



CORPORATE GOVERNANCE PRINCIPLES AND POLICIES

A. The Role of the Board of Directors

1. Direct the Affairs of Activision Blizzard, Inc. (the “Company”) for the Benefit of Stockholders

Subject to and in accordance with the Company’s Third Amended and Restated Certificate of Incorporation (as amended from time to time, the “Certificate of Incorporation”) and the Company’s Third Amended and Restated Bylaws (as amended from time to time, the “Bylaws”), the property, business and affairs of the Company are managed by its Board of Directors (the “Board”). The primary responsibility of the Board is to oversee the affairs of the Company for the benefit of stockholders. The Board agrees that day-to-day management of the Company is the responsibility of the Company’s Chief Executive Officer (the “CEO”) and that the role of the Board is to oversee the CEO’s performance of that function.

2. Approval of Annual Strategic, Financial and Operating Plans

The Board reviews and approves the annual strategic, financial and operating plans presented to the Board.

3. Long Range Planning

Long range strategic issues should be discussed as a matter of course at regular Board meetings. The Board generally devotes one of its regularly scheduled meetings each year to discussion of a three-year business plan and other longer-term strategic planning.

4. Ethical Business Environment

The Board insists on an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates. The Board expects that management will conduct operations in a manner supportive of this view. The Board is committed to avoiding any transactions that compromise, or appear to compromise, director independence. The Board also oversees a corporate compliance program, which includes a Company code of conduct, the maintenance of accounting, financial and other controls, and the review of the adequacy of such controls.

5. Chief Executive Officer Performance Evaluation

The CEO's performance shall be evaluated annually and as a regular part of any decision with respect to his compensation. The Board may delegate the CEO's performance and compensation evaluation to the Compensation Committee, as it deems appropriate. Notwithstanding such delegation, however, the Board as a whole shall be responsible for the oversight of the CEO.

6. Succession Planning

The Board is responsible for succession planning, which shall include appropriate contingencies in case the CEO retires, resigns or is incapacitated.

7. Material Transactions

The Board shall evaluate and, if required by the Certificate of Incorporation, the Bylaws or Company policy, approve Company transactions not arising in the ordinary course of business.

8. Stockholder Communications

All stockholder communications addressed to the Board or one or more directors are directed to the Company's Secretary for review. Stockholder communications that relate to the Company's accounting practices, internal accounting controls or auditing matters are referred to the chairperson of the Audit Committee. Any other stockholder communications that are not advertising materials, promotions of a product or service, patently offensive materials or matters deemed, in the reasonable judgment of the Secretary or his designee, inappropriate for the Board shall be forwarded promptly to the addressee(s). In the case of communications to the Board or any group or committee of directors, the Secretary or his designee will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the communication is addressed.

9. Stockholder Proposals

The Nominating and Corporate Governance Committee shall evaluate all stockholder proposals submitted to the Company; determine, with the assistance of outside advisors, if necessary, whether each such proposal is in the Company's best interests; and make a recommendation to the Board either in favor or against the stockholder proposal and provide, in writing, the reasons for its recommendation. In the case of any stockholder proposal relating to the compensation of the Company's directors or employees, this shall be done in conjunction with the Compensation Committee.

10. Director Attendance at Annual Stockholder Meetings

To facilitate stockholder communication with the Board, all directors are expected to attend the Company's annual stockholders' meeting.

B. Meetings of the Board of Directors

1. Selection of Chairman of the Board

The Chairman and the Co-Chairman, if any, of the Board shall be selected by the Board with the assistance of the Nominating and Corporate Governance Committee, provided that, if the director selected by the Board to be the Chairman is an employee of the Company, the directors determined by the Board to be “independent” in accordance with the NASDAQ Marketplace Rules (the “Independent Directors”) shall consider the appointment of a lead director. The Chairman and the Co-Chairman, if any, shall be elected annually and shall serve at the pleasure of the Board.

2. Frequency of Meetings

The Board shall generally meet one time each quarter and in conjunction with the annual meeting of shareholders. An annual calendar for the succeeding year shall be agreed upon before the end of each fiscal year. Special meetings may be called as necessary.

