

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2022

OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 1-15839



ACTIVISION BLIZZARD, INC.
(Exact name of registrant as specified in its charter)

Delaware	95-4803544
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2701 Olympic Boulevard Building B Santa Monica, CA	90404
(Address of principal executive offices)	(Zip Code)

(310) 255-2000
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.000001 per share	ATVI	The Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Non-accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
				Smaller reporting company	<input type="checkbox"/>
				Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant’s Common Stock outstanding at April 26, 2022 was 781,881,472.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES

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CAUTIONARY STATEMENT

This Quarterly Report on Form 10-Q contains, or incorporates by reference, statements reflecting our views about our future performance that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical facts and include, but are not limited to: (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow, or other financial items; (2) statements of our plans and objectives, including those related to releases of products or services and restructuring activities; (3) statements of future financial or operating performance, including the impact of tax items thereon; (4) statements regarding the proposed transaction between Activision Blizzard, Inc. and Microsoft Corporation (“Microsoft”) (such transaction, “the proposed transaction with Microsoft”), including any statements regarding the expected timetable for completing the proposed transaction with Microsoft, the ability to complete the proposed transaction with Microsoft, and the expected benefits of the proposed transaction with Microsoft; and (5) statements of assumptions underlying such statements. Activision Blizzard, Inc. generally uses words such as “outlook,” “forecast,” “will,” “could,” “should,” “would,” “to be,” “plan,” “aims,” “believes,” “may,” “might,” “expects,” “intends,” “seeks,” “anticipates,” “estimate,” “future,” “positioned,” “potential,” “project,” “remain,” “scheduled,” “set to,” “subject to,” “upcoming,” and the negative version of these words and other similar words and expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risks, reflect management’s current expectations, estimates, and projections about our business, and are inherently uncertain and difficult to predict.

We caution that a number of important factors, many of which are beyond our control, could cause our actual future results and other future circumstances to differ materially from those expressed in any forward-looking statements. Such factors include, but are not limited to: the risk that the proposed transaction with Microsoft may not be completed in a timely manner or at all, which may adversely affect our business and the price of our common stock; the failure to satisfy the conditions to the consummation of the proposed transaction with Microsoft, including the receipt of certain governmental and regulatory approvals; the occurrence of any event, change, or other circumstance that could give rise to the termination of the Agreement and Plan of Merger, dated as of January 18, 2022, by and among Activision Blizzard, Microsoft, and Anchorage Merger Sub Inc., a wholly owned subsidiary of Microsoft (the “Merger Agreement”); the effect of the announcement or pendency of the proposed transaction with Microsoft on our business relationships, operating results, and business generally; risks that the proposed transaction with Microsoft disrupts our current plans and operations and potential difficulties in employee retention as a result of the proposed transaction with Microsoft; risks related to diverting management’s attention from ongoing business operations; the outcome of any legal proceedings that have been or may be instituted against us related to the Merger Agreement or the transactions contemplated thereby; restrictions during the pendency of the proposed transaction with Microsoft that may impact our ability to pursue certain business opportunities or strategic transactions; the potential for receipt of alternative acquisition proposals from potential acquirors; the global impact of the ongoing COVID-19 pandemic (including, without limitation, the potential for significant short- and long-term global unemployment and economic weakness and a resulting impact on global discretionary spending; potential strain on the retailers, distributors, and manufacturers who sell our physical products to customers and the platform providers on whose networks and consoles certain of our games are available; effects on our ability to release our content in a timely manner and with effective quality control; effects on our ability to prevent cyber-security incidents while our workforce is disbursed; effects on the operations of our professional esports leagues; the impact of large-scale intervention by the Federal Reserve and other central banks around the world, including the impact on interest rates; increased demand for our games due to stay-at-home orders and curtailment of other forms of entertainment, which may not be sustained and may fluctuate as stay-at-home orders are reduced, lifted, and/or reinstated; macroeconomic impacts arising from the long duration of the COVID-19 pandemic, including labor shortages and supply chain disruptions; and volatility in foreign exchange rates); our ability to consistently deliver popular, high-quality titles in a timely manner, which has been made more difficult as a result of the COVID-19 pandemic; our ability to satisfy the expectations of consumers with respect to our brands, games, services, and/or business practices; negative impacts on our business from concerns regarding our workplace; our ability to attract, retain, and motivate skilled personnel; competition; concentration of revenue among a small number of franchises; negative impacts from unionization or attempts to unionize by our workforce; rapid changes in technology and industry standards; increasing importance of revenues derived from digital distribution channels; our ability to manage growth in the scope and complexity of our business; substantial influence of third-party platform providers over our products and costs; success and availability of video game consoles manufactured by third parties, including our ability to predict the consoles that will be most successful in the marketplace and develop commercially-successful products for those consoles; risks associated with the free-to-play business model, including our dependence on a relatively small number of consumers for a significant portion of revenues and profits from any given game; risks and uncertainties of conducting business outside the United States (the “U.S.”), including the need for regulatory approval to operate, impacts on our business arising from the current conflict between Russia and Ukraine, the relatively weaker protection for our intellectual property rights, and the impact of cultural differences on consumer preferences; risks associated with the retail sales business model; our ability to realize the expected benefits of our recent restructuring actions; difficulties in integrating acquired businesses or otherwise realizing the anticipated benefits of strategic transactions; the seasonality in the sale of our products; fluctuation in our recurring business; risks relating to behavior of our distributors, retailers, development, and licensing partners, or other affiliated third parties that may harm our brands or business operations; our reliance on tools and technologies owned by third parties; risks associated with our use of open source software; risks associated with undisclosed content or features that may result in consumers’ refusal to buy or retailers’ refusal to sell our products; risks associated with objectionable consumer- or other third-party-created content; outages, disruptions or degradations in our services, products, and/or technological infrastructure; data breaches, fraudulent activity, and other cybersecurity risks; significant disruption during our live events; risks related to the impacts of catastrophic events; climate change; provisions in our corporate documents that may make it more difficult for any person to acquire control of our company; ongoing legal proceedings related to workplace concerns and otherwise, including the impact of the complaint filed in 2021 by the California Department of Fair Employment and Housing alleging violations of the California Fair Employment and Housing Act and the California Equal Pay Act and separate investigations and complaints by other parties and regulators related to certain employment practices and related disclosures; successful implementation of the requirements of the court-approved consent decree with the Equal Employment Opportunity Commission; intellectual property claims; increasing regulation in key territories; regulation relating to the Internet, including potential harm from laws impacting “net neutrality”; regulation concerning data privacy, including China’s recently passed Personal Information Protection Law; scrutiny regarding the appropriateness of our games’ content, including ratings assigned by third parties; changes in tax rates and/or tax laws or exposure to additional tax liabilities; fluctuations in currency exchange rates; impacts of changes in financial accounting standards; insolvency or business failure of any of our business partners, which has been magnified as a result of the COVID-19 pandemic; risks associated with our reliance on consumer discretionary spending; and the other factors included in “Risk Factors” included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (the “SEC”).

The forward-looking statements contained herein are based on information available to Activision Blizzard, Inc. as of the date of this filing, and we assume no obligation to update any such forward-looking statements. Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

Activision Blizzard, Inc.’s names, abbreviations thereof, logos, and product and service designators are all either the registered or unregistered trademarks or trade names of Activision Blizzard, Inc. All other product or service names are the property of their respective owners. All dollar amounts referred to in, or contemplated by, this Quarterly Report on Form 10-Q refer to U.S. dollars unless otherwise explicitly stated to the contrary.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(Amounts in millions, except share data)

	At March 31, 2022	At December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,967	\$ 10,423
Accounts receivable, net of allowances of \$31 and \$36, at March 31, 2022 and December 31, 2021, respectively	530	972
Software development	433	449
Other current assets	556	712
Total current assets	12,486	12,556
Software development	289	211
Property and equipment, net	174	169
Deferred income taxes, net	1,308	1,377
Other assets	511	497
Intangible assets, net	445	447
Goodwill	9,799	9,799
Total assets	\$ 25,012	\$ 25,056
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 207	\$ 285
Deferred revenues	835	1,118
Accrued expenses and other liabilities	1,249	1,008
Total current liabilities	2,291	2,411
Long-term debt, net	3,608	3,608
Deferred income taxes, net	375	506
Other liabilities	907	932
Total liabilities	7,181	7,457
Commitments and contingencies (Note 16)		
Shareholders' equity:		
Common stock, \$0.000001 par value, 2,400,000,000 shares authorized, 1,210,312,481 and 1,207,729,623 shares issued at March 31, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	11,927	11,715
Less: Treasury stock, at cost, 428,676,471 shares at March 31, 2022 and December 31, 2021	(5,563)	(5,563)
Retained earnings	12,053	12,025
Accumulated other comprehensive loss	(586)	(578)
Total shareholders' equity	17,831	17,599
Total liabilities and shareholders' equity	\$ 25,012	\$ 25,056

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Amounts in millions, except per share data)

	For the Three Months Ended March 31,	
	2022	2021
Net revenues		
Product sales	\$ 386	\$ 675
In-game, subscription, and other revenues	1,382	1,600
Total net revenues	1,768	2,275
Costs and expenses		
Cost of revenues—product sales:		
Product costs	91	140
Software royalties, amortization, and intellectual property licenses	81	112
Cost of revenues—in-game, subscription, and other:		
Game operations and distribution costs	288	296
Software royalties, amortization, and intellectual property licenses	19	30
Product development	346	353
Sales and marketing	252	237
General and administrative	214	282
Restructuring and related costs	(2)	30
Total costs and expenses	1,289	1,480
Operating income	479	795
Interest and other expense (income), net (Note 12)	14	30
Income before income tax expense	465	765
Income tax expense	70	146
Net income	\$ 395	\$ 619
Earnings per common share		
Basic	\$ 0.51	\$ 0.80
Diluted	\$ 0.50	\$ 0.79
Weighted-average number of shares outstanding		
Basic	780	775
Diluted	786	783

