii)</sup>	418	9	378	9	40	11
Operating segment total	4,489	94	4,803	108	(314)	(7)
<b>Reconciliation to consolidated net revenues:</b>						
Net effect from deferral of net revenues	266	6	(356)	(8)		
Consolidated net revenues	\$ 4,755	100 %	\$ 4,447	100 %	\$ 308	7 %
<b>Segment income from operations:</b>						
Activision <sup>(i)</sup>	\$ 851		\$ 511		\$ 340	67 %
Blizzard <sup>(ii)</sup>	496		850		(354)	(42)
Distribution <sup>(iii)</sup>	11		10		1	10
Operating segment total	1,358		1,371		(13)	(1)
<b>Reconciliation to consolidated operating income and consolidated income before income tax expense:</b>						
Net effect from deferral of net revenues and related cost of sales	183		(319)			
Stock-based compensation expense	(103)		(131)			
Restructuring	(26)		(3)			
Amortization of intangible assets	(72)		(123)			
Impairment of goodwill/intangible assets	(12)		(326)			
Consolidated operating income	\$ 1,328		\$ 469		859	183
Investment and other income (expense), net	3		23			
Consolidated income before income tax expense	\$ 1,331		\$ 492		\$ 839	171 %
Operating margin from total operating segments	30.3%		28.5%			

(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.

**ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES OUTLOOK**

**For the Quarter Ending March 31, 2012 and**

**Year Ending December 31, 2012**

**GAAP to Non-GAAP Reconciliation**

**(Amounts in millions, except per share data)**

	<b>Outlook for Three Months Ending <u>March 31, 2012</u></b>	<b>Outlook for Year Ending <u>December 31, 2012</u></b>
<b>Net Revenues (GAAP)</b>	\$ 965	\$ 4,150
<b><u>Excluding the impact of:</u></b>		
Change in deferred net revenues	(a) <u>(440)</u>	<u>350</u>
<b>Non-GAAP Net Revenues</b>	\$ 525	\$ 4,500
<b>Earnings Per Diluted Share (GAAP)</b>	\$ 0.22	\$ 0.63
<b><u>Excluding the impact of:</u></b>		
Net effect from deferral in net revenues and related cost of sales	(b) (0.21)	0.20
Stock-based compensation	(c) 0.02	0.08
Amortization of intangible assets	(d) -	0.03
<b>Non-GAAP Earnings Per Diluted Share</b>	<u>\$ 0.03</u>	<u>\$ 0.94</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.

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.