While the Board recognizes that directors discharge their duties in a variety of ways, including personal meetings and telephone contact with management and others regarding the business and affairs of the Company, the Board feels it is the responsibility of individual directors to make themselves available to attend both regular and special Board and committee meetings on a consistent basis. Active attendance at meetings shall be taken into account in the determination of whether to nominate for reelection any director.

3. Meetings of Independent Directors in Executive Session

The Independent Directors shall meet in executive session outside of the presence of management at least two times per year and shall further meet as they deem appropriate in their discretion, including upon the request of any such director. The Board shall report to the stockholders in the proxy statement for each annual meeting of stockholders the number of such meetings of Independent Directors held during the preceding year.

4. Access to Management and Outside Experts

Directors shall have reasonable direct access to members of senior management. In addition, the Board or a Board committee may seek legal or other expert advice from a source independent of management.

5. Attendance of Non-Directors at Meetings

The Chairman and the Co-Chairman, if any, have discretion to invite any members of management, other Company employees or third parties they deem appropriate to attend Board meetings at appropriate times, subject to the Board’s right to request that such attendance be limited or discontinued. At the Board’s request, guests shall sign a confidentiality agreement in a form satisfactory to the Chief Legal Officer prior to such guest’s participation in any Board or committee meeting. The Board and committees may exclude any guest from part or all of any meeting upon its determination that it is in the best interests of the Company to do so.

6. Agendas and Presentations

The Board believes the Chairman, the Co-Chairman, if any, and the CEO are jointly responsible, and should establish, the agenda for each Board meeting, taking into account suggestions of Board members. Board members may include particular items on the agenda by

contacting the Chairman, the Co-Chairman, if any, or the CEO and the Chairman; the Co-Chairman, if any, and the CEO are expected to ask directors for their suggestions or opinions on possible agenda items before each meeting.

As with the agenda, the Board believes that the Chairman, the Co-Chairman, if any, and the CEO should determine the form of each presentation to the Board and the person to make such presentation. Each meeting should include reports from the Board committees, as appropriate.

It is the policy of the Board that the CEO or Chief Financial Officer will give a presentation on the financial and operating results of the Company and related issues on a quarterly basis.

7. Information Flow

The Board shall receive salient information helpful in understanding the presentations, discussions and issues to be covered at such meeting, in writing and sufficiently in advance of such meeting to permit appropriate review. Where appropriate, longer and more complex documents shall contain executive summaries.

The Board periodically reviews the information flow to Board members to ensure that directors receive the right kind and amount of information from management in sufficient time to prepare for meetings. The Chairman or the Co-Chairman, if any, or a designee of either of them, shall coordinate the information flow to the directors, periodically discuss director satisfaction with Board materials with individual directors and encourage directors to offer suggestions on materials. In addition, this topic shall be considered annually by the Nominating and Corporate Governance Committee as part of its regular review of Board performance.

8. Additional Service

From time to time the Company may request the services of a Board member other than in his or her capacity as a director. In such situations, before assigning any task to a Board member that would require additional compensation, the Chairman, the Co-Chairman, if any, or the CEO shall first review such assignment with the Compensation Committee. Any Board member requested to perform services by the Company that he or she believes do not lie within his or her capacity as a director, shall inform the Compensation Committee prior to accepting such assignment. Any such engagement shall be consistent with any applicable independence requirements.

C. Board Structure

1. Size and Composition of Board

The size and composition of the Board shall be as determined in accordance with the Bylaws; provided that a majority of the directors on the board at any time are Independent Directors.

2. Resignations

- a. *Offer of Resignation in Connection with a Change in Professional Role or Responsibilities*

Unless otherwise determined by the Nominating and Corporate Governance Committee, any director not then serving as an executive officer of the Company shall offer his or her resignation as a matter of course upon retirement, a change in employer or other significant changes in his or her professional role or responsibilities that might reasonably be seen to affect his or her ability to serve, and the Board shall consider the appropriateness of continued service in light of such changes.

Each director serving as an executive officer of the Company shall offer his or her resignation from the Board as a matter of course upon retirement, resignation or any other significant change in his or her professional roles or responsibilities, unless otherwise provided in such individual's employment, consulting or other agreement with the Company or unless otherwise determined by the Board or by the Nominating and Corporate Governance Committee.