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	For the Three Months Ended March 31,	
	2022	2021
Net income	\$ 395	\$ 619
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of tax	(4)	(5)
Unrealized gains (losses) on forward contracts designated as hedges, net of tax	(5)	29
Unrealized gains (losses) on available-for-sale securities, net of tax	1	(2)
Total other comprehensive income (loss)	\$ (8)	\$ 22
Comprehensive income	<u>\$ 387</u>	<u>\$ 641</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	For the Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 395	\$ 619
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(64)	3
Non-cash operating lease cost	18	16
Depreciation and amortization	24	33
Amortization of capitalized software development costs and intellectual property licenses (1)	75	106
Share-based compensation expense (2)	98	151
Realized and unrealized gain on equity investment	(11)	—
Other	(11)	(11)
Changes in operating assets and liabilities:		
Accounts receivable, net	440	276
Software development and intellectual property licenses	(104)	(84)
Other assets	125	(2)
Deferred revenues	(278)	(204)
Accounts payable	(76)	(70)
Accrued expenses and other liabilities	11	11
Net cash provided by operating activities	642	844
Cash flows from investing activities:		
Proceeds from maturities of available-for-sale investments	22	16
Purchases of available-for-sale investments	—	(80)
Capital expenditures	(15)	(22)
Net cash provided by (used in) investing activities	7	(86)
Cash flows from financing activities:		
Proceeds from issuance of common stock to employees	16	29
Tax payment related to net share settlements on restricted stock units	(113)	(124)
Net cash used in financing activities	(97)	(95)
Effect of foreign exchange rate changes on cash and cash equivalents	(10)	(28)
Net increase in cash and cash equivalents and restricted cash	542	635
Cash and cash equivalents and restricted cash at beginning of period	10,438	8,652
Cash and cash equivalents and restricted cash at end of period	\$ 10,980	\$ 9,287
Supplemental cash flow information - Non-cash financing activities:		
Dividends payable	\$ 367	\$ 365

(1) Excludes deferral and amortization of share-based compensation expense, including liability awards accounted for under ASC 718.

(2) Includes the net effects of capitalization, deferral, and amortization of share-based compensation expense, including liability awards accounted for under ASC 718.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended March 31, 2022 and March 31, 2021
(Unaudited)
(Amounts and shares in millions, except per share data)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	1,208	\$ —	(429)	\$ (5,563)	\$ 11,715	\$ 12,025	\$ (578)	\$ 17,599
Components of comprehensive income:								
Net income	—	—	—	—	—	395	—	395
Other comprehensive income (loss)	—	—	—	—	—	—	(8)	(8)
Issuance of common stock pursuant to employee stock options	—	—	—	—	15	—	—	15
Issuance of common stock pursuant to restricted stock units	4	—	—	—	—	—	—	—
Restricted stock surrendered for employees' tax liability	(2)	—	—	—	(131)	—	—	(131)
Settlement of liability-classified awards in restricted stock units (Note 10)	—	—	—	—	204	—	—	204
Share-based compensation expense related to employee stock options and restricted stock units	—	—	—	—	124	—	—	124
Dividends (\$0.47 per common share)	—	—	—	—	—	(367)	—	(367)
Balance at March 31, 2022	1,210	\$ —	(429)	\$ (5,563)	\$ 11,927	\$ 12,053	\$ (586)	\$ 17,831

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	1,203	\$ —	(429)	\$ (5,563)	\$ 11,531	\$ 9,691	\$ (622)	\$ 15,037
Components of comprehensive income:								
Net income	—	—	—	—	—	619	—	619
Other comprehensive income (loss)	—	—	—	—	—	—	22	22
Issuance of common stock pursuant to employee stock options	1	—	—	—	33	—	—	33
Issuance of common stock pursuant to restricted stock units	4	—	—	—	—	—	—	—
Restricted stock surrendered for employees' tax liability	(2)	—	—	—	(165)	—	—	(165)
Share-based compensation expense related to employee stock options and restricted stock units	—	—	—	—	150	—	—	150
Dividends (\$0.47 per common share)	—	—	—	—	—	(365)	—	(365)
Balance at March 31, 2021	1,206	\$ —	(429)	\$ (5,563)	\$ 11,549	\$ 9,945	\$ (600)	\$ 15,331

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ACTIVISION BLIZZARD, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business and Basis of Consolidation and Presentation

Activision Blizzard, Inc. is a leading global developer and publisher of interactive entertainment content and services. We develop and distribute content and services on video game consoles, personal computers (“PCs”), and mobile devices. We also operate esports leagues and offer digital advertising within some of our content. The terms “Activision Blizzard,” the “Company,” “we,” “us,” and “our” are used to refer collectively to Activision Blizzard, Inc. and its subsidiaries.

Merger Agreement

On January 18, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Microsoft Corporation (“Microsoft”) and Anchorage Merger Sub Inc. (“Merger Sub”), a wholly owned subsidiary of Microsoft. Subject to the terms and conditions of the Merger Agreement, Microsoft agreed to acquire the Company for \$95.00 per issued and outstanding share of our common stock, par value \$0.000001 per share, in an all-cash transaction. Pursuant to the Merger Agreement, following consummation of the merger of Merger Sub with and into the Company (the “Merger”), the Company will be a wholly-owned subsidiary of Microsoft. As a result of the Merger, we will cease to be a publicly traded company. We have agreed to various customary covenants and agreements, including, among others, agreements to conduct our business in the ordinary course during the period between the execution of the Merger Agreement and the effective time of the Merger (the “Effective Time”). We do not believe these restrictions will prevent us from meeting our debt service obligations, ongoing costs of operations, working capital needs or capital expenditure requirements. The consummation of the Merger remains subject to customary closing conditions, including satisfaction of certain regulatory approvals. On April 28, 2022, the Company’s stockholders adopted the Merger Agreement at a special meeting of stockholders. The Merger is currently expected to close in Microsoft’s fiscal year ending June 30, 2023.

For additional information related to the Merger Agreement, please refer to the Definitive Proxy Statement on Schedule 14A filed with the SEC on March 21, 2022, as supplemented by the Current Report on Form 8-K filed with the SEC on April 15, 2022, as well as [Part I Item 1 “Business” of our Annual Report on Form 10-K for the year ended December 31, 2021](#), and other relevant materials in connection with the proposed transaction with Microsoft that we will file with the SEC and that will contain important information about the Company and the Merger.

Our Segments

Based upon our organizational structure, we conduct our business through three reportable segments, each of which is a leading global developer and publisher of interactive entertainment content and services based primarily on our internally-developed intellectual properties.

(i) Activision Publishing, Inc.

Activision Publishing, Inc. (“Activision”) delivers content through both premium and free-to-play offerings and primarily generates revenue from full-game and in-game sales, as well as by licensing software to third-party or related-party companies that distribute Activision products. Activision’s key product franchise is Call of Duty®, a first-person action franchise. Activision also includes the activities of the Call of Duty League™, a global professional esports league with city-based teams.

(ii) Blizzard Entertainment, Inc.

Blizzard Entertainment, Inc. (“Blizzard”) delivers content through both premium and free-to-play offerings and primarily generates revenue from full-game and in-game sales, subscriptions, and by licensing software to third-party or related-party companies that distribute Blizzard products. Blizzard also maintains a proprietary online gaming platform, Battle.net®, which facilitates digital distribution of Blizzard content and selected Activision content, online social connectivity, and the creation of user-generated content. Blizzard’s key product franchises include: Warcraft®, which includes World of Warcraft®, a subscription-based massive multi-player online role-playing game, and Hearthstone®, an online collectible card game based in the Warcraft universe; Diablo®, an action role-playing franchise; and Overwatch®, a team-based first-person action franchise. Blizzard also includes the activities of the Overwatch League™, a global professional esports league with city-based teams.

(iii) *King Digital Entertainment*

King Digital Entertainment (“King”) delivers content through free-to-play offerings and primarily generates revenue from in-game sales and in-game advertising on mobile platforms. King’s key product franchise is Candy Crush™, a “match three” franchise.

Other

We also engage in other businesses that do not represent reportable segments, including the Activision Blizzard Distribution (“Distribution”) business, which consists of operations in Europe that provide warehousing, logistics, and sales distribution services to third-party publishers of interactive entertainment software, our own publishing operations, and manufacturers of interactive entertainment hardware.

Basis of Consolidation and Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the SEC and accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim reporting. Accordingly, certain notes or other information that are normally required by U.S. GAAP have been condensed or omitted if they substantially duplicate the disclosures contained in our annual audited consolidated financial statements. Additionally, the year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. Accordingly, the unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021.

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. In the opinion of management, all adjustments considered necessary for the fair statement of our financial position and results of operations in accordance with U.S. GAAP (consisting of normal recurring adjustments) have been included in the accompanying unaudited condensed consolidated financial statements. Actual results could differ from these estimates and assumptions.

The accompanying condensed consolidated financial statements include the accounts and operations of the Company. All intercompany accounts and transactions have been eliminated.

2. Software Development and Intellectual Property Licenses

Our total capitalized software development costs of \$722 million and \$660 million as of March 31, 2022 and December 31, 2021, respectively, primarily relate to internal development costs. As of both March 31, 2022 and December 31, 2021, capitalized intellectual property licenses were not material.

Amortization of capitalized software development costs and intellectual property licenses was as follows (amounts in millions):

	For the Three Months Ended March 31,			
	2022		2021	
Amortization of capitalized software development costs and intellectual property licenses	\$	79	\$	112

3. Intangible Assets, Net

Intangible assets, net, consist of the following (amounts in millions):

	At March 31, 2022			
	Estimated useful lives	Gross carrying amount	Accumulated amortization	Net carrying amount
Acquired definite-lived intangible assets (1):				
Trade names and other	1 - 10 years	\$ 80	\$ (68)	\$ 12
Acquired indefinite-lived intangible assets:				
Activision trademark	Indefinite			\$ 386
Acquired trade names	Indefinite			47
Total indefinite-lived intangible assets				\$ 433
Total intangible assets, net				\$ 445

(1) Beginning with the first quarter of 2022, the balances of the internally-developed franchises intangible assets have been removed as such amounts were fully amortized in the prior year.

	At December 31, 2021			
	Estimated useful lives	Gross carrying amount	Accumulated amortization	Net carrying amount
Acquired definite-lived intangible assets:				
Internally-developed franchises	3 - 11 years	\$ 1,154	\$ (1,154)	\$ —
Trade names and other	1 - 10 years	80	(66)	14
Total definite-lived intangible assets		\$ 1,234	\$ (1,220)	\$ 14
Acquired indefinite-lived intangible assets:				
Activision trademark	Indefinite			\$ 386
Acquired trade names	Indefinite			47
Total indefinite-lived intangible assets				\$ 433
Total intangible assets, net				\$ 447

4. Goodwill

The carrying amount of goodwill by reportable segment at both March 31, 2022 and December 31, 2021, was as follows (amounts in millions):

	Activision	Blizzard	King	Total
Goodwill	\$ 6,933	\$ 190	\$ 2,676	\$ 9,799

5. Fair Value Measurements

The FASB literature regarding fair value measurements for certain assets and liabilities establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of “observable inputs” and minimize the use of “unobservable inputs.” The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities;

- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets or other inputs that are observable or can be corroborated by observable market data; and
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Fair Value Measurements on a Recurring Basis

The table below segregates all of our financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date (amounts in millions):

	As of March 31, 2022	Fair Value Measurements at March 31, 2022 Using			Balance Sheet Classification
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets:					
Recurring fair value measurements:					
Money market funds	\$ 10,583	\$ 10,583	\$ —	\$ —	Cash and cash equivalents
Foreign government treasury bills	46	46	—	—	Cash and cash equivalents
U.S. treasuries and government agency securities	107	107	—	—	Other current assets
Equity securities	61	61	—	—	Other current assets
Foreign currency forward contracts designated as hedges	21	—	21	—	Other current assets
Total	\$ 10,818	\$ 10,797	\$ 21	\$ —	

	As of December 31, 2021	Fair Value Measurements at December 31, 2021 Using			Balance Sheet Classification
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets:					
Recurring fair value measurements:					
Money market funds	\$ 10,035	\$ 10,035	\$ —	\$ —	Cash and cash equivalents
Foreign government treasury bills	34	34	—	—	Cash and cash equivalents
U.S. treasuries and government agency securities	130	130	—	—	Other current assets
Equity securities	50	50	—	—	Other current assets
Foreign currency forward contracts designated as hedges	20	—	20	—	Other current assets
Total	\$ 10,269	\$ 10,249	\$ 20	\$ —	

Foreign Currency Forward Contracts

Foreign Currency Forward Contracts Designated as Hedges (“Cash Flow Hedges”)

The total gross notional amounts and fair values of our Cash Flow Hedges, all of which primarily had remaining maturities of 12 months or less as of March 31, 2022, are as follows (amounts in millions):

	As of March 31, 2022		As of December 31, 2021	
	Notional amount	Fair value gain (loss)	Notional amount	Fair value gain (loss)
Foreign Currency:				
Buy USD, Sell EUR	\$ 441	\$ 21	\$ 382	\$ 20

For the three months ended March 31, 2022 and 2021, pre-tax net realized gains (losses) associated with our Cash Flow Hedges that were reclassified out of “Accumulated other comprehensive income (loss)” and into earnings were not material.

6. Deferred Revenues

We record deferred revenues when cash payments are received or due in advance of the fulfillment of our associated performance obligations. The aggregate of the current and non-current balances of deferred revenues as of March 31, 2022 and December 31, 2021, were \$0.8 billion and \$1.1 billion, respectively. For the three months ended March 31, 2022, the additions to our deferred revenues balance were primarily due to cash payments received or due in advance of satisfying our performance obligations, while the reductions to our deferred revenues balance were primarily due to the recognition of revenues upon fulfillment of our performance obligations, all of which were in the ordinary course of business. During the three months ended March 31, 2022 and March 31, 2021, \$0.7 billion and \$1.1 billion, respectively, of revenues were recognized that were included in the deferred revenues balance at beginning of the period.

As of March 31, 2022, the aggregate amount of contracted revenues allocated to our unsatisfied performance obligations was \$1.2 billion, which included our deferred revenues balances and amounts to be invoiced and recognized as revenue in future periods. We expect to recognize approximately \$1.1 billion over the next 12 months, approximately \$0.1 billion in the subsequent 12-month period, and the remainder thereafter. This balance did not include an estimate for variable consideration arising from sales-based royalty license revenue in excess of the contractual minimum guarantee or any estimated amounts of variable consideration that are subject to constraint in accordance with the revenue accounting standard.

7. Debt

Credit Facilities

As of March 31, 2022 and December 31, 2021, we had \$1.5 billion available under a revolving credit facility (the “Revolver”) pursuant to a credit agreement entered into on October 11, 2013 (as amended thereafter and from time to time, the “Credit Agreement”). To date, we have not drawn on the Revolver and we were in compliance with the terms of the Credit Agreement as of March 31, 2022.

Refer to [Note 13 contained in our Annual Report on Form 10-K for the year ended December 31, 2021](#) for further details regarding the Credit Agreement and its key terms.

Unsecured Senior Notes

As of March 31, 2022 and December 31, 2021, we had \$3.7 billion of gross unsecured senior notes outstanding. A summary of our outstanding unsecured senior notes is as follows (amounts in millions):

Unsecured Senior Notes	Interest Rate	Semi-Annual Interest Payments Due On	Maturity	At March 31, 2022		At December 31, 2021	
				Principal	Fair Value (Level 2)	Principal	Fair Value (Level 2)
2026 Notes	3.40%	Mar. 15 & Sept. 15	Sept. 2026	\$ 850	\$ 866	\$ 850	\$ 912
2027 Notes	3.40%	Jun. 15 & Dec. 15	Jun. 2027	400	406	400	430
2030 Notes	1.35%	Mar. 15 & Sept. 15	Sept. 2030	500	435	500	463
2047 Notes	4.50%	Jun. 15 & Dec. 15	Jun. 2047	400	455	400	480
2050 Notes	2.50%	Mar. 15 & Sept. 15	Sept. 2050	1,500	1,238	1,500	1,320
Total gross long-term debt				\$ 3,650		\$ 3,650	
Unamortized discount and deferred financing costs				(42)		(42)	
Total net carrying amount				\$ 3,608		\$ 3,608	

We were in compliance with the terms of the notes outstanding as of March 31, 2022. As of March 31, 2022, with the exception of our 2026 Notes, which are scheduled to mature in September 2026, no other contractual principal repayments of our long-term debt were due within the next five years.

Refer to [Note 13 contained in our Annual Report on Form 10-K for the year ended December 31, 2021](#) for further details regarding key terms under our indentures that govern our outstanding notes.

8. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) were as follows (amounts in millions):

	For the Three Months Ended March 31, 2022			
	Foreign currency translation adjustments	Unrealized gain (loss) on available-for- sale securities	Unrealized gain (loss) on forward contracts	Total
Balance at December 31, 2021	\$ (606)	\$ 3	\$ 25	\$ (578)
Other comprehensive income (loss) before reclassifications	(4)	2	6	4
Amounts reclassified from accumulated other comprehensive income (loss) into earnings	—	(1)	(11)	(12)
Balance at March 31, 2022	\$ (610)	\$ 4	\$ 20	\$ (586)

	For the Three Months Ended March 31, 2021			
	Foreign currency translation adjustments	Unrealized gain (loss) on available-for- sale securities	Unrealized gain (loss) on forward contracts	Total
Balance at December 31, 2020	\$ (589)	\$ (5)	\$ (28)	\$ (622)
Other comprehensive income (loss) before reclassifications	(5)	(3)	20	12
Amounts reclassified from accumulated other comprehensive income (loss) into earnings	—	1	9	10
Balance at March 31, 2021	\$ (594)	\$ (7)	\$ 1	\$ (600)

9. Operating Segments and Geographic Regions

We have three reportable segments—Activision, Blizzard, and King. Our operating segments are consistent with the manner in which our operations are reviewed and managed by our Chief Executive Officer, who is our chief operating decision maker (“CODM”). The CODM reviews segment performance exclusive of: the impact of the change in deferred revenues and related cost of revenues with respect to certain of our online-enabled games; share-based compensation expense (including liability awards accounted for under ASC 718); amortization of intangible assets as a result of purchase price accounting; fees and other expenses (including legal fees, expenses, and accruals) related to acquisitions, associated integration activities, and financings; certain restructuring and related costs; and certain other non-cash charges. The CODM does not review any information regarding total assets on an operating segment basis, and accordingly, no disclosure is made with respect thereto.

Our operating segments are also consistent with our internal organizational structure, the way we assess operating performance and allocate resources, and the availability of separate financial information. We do not aggregate operating segments.