Any such resignation shall be communicated to (1) the Chairman or Co-Chairman, if any, and (2) the Chief Executive Officer or Secretary of the Company. Such resignation shall be reviewed by the Board as a whole or, at the Board's direction, the Nominating and Corporate Governance Committee, without, in either case, the participation of the director offering his or her resignation. If the Board or the Nominating and Corporate Governance Committee, as the case may be, determines that such director continues to contribute significantly to the Company, the director's membership on the Board may continue.

b. *Offer of Resignation in Connection with Failure to Receive More "For" than "Against" Votes*

In accordance with the Bylaws, in an election where the number of persons properly nominated to serve as directors of the Company does not exceed the number of directors to be elected, a nominee must receive more votes cast "for" than "against" his or her election in order to be elected or re-elected to the Board. However, pursuant to the Bylaws, a director remains on the Board until his or her successor shall have been duly elected and qualified, or until the earlier of his death, resignation or removal even if he or she is not re-elected. Any director who fails to receive the required number of votes for re-election shall offer his or her resignation from the Board.

Any such resignation shall be communicated to (1) the Chairman or Co-Chairman, if any, and (2) the CEO or Secretary of the Company. Such resignation shall be reviewed on an expedited basis by the Board as a whole or, at the Board's direction, the Nominating and Corporate Governance Committee, without, in either case, the participation of the director offering his or her resignation. The Board or the Nominating and Corporate Governance Committee, as the case may be, may consider any factors it deems relevant in deciding whether the director's membership on the Board may continue including, without limitation, the underlying reasons for the "against" vote, the length of service and qualifications of the director whose resignation has been tendered, that director's contributions to the Company and the skills and characteristics of that director, assessed in the context of the perceived needs of the Board at the time. If the Board or the Nominating and Corporate Governance Committee, as the case may be, determines that such director continues to contribute significantly to the Company, the director's membership on the Board shall continue until his or her successor shall have been duly elected and qualified, or until the earlier of his death, resignation or removal. In either case, the

Company shall publicly disclose the decision and the underlying rationale within ninety days following the date of the certification of the election results.

3. Director Retirement Age and Term Limits

The Board believes that consistent quality in the directorship can be achieved effectively without term limits or any mandatory retirement age. However, the Board generally endorses the practice of periodic turnover to include new members and the differing perspectives that they provide.

4. Director Appointments

Candidates for election as directors of the Company shall be nominated in accordance with the Bylaws of the Company. Director nominees should have appropriate skills and characteristics required of Board members, assessed in the context of the perceived needs of the Board at the time, which assessment should include issues of diversity, age and skills.

In addition, the Nominating and Corporate Governance Committee shall review the qualifications of, and make recommendations to the Board regarding, any Independent Director nominees submitted to the Company by a written recommendation of a stockholder that includes the following information:

- the name, address, phone number and email address of the stockholder and evidence of such person's ownership of the Company's common stock, including the number of shares beneficially owned and the length of time of ownership;
- the candidate's name, address, phone number, email address, resume or a list of his or her qualifications to be a director of the Company and his or her consent to be named a director, if nominated, and to serve as a director, if elected; and
- a description of agreements, arrangements, understandings or relationships between the stockholder and such director candidate and any other persons (including their names), pursuant to which the recommendation is made.

The Board retains full authority, subject to its business judgment and its fiduciary duties, to nominate any candidate to stand for election to the Board and to make any recommendation to the Company's stockholders regarding who should be elected as a director, and is not required under the procedure to nominate, or recommend in favor of the election of, any candidate.

5. Director Evaluation

The Nominating and Corporate Governance Committee shall prepare, for the Board's review and approval, Board and director assessment methods and criteria, taking the views of the Chairman, the Co-Chairman, if any, and the CEO into consideration. The Nominating and Corporate Governance Committee shall annually evaluate the Board's overall performance and evaluate individual directors' performance using the Board-approved methods and criteria for such review.

6. Director Compensation and Stock Ownership

The Board believes that the level of director compensation generally should be competitive with that paid to directors of other corporations of similar size and profile in the United States. The Compensation Committee is responsible for making recommendations for the full Board's review and approval with respect to director compensation and benefit programs.