Information on reportable segment net revenues and operating income are presented below (amounts in millions):

	Three Months Ended March 31, 2022			
	Activision	Blizzard	King	Total
Segment Revenues				
Net revenues from external customers	\$ 453	\$ 265	\$ 682	\$ 1,400
Intersegment net revenues (1)	—	9	—	9
Segment net revenues	<u>\$ 453</u>	<u>\$ 274</u>	<u>\$ 682</u>	<u>\$ 1,409</u>
Segment operating income	\$ 59	\$ 53	\$ 243	\$ 355

	Three Months Ended March 31, 2021			
	Activision	Blizzard	King	Total
Segment Revenues				
Net revenues from external customers	\$ 891	\$ 458	\$ 609	\$ 1,958
Intersegment net revenues (1)	—	25	—	25
Segment net revenues	<u>\$ 891</u>	<u>\$ 483</u>	<u>\$ 609</u>	<u>\$ 1,983</u>
Segment operating income	\$ 442	\$ 208	\$ 203	\$ 853

(1) Intersegment revenues reflect licensing and service fees charged between segments.

Reconciliations of total segment net revenues and total segment operating income to consolidated net revenues and consolidated income before income tax expense are presented in the table below (amounts in millions):

	Three Months Ended March 31,	
	2022	2021
Reconciliation to consolidated net revenues:		
Segment net revenues	\$ 1,409	\$ 1,983
Revenues from non-reportable segments (1)	81	108
Net effect from recognition (deferral) of deferred net revenues (2)	287	209
Elimination of intersegment revenues (3)	(9)	(25)
Consolidated net revenues	<u>\$ 1,768</u>	<u>\$ 2,275</u>
Reconciliation to consolidated income before income tax expense:		
Segment operating income	\$ 355	\$ 853
Operating income (loss) from non-reportable segments (1)	19	(4)
Net effect from recognition (deferral) of deferred net revenues and related cost of revenues (2)	235	132
Share-based compensation expense (4)	(98)	(151)
Amortization of intangible assets	(2)	(5)
Restructuring and related costs	2	(30)
Merger and acquisition-related fees and other expenses (5)	(32)	—
Consolidated operating income	<u>479</u>	<u>795</u>
Interest and other expense (income), net	<u>14</u>	<u>30</u>
Consolidated income before income tax expense	<u>\$ 465</u>	<u>\$ 765</u>

- (1) Includes other income and expenses outside of our reportable segments, including our Distribution business and unallocated corporate income and expenses.
- (2) Reflects the net effect from recognition (deferral) of deferred net revenues, along with related cost of revenues, on certain of our online-enabled products.
- (3) Intersegment revenues reflect licensing and service fees charged between segments.
- (4) Expenses related to share-based compensation, including \$15 million for outstanding liability awards accounted for under ASC 718.
- (5) Reflects fees and other expenses related to our proposed transaction with Microsoft, primarily legal and advisory fees.

Net revenues by distribution channel, including a reconciliation to each of our reportable segment's revenues, were as follows (amounts in millions):

Three Months Ended March 31, 2022						
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (3)	Total
Net revenues by distribution channel:						
Digital online channels (1)	\$ 616	\$ 300	\$ 682	\$ —	\$ (9)	\$ 1,589
Retail channels	83	2	—	—	—	85
Other (2)	11	2	—	81	—	94
Total consolidated net revenues	<u>\$ 710</u>	<u>\$ 304</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,768</u>
Change in deferred revenues:						
Digital online channels (1)	\$ (192)	\$ (30)	\$ —	\$ —	\$ —	\$ (222)
Retail channels	(65)	1	—	—	—	(64)
Other (2)	—	(1)	—	—	—	(1)
Total change in deferred revenues	<u>\$ (257)</u>	<u>\$ (30)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (287)</u>
Segment net revenues:						
Digital online channels (1)	\$ 424	\$ 270	\$ 682	\$ —	\$ (9)	\$ 1,367
Retail channels	18	3	—	—	—	21
Other (2)	11	1	—	81	—	93
Total segment net revenues	<u>\$ 453</u>	<u>\$ 274</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,481</u>
Three Months Ended March 31, 2021						
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (3)	Total
Net revenues by distribution channel:						
Digital online channels (1)	\$ 965	\$ 461	\$ 605	\$ —	\$ (25)	\$ 2,006
Retail channels	143	6	—	—	—	149
Other (2)	15	3	—	102	—	120
Total consolidated net revenues	<u>\$ 1,123</u>	<u>\$ 470</u>	<u>\$ 605</u>	<u>\$ 102</u>	<u>\$ (25)</u>	<u>\$ 2,275</u>
Change in deferred revenues:						
Digital online channels (1)	\$ (162)	\$ 17	\$ 4	\$ —	\$ —	\$ (141)
Retail channels	(70)	(4)	—	—	—	(74)
Other (2)	—	—	—	6	—	6
Total change in deferred revenues	<u>\$ (232)</u>	<u>\$ 13</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ (209)</u>
Segment net revenues:						
Digital online channels (1)	\$ 803	\$ 478	\$ 609	\$ —	\$ (25)	\$ 1,865
Retail channels	73	2	—	—	—	75
Other (2)	15	3	—	108	—	126
Total segment net revenues	<u>\$ 891</u>	<u>\$ 483</u>	<u>\$ 609</u>	<u>\$ 108</u>	<u>\$ (25)</u>	<u>\$ 2,066</u>

(1) Net revenues from “Digital online channels” include revenues from digitally-distributed downloadable content, microtransactions, subscriptions, and products, as well as licensing royalties.

(2) Net revenues from “Other” primarily include revenues from our Distribution business, the Overwatch League, and the Call of Duty League.

(3) Intersegment revenues reflect licensing and service fees charged between segments.

Geographic information presented below is based on the location of the paying customer. Net revenues by geographic region, including a reconciliation to each of our reportable segment’s net revenues, were as follows (amounts in millions):

	Three Months Ended March 31, 2022					
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (2)	Total
Net revenues by geographic region:						
Americas	\$ 460	\$ 125	\$ 437	\$ —	\$ (6)	\$ 1,016
EMEA (1)	184	94	170	81	(2)	527
Asia Pacific	66	85	75	—	(1)	225
Total consolidated net revenues	<u>\$ 710</u>	<u>\$ 304</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,768</u>
Change in deferred revenues:						
Americas	\$ (164)	\$ (11)	\$ 1	\$ —	\$ —	\$ (174)
EMEA (1)	(80)	(13)	—	—	—	(93)
Asia Pacific	(13)	(6)	(1)	—	—	(20)
Total change in deferred revenues	<u>\$ (257)</u>	<u>\$ (30)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (287)</u>
Segment net revenues:						
Americas	\$ 296	\$ 114	\$ 438	\$ —	\$ (6)	\$ 842
EMEA (1)	104	81	170	81	(2)	434
Asia Pacific	53	79	74	—	(1)	205
Total segment net revenues	<u>\$ 453</u>	<u>\$ 274</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,481</u>

Three Months Ended March 31, 2021						
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (2)	Total
Net revenues by geographic region:						
Americas	\$ 725	\$ 210	\$ 386	\$ —	\$ (14)	\$ 1,307
EMEA (1)	311	167	160	102	(9)	731
Asia Pacific	87	93	59	—	(2)	237
Total consolidated net revenues	<u>\$ 1,123</u>	<u>\$ 470</u>	<u>\$ 605</u>	<u>\$ 102</u>	<u>\$ (25)</u>	<u>\$ 2,275</u>
Change in deferred revenues:						
Americas	\$ (131)	\$ 5	\$ 5	\$ —	\$ —	\$ (121)
EMEA (1)	(77)	7	(1)	6	—	(65)
Asia Pacific	(24)	1	—	—	—	(23)
Total change in deferred revenues	<u>\$ (232)</u>	<u>\$ 13</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ (209)</u>
Segment net revenues:						
Americas	\$ 594	\$ 215	\$ 391	\$ —	\$ (14)	\$ 1,186
EMEA (1)	234	174	159	108	(9)	666
Asia Pacific	63	94	59	—	(2)	214
Total segment net revenues	<u>\$ 891</u>	<u>\$ 483</u>	<u>\$ 609</u>	<u>\$ 108</u>	<u>\$ (25)</u>	<u>\$ 2,066</u>

(1) “EMEA” consists of the Europe, Middle East, and Africa geographic regions.

(2) Intersegment revenues reflect licensing and service fees charged between segments.

The Company’s net revenues in the U.S. were 51% and 50% of consolidated net revenues for the three months ended March 31, 2022 and 2021, respectively. The Company’s net revenues in the United Kingdom (“U.K.”) were 10% and 11% of consolidated net revenues for the three months ended March 31, 2022 and 2021, respectively. No other country’s net revenues exceeded 10% of consolidated net revenues for the three months ended March 31, 2022 or 2021.

Net revenues by platform, including a reconciliation to each of our reportable segment's net revenues, were as follows (amounts in millions):

	Three Months Ended March 31, 2022					
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (3)	Total
Net revenues by platform:						
Console	\$ 460	\$ 24	\$ —	\$ —	\$ —	\$ 484
PC	124	251	17	—	(9)	383
Mobile and ancillary (1)	115	27	665	—	—	807
Other (2)	11	2	—	81	—	94
Total consolidated net revenues	<u>\$ 710</u>	<u>\$ 304</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,768</u>
Change in deferred revenues:						
Console	\$ (216)	\$ (5)	\$ —	\$ —	\$ —	\$ (221)
PC	(62)	(18)	—	—	—	(80)
Mobile and ancillary (1)	21	(6)	—	—	—	15
Other (2)	—	(1)	—	—	—	(1)
Total change in deferred revenues	<u>\$ (257)</u>	<u>\$ (30)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (287)</u>
Segment net revenues:						
Console	\$ 244	\$ 19	\$ —	\$ —	\$ —	\$ 263
PC	62	233	17	—	(9)	303
Mobile and ancillary (1)	136	21	665	—	—	822
Other (2)	11	1	—	81	—	93
Total segment net revenues	<u>\$ 453</u>	<u>\$ 274</u>	<u>\$ 682</u>	<u>\$ 81</u>	<u>\$ (9)</u>	<u>\$ 1,481</u>

Three Months Ended March 31, 2021						
	Activision	Blizzard	King	Non-reportable segments	Elimination of intersegment revenues (3)	Total
Net revenues by platform:						
Console	\$ 774	\$ 25	\$ —	\$ —	\$ —	\$ 799
PC	201	422	24	—	(25)	622
Mobile and ancillary (1)	133	20	581	—	—	734
Other (2)	15	3	—	102	—	120
Total consolidated net revenues	<u>\$ 1,123</u>	<u>\$ 470</u>	<u>\$ 605</u>	<u>\$ 102</u>	<u>\$ (25)</u>	<u>\$ 2,275</u>
Change in deferred revenues:						
Console	\$ (167)	\$ (6)	\$ —	\$ —	\$ —	\$ (173)
PC	(61)	17	(1)	—	—	(45)
Mobile and ancillary (1)	(4)	2	5	—	—	3
Other (2)	—	—	—	6	—	6
Total change in deferred revenues	<u>\$ (232)</u>	<u>\$ 13</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ (209)</u>
Segment net revenues:						
Console	\$ 607	\$ 19	\$ —	\$ —	\$ —	\$ 626
PC	140	439	23	—	(25)	577
Mobile and ancillary (1)	129	22	586	—	—	737
Other (2)	15	3	—	108	—	126
Total segment net revenues	<u>\$ 891</u>	<u>\$ 483</u>	<u>\$ 609</u>	<u>\$ 108</u>	<u>\$ (25)</u>	<u>\$ 2,066</u>

(1) Net revenues from “Mobile and ancillary” primarily include revenues from mobile devices.

(2) Net revenues from “Other” primarily include revenues from our Distribution business, the Overwatch League, and the Call of Duty League.

(3) Intersegment revenues reflect licensing and service fees charged between segments.

Long-lived assets by geographic region were as follows (amounts in millions):

	At March 31, 2022	At December 31, 2021
Long-lived assets* by geographic region:		
Americas	\$ 266	\$ 264
EMEA	114	122
Asia Pacific	19	20
Total long-lived assets by geographic region	<u>\$ 399</u>	<u>\$ 406</u>

* The only long-lived assets that we classify by region are our long-term tangible fixed assets, which consist of property, plant, and equipment assets and lease right-of-use assets. All other long-term assets are not allocated by location.

10. Share-Based Payments

Stock Option Activity

Stock option activity is as follows:

	Number of shares (in thousands)	Weighted-average exercise price per stock option	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding stock options at December 31, 2021	9,133	\$ 57.77		
Granted	—	—		
Exercised	(314)	46.45		
Forfeited	(53)	67.06		
Expired	(21)	65.84		
Outstanding stock options at March 31, 2022	8,745	\$ 58.10	6.69	\$ 205
Vested and expected to vest at March 31, 2022	8,484	\$ 57.39	6.63	\$ 204
Exercisable at March 31, 2022	6,041	\$ 50.03	5.95	\$ 183

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (i.e., the difference between our closing stock price on the last trading day of the period and the exercise price, times the number of shares for options where the closing stock price is greater than the exercise price) that would have been received by the option holders had all option holders exercised their options on that date. This amount changes based on the market value of our stock.

At March 31, 2022, \$25 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.12 years.

Restricted Stock Units (“RSUs”) Activity

We grant RSUs, which represent the right to receive shares of our common stock. Vesting for RSUs is generally contingent upon the holder’s continued employment with us and may be subject to other conditions (which may include the satisfaction of a performance measure). Also, certain of our performance-based RSUs, including those that are market-based, include a range of shares that may be released at vesting, which are above or below the targeted number of RSUs based on actual performance relative to the performance measure. If the vesting conditions are not met, unvested RSUs will be forfeited. Upon vesting of the RSUs, we may withhold shares otherwise deliverable to satisfy tax withholding requirements.

The following table summarizes our RSU activity with performance-based RSUs, including those with market conditions, presented at 100% of the target level shares that may potentially vest (amounts in thousands, except per share data):

	Number of shares	Weighted- average grant date fair value per RSU
Unvested RSUs at December 31, 2021	13,258	\$ 75.51
Granted	4,337	80.55
Vested	(3,891)	76.81
Forfeited	(742)	85.47
Unvested RSUs at March 31, 2022	12,962	\$ 76.30

As of December 31, 2021, we had recorded a share-based compensation liability related to compensation payments under our annual performance plans for 2021 which the Company determined to settle amounts not yet paid in stock as opposed to cash. During the three months ended March 31, 2022, we settled the share-based compensation liability by granting 2,777 thousand RSUs that vested during the first quarter shortly after grant. The number of shares issued was based on the Company's closing stock price on the date of grant. The impact of this settlement was recorded in "Additional Paid-In-Capital" in our condensed consolidated statement of changes in shareholders' equity for the three months ended March 31, 2022.

At March 31, 2022, \$511 million of total unrecognized compensation cost related to RSUs is expected to be recognized over a weighted-average period of 1.70 years. Of the total unrecognized compensation cost, \$40 million was related to performance-based RSUs, which is expected to be recognized over a weighted-average period of 1.37 years.

11. Restructuring

During 2019, we began implementing a plan aimed at refocusing our resources on our largest opportunities and removing unnecessary levels of complexity from certain parts of our business. We substantially completed all actions under our plan and accrued for these costs accordingly as of December 31, 2021. The remaining activity under the plan is primarily related to cash outlays to be made over time to impacted personnel.

The following table summarizes accrued restructuring and related costs included in "Accrued expenses and other liabilities" and "Other liabilities" in our condensed consolidated balance sheet and the cumulative charges incurred (amounts in millions):

	Severance and employee related costs	Other costs	Total
Balance at December 31, 2021	\$ 64	\$ 21	\$ 85
Cash payments	(12)	(8)	(20)
Non-cash charge and other adjustment	(3)	—	(3)
Balance at March 31, 2022	<u>\$ 49</u>	<u>\$ 13</u>	<u>\$ 62</u>

12. Interest and Other Expense (Income), Net

Interest and other expense (income), net is comprised of the following (amounts in millions):

	For the Three Months Ended March 31,	
	2022	2021
Interest income	\$ (1)	\$ (1)
Interest expense from debt and amortization of debt discount and deferred financing costs	27	28
Realized and unrealized loss (gain) on equity investment (Note 5)	(11)	—
Other expense (income), net	(1)	3
Interest and other expense (income), net	<u>\$ 14</u>	<u>\$ 30</u>

13. Income Taxes

We account for our provision for income taxes in accordance with ASC 740, *Income Taxes*, which requires an estimate of the annual effective tax rate for the full year to be applied to the interim period, taking into account year-to-date amounts and projected results for the full year. The provision for income taxes represents federal, foreign, state, and local income taxes. Our effective tax rate could be different from the statutory U.S. income tax rate due to: the effect of state and local income taxes; tax rates that apply to our foreign income (including U.S. tax on foreign income); research and development credits; and certain nondeductible expenses. Our effective tax rate could fluctuate significantly from quarter to quarter based on recurring and nonrecurring factors including, but not limited to: variations in the estimated and actual level of pre-tax income or loss by jurisdiction; changes in enacted tax laws and regulations, and interpretations thereof, including with respect to tax credits and state and local income taxes; developments in tax audits and other matters; recognition of excess tax benefits and tax deficiencies from share-based payments; and certain nondeductible expenses. Changes in judgment from the evaluation of new information resulting in the recognition, derecognition, or remeasurement of a tax position taken in a prior annual period are recognized separately in the quarter of the change.

The income tax expense of \$70 million for the three months ended March 31, 2022, reflects an effective tax rate of 15%, which is lower than the effective tax rate of 19% for the three months ended March 31, 2021, primarily due to lower taxes on foreign earnings, a decrease in non-deductible compensation and lower state taxes, partially offset by a reduction of excess tax benefits from share-based payments.

The effective tax rate of 15% for the three months ended March 31, 2022, is lower than the U.S. statutory rate of 21%, primarily due to lower taxes on foreign earnings and the recognition of U.S. research and development credits.

Activision Blizzard's tax years after 2008 remain open to examination by certain major taxing jurisdictions to which we are subject. The Internal Revenue Service is currently examining our federal tax returns for the 2012 through 2019 tax years. We also have several state and non-U.S. audits pending. In addition, King's pre-acquisition tax returns remain open in various jurisdictions, primarily as a result of transfer pricing matters. We anticipate resolving King's transfer pricing for both pre- and post-acquisition tax years through a collaborative multilateral process with the tax authorities in the relevant jurisdictions, which include the U.K. and Sweden. While the outcome of this process remains uncertain, it could result in an agreement that changes the allocation of profits and losses between these and other relevant jurisdictions or a failure to reach an agreement that results in unilateral adjustments to the amount and timing of taxable income in the jurisdictions in which King operates.