Directors shall be reimbursed for meeting-related expenses and shall receive such other benefits as the Board may determine from time-to-time.

Independent Directors shall not be eligible to receive from the Company any change-in-control payments or severance arrangements of any kind, although the acceleration of stock options and restricted grants shall not be deemed to constitute such a prohibited payment or severance arrangement.

The Board believes that directors more effectively represent the Company's stockholders, whose interests the Board is charged with protecting, if they are stockholders themselves. Accordingly, each Independent Director is required, within four years following his or her first election to the Board, to beneficially own (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) shares of the Company's common stock (including any restricted shares of common stock or restricted share units payable in shares of the Company's common stock) having an aggregate value at least equal to five times the amount of the annual cash Board retainer that is then paid such director for regular service on the Board. For purposes of determining compliance with the share ownership guidelines described immediately above, the aggregate value of the shares owned by the Independent Director is calculated as of January 2nd of each applicable year (or if such date is not a trading date, the next trading date) based on the higher of:

- the closing price of the Company's common stock as quoted on the NASDAQ National Market on that day; and
- the closing price of the Company's common stock as quoted on the NASDAQ National Market on the date of grant (or if such date is not a trading date, the next trading date), for any shares awarded to the director by the Company, and the actual cost to the director, for any other shares (*e.g.*, with respect to shares acquired through the exercise of stock options, the exercise price).

Independent Directors are subject to these guidelines for as long as they continue to serve on the Board.

7. Other Directorates

All directors shall seek approval from the Nominating and Corporate Governance Committee prior to accepting any other board memberships at other publicly held companies (which, for the sake of clarity, does not include subsidiaries, controlled affiliates, private companies, or non-profit organizations), provided that no director shall serve on more than four other boards of publicly held companies, and provided further that directors who are members of management shall also seek such approval from the Board.

8. Director Orientation and Continuing Education

The Company shall provide directors with board membership orientation and continuing director education as the Board of Directors may request from time to time.

D. Committees of the Board

1. Number and Types of Committees

The Board believes that committees should be created and disbanded depending on the particular interests of the Board, issues facing the Company and legal requirements. As provided in the Bylaws, the current “standing” committees of the Board (that is, committees expected to operate over an extended period) are the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee shall periodically recommend changes to the composition of the Board committees. Directors are free to make suggestions regarding committees at any time and are encouraged to do so. The Board also expects that the committee structure shall be one of the matters considered from time to time as part of the review of overall Board effectiveness.

2. Assignment and Rotation of Committee Members

The Board expects that committee assignments will be rotated periodically, though not necessarily within any specified time frame, and shall comply with the respective committee charters and any applicable stock exchange and legal requirements.

3. Frequency of Committee Meetings

Management shall generally recommend an annual committee meeting schedule for all standing committees, but it is the responsibility of committee chairpersons, in consultation with committee members, to determine the frequency and length of committee meetings.

4. Committee Agendas

Committee chairpersons, in consultation with appropriate members of management and committee members, shall determine committee agendas. Any director may suggest an item for consideration as part of any committee agenda.

5. Committee Reports

Each committee of the Board shall maintain minutes of, and records relating to, its meetings and report regularly to the Board on their activities, as such committee deems appropriate. Committee chairpersons are offered the opportunity to comment or report on committee activities at each Board meeting.

Committee actions are binding consistent with the Certificate of Incorporation, Bylaws, such Committee’s charter and applicable corporate law.

6. Specific Roles and Responsibilities

The specific roles and responsibilities of each committee are outlined in their respective charters, which may be amended by the Board from time to time.

E. Purpose and Application of these Corporate Governance Principles and Policies

The Board has adopted these Corporate Governance Principles and Policies to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its stockholders. These principles and policies should be applied in a manner consistent with all applicable laws and stock market rules and the Certificate of Incorporation and Bylaws, each as in effect from time to time. These principles and policies are intended to serve as a flexible framework for the conduct of the Board's business and not as a set of legally binding obligations. The Board may modify or make exceptions to these principles and policies from time to time in its discretion and consistent with its duties and responsibilities to the Company and its stockholders.