In addition, certain of our subsidiaries are under examination or investigation, or may be subject to examination or investigation, by tax authorities in various jurisdictions. These proceedings may lead to adjustments or proposed adjustments to our taxes or provisions for uncertain tax positions. Such proceedings may have a material adverse effect on the Company's consolidated financial position, liquidity, or results of operations in the earlier of the period or periods in which the matters are resolved and in which appropriate tax provisions are taken into account in our financial statements. If we were to receive a materially adverse assessment from a taxing jurisdiction, we would plan to vigorously contest it and consider all of our options, including the pursuit of judicial remedies.

We regularly assess the likelihood of adverse outcomes resulting from these examinations and monitor the progress of ongoing discussions with tax authorities in determining the appropriateness of our tax provisions. The final resolution of the Company's global tax disputes is uncertain. There is significant judgment required in the analysis of disputes, including the probability determination and estimation of the potential exposure. Based on current information, in the opinion of the Company's management, the ultimate resolution of these matters is not expected to have a material adverse effect on the Company's consolidated financial position, liquidity, or results of operations.

14. Computation of Basic/Diluted Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per common share (amounts in millions, except per share data):

	For the Three Months Ended March 31,	
	2022	2021
Numerator:		
Consolidated net income	\$ 395	\$ 619
Denominator:		
Denominator for basic earnings per common share—weighted-average common shares outstanding	780	775
Effect of dilutive stock options and awards under the treasury stock method	6	8
Denominator for diluted earnings per common share—weighted-average common shares outstanding plus dilutive common shares under the treasury stock method	786	783
Basic earnings per common share	\$ 0.51	\$ 0.80
Diluted earnings per common share	\$ 0.50	\$ 0.79

The vesting of certain of our employee-related restricted stock units is contingent upon the satisfaction of predefined performance measures. The shares underlying these equity awards are included in the weighted-average dilutive common shares only if the performance measures are met as of the end of the reporting period. Additionally, potential common shares are not included in the denominator of the diluted earnings per common share calculation when the inclusion of such shares would be anti-dilutive.

Weighted-average shares excluded from the computation of diluted earnings per share were as follows (amounts in millions):

	For the Three Months Ended March 31,	
	2022	2021
Restricted stock units with performance measures not yet met	3	3
Anti-dilutive employee stock options	2	2

15. Capital Transactions

Repurchase Programs

On January 27, 2021, our Board of Directors authorized a stock repurchase program under which we are authorized to repurchase up to \$4 billion of our common stock during the two-year period from February 14, 2021 until the earlier of February 13, 2023 and a determination by the Board of Directors to discontinue the repurchase program. As of March 31, 2022, we had not repurchased any shares under this program and are restricted from making any such repurchases during the period between the execution of the Merger Agreement with Microsoft and the Effective Time without Microsoft's approval (which may not be unreasonably withheld, conditioned, or delayed).

Dividends

On February 3, 2022, our Board of Directors declared a cash dividend of \$0.47 per common share. Such dividend is payable on May 6, 2022 to shareholders of record at the close of business on April 15, 2022. We have recorded \$367 million of dividends payable in "Accrued expenses and other liabilities" on our condensed consolidated balance sheet as of March 31, 2022.

On February 4, 2021, our Board of Directors declared a cash dividend of \$0.47 per common share. On May 6, 2021, we made an aggregate cash dividend payment of \$365 million to shareholders of record at the close of business on April 15, 2021.

16. Commitments and Contingencies

Legal Proceedings

We are party to routine claims, suits, investigations, audits, and other proceedings arising from the ordinary course of business, including with respect to intellectual property rights, contractual claims, labor and employment matters, regulatory matters, tax matters, unclaimed property matters, compliance matters, and collection matters. In the opinion of management, such routine claims and lawsuits are not significant, and we do not expect them to have a material adverse effect on our business, financial condition, results of operations, or liquidity. We are also party to the proceedings set forth below.

EEOC Settlement

In September 2021, we entered into a proposed consent decree with the U.S. Equal Employment Opportunity Commission (the “EEOC”) to settle claims regarding certain employment practices. The consent decree was approved by the United States District Court, Central District of California on March 29, 2022. The consent decree, among other things, provides for the creation of an \$18 million settlement fund for eligible claimants; upgrading Company policies, practices, and training to further prevent and eliminate harassment and discrimination in its workplaces, including implementing an expanded performance review system with a new equal opportunity focus; and providing ongoing oversight and review of the Company’s training programs, investigation policies, disciplinary framework and compliance by appointing a third-party equal opportunity consultant for the next three years whose findings will be regularly reported to the EEOC and shared with our Board of Directors. The California Department of Fair Employment and Housing (the “DFEH”) filed a motion to intervene in the matter, seeking to object to the consent decree, including the amount of the settlement fund; that motion was denied. The DFEH filed a notice of appeal of the order denying the DFEH’s motion to intervene. The DFEH’s opening brief for its appeal of the Court’s order denying its motion to intervene is due to the United States Court of Appeals for the Ninth Circuit on May 18, 2022. On April 19, 2022, DFEH filed a second motion to intervene with the District Court.

Pending Employment-Related Matters

On July 20, 2021, the DFEH filed a complaint (the “DFEH Matter”) in the Los Angeles County Superior Court of the State of California against Activision Blizzard, Blizzard Entertainment and Activision Publishing (together, the “Defendants”) alleging violations of the California Fair Employment and Housing Act and the California Equal Pay Act. The DFEH filed a First Amended Complaint in the DFEH Matter on August 23, 2021. The Defendants moved to dismiss the First Amended Complaint; the motion was heard on February 15, 2022. The Defendants’ motion was denied in part and granted in part, and the DFEH did not amend with respect to the granted portion. The DFEH has moved to strike the Company’s answer. In addition, in January 2022, the Company’s Board of Directors received notice of an investigation by the DFEH and investigatory subpoenas.

On August 3, 2021, a putative class action was filed in the United States District Court, Central District of California, entitled *Gary Cheng v. Activision Blizzard, Inc., et al.*, Case No. 2:21-cv-06240-PA-JEM. Plaintiffs purport to represent a class of Activision shareholders who purchased stock between February 28, 2017 and November 16, 2021, and assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) against the Company and five current or former officers. An amended complaint was filed on December 3, 2021 and, in an order dated April 18, 2022, the Court granted defendants’ motion to dismiss the amended complaint with leave to amend.

Beginning on August 6, 2021, three putative shareholder derivative actions were filed in California Superior Court, County of Los Angeles, and those cases have now been consolidated in an action entitled *York County on Behalf of County of York Retirement Fund v. Robert A. Kotick, et al.*, Case No. 21STCV28949. On November 15, 2021, a putative shareholder derivative action was filed in the United States District Court, Central District of California, entitled *Luke Kahnert v. Robert A. Kotick, et al.*, Case No. 2:21-cv-08968-PA-JEM. The putative derivative actions collectively assert claims on the Company’s behalf against thirteen current or former officers and directors for breach of fiduciary duty, corporate waste, unjust enrichment, misappropriation, contribution, and alleged violation of Section 14(a) of the Exchange Act based on allegations similar to those in the DFEH Matter and in the securities class action. The Company is named as a nominal defendant.

The Company is cooperating with an investigation by the SEC regarding disclosures on employment matters and related issues including responding to subpoenas from the SEC. The SEC has also issued subpoenas to a number of current and former executives and other employees in connection with this matter.

We are unable to predict the impact of the above pending matters on our business, financial condition, results of operations, or liquidity at this time.

Legal Proceedings Regarding the Merger

Following the announcement of the proposed transaction with Microsoft, complaints were filed in the United States District Court for the Southern District of New York, the United States District Court for the Eastern District of New York, the United States District Court for the Central District of California, the United States District Court for the Eastern District of Pennsylvania and the United States District Court for the District of Delaware against the Company and its directors: *Stein v. Activision Blizzard, Inc. et al.*, No. 1:22-cv-01560 (S.D.N.Y.); *Perry v. Activision Blizzard, Inc. et al.*, No. 1:22-cv-02074 (S.D.N.Y.); *Whitfield v. Activision Blizzard, Inc. et al.*, 2:22-cv-01182 (E.D.N.Y.); *Lande v. Activision Blizzard, Inc. et al.*, No. 1:22-cv-01267 (E.D.N.Y.); *Watson v. Activision Blizzard, Inc. et al.*, No. 2:22-cv-01268 (C.D. Cal.); *Rubin v. Activision Blizzard, Inc. et al.*, No. 2:22-cv-01343 (C.D. Cal.); *Baker v. Activision Blizzard, Inc. et al.*, No. 2:22-cv00875 (E.D. Pa.); and *David v. Activision Blizzard, Inc. et al.*, No. 1:22-cv-00339 (D. Del.). The complaints each assert violations of Section 14(a) and Section 20(a) of the Exchange Act and allege that the preliminary proxy statement filed in connection with the proposed transaction between the Company and Microsoft omitted certain purportedly material information which rendered the preliminary proxy statement incomplete and misleading. Specifically, the complaints allege that the preliminary proxy statement failed to disclose material information regarding the sales process, the Company's projections and the financial analyses of the Company's financial advisor. The complaints sought, among other things, an order to enjoin the transaction unless additional disclosures were issued; and, if the transaction closes, damages. The Watson complaint also alleges that the Company's directors entered into the transaction for self-interested reasons, including receipt of personal benefits in the transaction. As of May 3, 2022, plaintiffs filed notices to voluntarily dismiss the complaints in *Stein*, *Baker*, *Whitfield* and *Perry*.

Following the announcement of the proposed transaction with Microsoft, the Company also received several demand letters from purported stockholders and two lawsuits, *Sjunde AP-Fonden v. Activision Blizzard, Inc.*, No. 2022-0281-KSJM (Del. Ch.) and *New York City Employees' Retirement System et. al. v. Activision Blizzard, Inc.*, No. 2022-0365 (No. C.A.) (together the "220 Complaints"), for books and records pursuant to 8 Del. C. § 220. Among other things, the demand letters and the 220 Complaints seek to investigate purported breaches of fiduciary duty related to the proposed transaction. Specifically, the demands seek to investigate Mr. Kotick's role in the proposed transaction with one of the demands alleging that Mr. Kotick's position at the Company was at risk given workplace issues and he chose to pursue a transaction rather than resign. Such demand further alleges that Mr. Kotick agreed to a price range without authorization from our Board of Directors and that our Board of Directors allowed Mr. Kotick to control the transaction process. Such demand also alleges that the transaction price is inadequate because Microsoft's opportunistic offer took advantage of the Company's purportedly depressed stock price and that management may have attempted to validate the consideration through downward adjustments to the Company's long-range plan.

The Company received a voluntary request for information from the SEC and a grand jury subpoena from the DOJ, both of which appear to relate to their respective investigations into trading by third parties – including persons known to the Company's CEO – in securities prior to the announcement of the proposed transaction with Microsoft. The Company has informed these authorities that it intends to be fully cooperative with these investigations.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

Activision Blizzard, Inc. is a leading global developer and publisher of interactive entertainment content and services. We develop and distribute content and services on video game consoles, personal computers (“PCs”), and mobile devices. We also operate esports leagues and offer digital advertising within some of our content. The terms “Activision Blizzard,” the “Company,” “we,” “us,” and “our” are used to refer collectively to Activision Blizzard, Inc. and its subsidiaries.

Merger Agreement

On January 18, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Microsoft Corporation (“Microsoft”) and Anchorage Merger Sub Inc. (“Merger Sub”), a wholly owned subsidiary of Microsoft. Subject to the terms and conditions of the Merger Agreement, Microsoft agreed to acquire the Company for \$95.00 per issued and outstanding share of our common stock, par value \$0.000001 per share, in an all-cash transaction. Pursuant to the Merger Agreement, following consummation of the merger of Merger Sub with and into the Company (the “Merger”), the Company will be a wholly-owned subsidiary of Microsoft. As a result of the Merger, we will cease to be a publicly traded company. We have agreed to various customary covenants and agreements, including, among others, agreements to conduct our business in the ordinary course during the period between the execution of the Merger Agreement and the effective time of the Merger. We do not believe these restrictions will prevent us from meeting our debt service obligations, ongoing costs of operations, working capital needs or capital expenditure requirements. The consummation of the Merger remains subject to customary closing conditions, including satisfaction of certain regulatory approvals. On April 28, 2022, the Company’s stockholders adopted the Merger Agreement at a special meeting of stockholders. The Merger is currently expected to close in Microsoft’s fiscal year ending June 30, 2023.

For additional information related to the Merger Agreement, please refer to the Definitive Proxy Statement on Schedule 14A filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 21, 2022, as supplemented by the Current Report on Form 8-K filed with the SEC on April 15, 2022, as well as [Part I Item 1 “Business” of our Annual Report on Form 10-K for the year ended December 31, 2021](#), and other relevant materials in connection with the proposed transaction with Microsoft that we will file with the SEC and that will contain important information about the Company and the Merger.

Employment Matters

We are subject to legal proceedings regarding our workplace and are experiencing adverse effects related to these proceedings and to concerns raised about our workplace. For information about these matters, see [Note 16](#) of the notes to the condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q and [Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021](#).

Our Segments

Based upon our organizational structure, we conduct our business through three reportable segments, each of which is a leading global developer and publisher of interactive entertainment content and services based primarily on our internally-developed intellectual properties.

(i) Activision Publishing, Inc.

Activision Publishing, Inc. (“Activision”) delivers content through both premium and free-to-play offerings and primarily generates revenue from full-game and in-game sales, as well as by licensing software to third-party or related-party companies that distribute Activision products. Activision’s key product franchise is Call of Duty, a first-person action franchise. Activision also includes the activities of the Call of Duty League, a global professional esports league with city-based teams.

(ii) Blizzard Entertainment, Inc.

Blizzard Entertainment, Inc. (“Blizzard”) delivers content through both premium and free-to-play offerings and primarily generates revenue from full-game and in-game sales, subscriptions, and by licensing software to third-party or related-party companies that distribute Blizzard products. Blizzard also maintains a proprietary online gaming platform, Battle.net, which facilitates digital distribution of Blizzard content and selected Activision content, online social connectivity, and the creation of user-generated content. Blizzard’s key product franchises include: Warcraft, which includes World of Warcraft, a subscription-based massive multi-player online role-playing game, and Hearthstone, an online collectible card game based in the Warcraft universe; Diablo, an action role-playing franchise; and Overwatch, a team-based first-person action franchise. Blizzard also includes the activities of the Overwatch League, a global professional esports league with city-based teams.

(iii) King Digital Entertainment

King Digital Entertainment (“King”) delivers content through free-to-play offerings and primarily generates revenue from in-game sales and in-game advertising on mobile platforms. King’s key product franchise is Candy Crush™, a “match three” franchise.

Other

We also engage in other businesses that do not represent reportable segments, including our Activision Blizzard Distribution (“Distribution”) business, which consists of operations in Europe that provide warehousing, logistics, and sales distribution services to third-party publishers of interactive entertainment software, our own publishing operations, and manufacturers of interactive entertainment hardware.

Business Results and Highlights**Financial Results**

For the three months ended March 31, 2022, financial results included:

- consolidated net revenues decreased 22% to \$1.8 billion and consolidated operating income decreased 40% to \$479 million, as compared to consolidated net revenues of \$2.3 billion and consolidated operating income of \$795 million in 2021;
- diluted earnings per common share decreased 37% to \$0.50, as compared to \$0.79 in 2021; and
- cash flows from operating activities were approximately \$642 million, a decrease of 24%, as compared to \$844 million in 2021.

Since certain of our games are hosted online or include significant online functionality that represents a separate performance obligation, we defer the transaction price allocable to the online functionality from the sale of these games and recognize the attributable revenues over the relevant estimated service periods, which are generally less than a year. Net revenues and operating income for the three months ended March 31, 2022, include a net effect of \$287 million and \$235 million, respectively, from the recognition of deferred net revenues and related cost of revenues.

The percentages of our consolidated net revenues from revenue sources that are recognized at a “point-in-time” and from sources that are recognized “over-time and other” were as follows:

	For the Three Months Ended March 31,	
	2022	2021
Point-in-time (1)	9 %	11 %
Over-time and other (2)	91 %	89 %

- (1) Revenues recognized at a “point-in-time” are primarily comprised of the portion of revenues from software products that are recognized when the customer takes control of the product (i.e., upon delivery of the software product) and revenues from our Distribution business.

(2) Revenues recognized “over-time and other revenue” are primarily comprised of revenues associated with the online functionality of our games, in-game purchases, and subscriptions.

Summary of Title Release Dates

Below is a summary of release dates for titles that are discussed throughout our analysis for our operating metrics, our consolidated results, and operating segment results.

Title	Release Date
<i>Call of Duty: Vanguard</i>	November 2021, and when referred to herein, is inclusive of <i>Call of Duty: Warzone</i> from the release of <i>Call of Duty: Vanguard</i> Season 1 content and <i>Call of Duty: Warzone Pacific</i> on December 8, 2021
<i>Call of Duty: Black Ops Cold War</i>	November 2020, and when referred to herein, is inclusive of <i>Call of Duty: Warzone</i> from the release of <i>Call of Duty: Black Ops Cold War</i> Season 1 content on December 16, 2020 through December 8, 2021
<i>Call of Duty: Modern Warfare</i>	October 2019, and when referred to herein, is inclusive of <i>Call of Duty: Warzone</i> from its release in March 2020 through December 16, 2020
<i>Diablo II: Resurrected</i>	September 2021
<i>World of Warcraft: Burning Crusade Classic</i>	June 2021
<i>World of Warcraft: Shadowlands</i>	November 2020

Operating Metrics

The following operating metrics are key performance indicators that we use to evaluate our business. The key drivers of changes in our operating metrics are presented in the order of significance.

Net bookings and in-game net bookings

We monitor net bookings and in-game net bookings as key operating metrics in evaluating the performance of our business because they enable an analysis of performance based on the timing of actual transactions with our customers and provide a more timely indication of trends in our operating results. Net bookings is the net amount of products and services sold digitally or sold-in physically in the period and includes license fees, merchandise, and publisher incentives, among others. Net bookings is equal to net revenues excluding the impact from deferrals. In-game net bookings primarily includes the net amount of microtransactions and downloadable content sold during the period and is equal to in-game net revenues excluding the impact from deferrals.

Net bookings and in-game net bookings were as follows (amounts in millions):

	For the Three Months Ended March 31,				
	2022		2021	Increase (Decrease)	
Net bookings	\$	1,481	\$	2,066	\$ (585)
In-game net bookings	\$	1,011	\$	1,343	\$ (332)

Net bookings

The decrease in net bookings for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to:

- a \$438 million decrease in Activision net bookings, driven by lower net bookings from (1) *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*, and (2) *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*; and
- a \$209 million decrease in Blizzard net bookings, driven by lower net bookings from *World of Warcraft*.

The decrease in net bookings was partially offset by a \$73 million increase in King net bookings, driven by higher net bookings from in-game player purchases and advertising in the Candy Crush franchise.

In-game net bookings

The decrease in in-game net bookings for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to:

- a \$260 million decrease in Activision in-game net bookings, driven by lower in-game net bookings from *Call of Duty: Vanguard*, as compared to *Call of Duty: Black Ops Cold War*; and
- a \$111 million decrease in Blizzard in-game net bookings, driven by lower in-game net bookings from *World of Warcraft*.

This decrease was partially offset by a \$40 million increase in King in-game net bookings, driven by the Candy Crush franchise.

Monthly Active Users

We monitor monthly active users (“MAUs”) as a key measure of the overall size of our user base. MAUs are the number of individuals who accessed a particular game in a given month. We calculate average MAUs in a period by adding the total number of MAUs in each of the months in a given period and dividing that total by the number of months in the period. An individual who accesses two of our games would be counted as two users. In addition, due to technical limitations, for Activision and King, an individual who accesses the same game on two platforms or devices in the relevant period would be counted as two users. For Blizzard, an individual who accesses the same game on two platforms or devices in the relevant period would generally be counted as a single user. In certain instances, we rely on third parties to publish our games. In these instances, MAU data is based on information provided to us by those third parties or, if final data is not available, reasonable estimates of MAUs for these third-party published games.

The number of MAUs for a given period can be significantly impacted by the timing of new content releases, since new releases may cause a temporary surge in MAUs. Accordingly, although we believe that overall trends in the number of MAUs can be a meaningful performance metric, period-to-period fluctuations may not be indicative of longer-term trends. The following table details our average MAUs on a sequential quarterly basis for each of our reportable segments (amounts in millions):

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Activision	100	107	119	127	150
Blizzard	22	24	26	26	27
King	250	240	245	255	258
Total	372	371	390	408	435

Average MAUs for the three months ended March 31, 2022 were comparable to the three months ended December 31, 2021, as the increase in average MAUs for King, driven by the Candy Crush Franchise, was offset by lower average MAUs for Activision, driven by the Call of Duty franchise.

Average MAUs decreased by 63 million or 14% for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease was primarily due to lower average MAUs for Activision, driven by the Call of Duty franchise.

Management's Overview of Business Trends

Increased Competition for Talent

We believe that our continued success and growth is directly related to our ability to attract, retain, and develop top talent. We have seen increased competition in the market for talent and expect the competitive environment to continue at least in the short term. We have experienced challenges in both the retention of our existing talent and attraction of new talent, with our current annualized average voluntary turnover rates being higher than the prior year. If this competition, voluntary turnover, and recruiting difficulty persists, it could continue to negatively impact our ability to deliver content in a cadence that will be optimal for our business.

Upcoming Content Releases

We recently announced that Blizzard's mobile title based on the Diablo franchise, *Diablo Immortal*, is expected to be released on June 2, 2022. In the second half of 2022, we also plan to release the next premium title in our Call of Duty franchise. In addition, throughout the year, we expect to deliver ongoing content for our various franchises, including continued in-game content for *Call of Duty: Vanguard*, which includes seasonal content updates for *Call of Duty: Warzone*, seasonal content updates for *Call of Duty: Mobile*, substantial new content for key Blizzard franchises, and continued releases of content, features, and services across King's portfolio, with an ongoing focus on the Candy Crush franchise. We will also continue to invest in opportunities that we believe have the potential to drive our growth over the long-term, including continuing to build on our advertising initiatives and investments in mobile titles.

Consolidated Statements of Operations Data

The following table sets forth condensed consolidated statements of operations data for the periods indicated (amounts in millions) and as a percentage of total net revenues, except for cost of revenues, which are presented as a percentage of associated revenues:

	For the Three Months Ended March 31,			
	2022		2021	
Net revenues				
Product sales	\$ 386	22 %	\$ 675	30 %
In-game, subscription, and other revenues	1,382	78	1,600	70
Total net revenues	1,768	100	2,275	100
Costs and expenses				
Cost of revenues—product sales:				
Product costs	91	24	140	21
Software royalties, amortization, and intellectual property licenses	81	21	112	17
Cost of revenues—in-game, subscription, and other:				
Game operations and distribution costs	288	21	296	19
Software royalties, amortization, and intellectual property licenses	19	1	30	2
Product development	346	20	353	16
Sales and marketing	252	14	237	10
General and administrative	214	12	282	12
Restructuring and related costs	(2)	—	30	1
Total costs and expenses	1,289	73	1,480	65
Operating income	479	27	795	35
Interest and other expense (income), net	14	1	30	1
Income before income tax expense	465	26	765	34
Income tax expense	70	4	146	6
Net income	\$ 395	22 %	\$ 619	27 %

Consolidated Net Revenues

The key drivers of changes in our consolidated results, operating segment results, and sources of liquidity are presented in the order of significance.

The following table summarizes our consolidated net revenues and in-game net revenues (amounts in millions):

	For the Three Months Ended March 31,			
	2022	2021	Increase (Decrease)	% Change
Consolidated net revenues	\$ 1,768	\$ 2,275	\$ (507)	(22)%
In-game net revenues (1)	\$ 1,134	\$ 1,323	\$ (189)	(14)%

(1) In-game net revenues primarily includes the net amount of revenues recognized for microtransactions and downloadable content during the period.

Consolidated net revenues

The decrease in consolidated net revenues for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily driven by a decrease in revenues of \$555 million due to lower revenues from:

- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*;
- *World of Warcraft*; and
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*.

This decrease was partially offset by an increase in revenues of \$91 million due to higher revenues from the Candy Crush franchise.

The remaining net decrease in revenues of \$43 million was driven by various other franchises and titles.

In-game net revenues

The decrease in in-game net revenues for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily driven by a decrease in in-game net revenues of \$246 million due to lower in-game net revenues from:

- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*;
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*; and
- *World of Warcraft*.

This decrease was partially offset by an increase in in-game net revenues of \$61 million due to higher in-game net revenues from the Candy Crush franchise.

The remaining net decrease in in-game net revenues of \$4 million was driven by various other franchises and titles.

Foreign Exchange Impact

Changes in foreign exchange rates had a negative impact of approximately \$40 million on our consolidated net revenues for the three months ended March 31, 2022, as compared to the same period in the previous year. The changes are primarily due to changes in the value of the U.S. dollar relative to the euro and the British pound.

Operating Segment Results

We have three reportable segments—Activision, Blizzard, and King. Our operating segments are consistent with the manner in which our operations are reviewed and managed by our Chief Executive Officer, who is our chief operating decision maker (“CODM”). The CODM reviews segment performance exclusive of: the impact of the change in deferred revenues and related cost of revenues with respect to certain of our online-enabled games; share-based compensation expense (including liability awards accounted for under ASC 718); amortization of intangible assets as a result of purchase price accounting; fees and other expenses (including legal fees, expenses, and accruals) related to acquisitions, associated integration activities, and financings; certain restructuring and related costs; and certain other non-cash charges. The CODM does not review any information regarding total assets on an operating segment basis, and accordingly, no disclosure is made with respect thereto.

Our operating segments are also consistent with our internal organizational structure, the way we assess operating performance and allocate resources, and the availability of separate financial information. We do not aggregate operating segments.

Information on the reportable segment net revenues and segment operating income is presented below (amounts in millions):

	For the Three Months Ended March 31, 2022				Increase / (decrease)			
	Activision	Blizzard	King	Total	Activision	Blizzard	King	Total
Segment Revenues								
Net revenues from external customers	\$ 453	\$ 265	\$ 682	\$ 1,400	\$ (438)	\$ (193)	\$ 73	\$ (558)
Intersegment net revenues (1)	—	9	—	9	—	(16)	—	(16)
Segment net revenues	<u>\$ 453</u>	<u>\$ 274</u>	<u>\$ 682</u>	<u>\$ 1,409</u>	<u>\$ (438)</u>	<u>\$ (209)</u>	<u>\$ 73</u>	<u>\$ (574)</u>
Segment operating income	\$ 59	\$ 53	\$ 243	\$ 355	\$ (383)	\$ (155)	\$ 40	\$ (498)

	For the Three Months Ended March 31, 2021			
	Activision	Blizzard	King	Total
Segment Revenues				
Net revenues from external customers	\$ 891	\$ 458	\$ 609	\$ 1,958
Intersegment net revenues (1)	—	25	—	25
Segment net revenues	<u>\$ 891</u>	<u>\$ 483</u>	<u>\$ 609</u>	<u>\$ 1,983</u>
Segment operating income	\$ 442	\$ 208	\$ 203	\$ 853

(1) Intersegment revenues reflect licensing and service fees charged between segments.

Reconciliations of total segment net revenues and total segment operating income to consolidated net revenues and consolidated income before income tax expense are presented in the table below (amounts in millions):

	For the Three Months Ended March 31,	
	2022	2021
Reconciliation to consolidated net revenues:		
Segment net revenues	\$ 1,409	\$ 1,983
Revenues from non-reportable segments (1)	81	108
Net effect from recognition (deferral) of deferred net revenues (2)	287	209
Elimination of intersegment revenues (3)	(9)	(25)
Consolidated net revenues	<u>\$ 1,768</u>	<u>\$ 2,275</u>
Reconciliation to consolidated income before income tax expense:		
Segment operating income	\$ 355	\$ 853
Operating income (loss) from non-reportable segments (1)	19	(4)
Net effect from recognition (deferral) of deferred net revenues and related cost of revenues (2)	235	132
Share-based compensation expense (4)	(98)	(151)
Amortization of intangible assets	(2)	(5)
Merger and acquisition-related fees and other expenses (5)	(32)	—
Restructuring and related costs	2	(30)
Consolidated operating income	479	795
Interest and other expense (income), net	14	30
Consolidated income before income tax expense	<u>\$ 465</u>	<u>\$ 765</u>

- (1) Includes other income and expenses outside of our reportable segments, including our Distribution business and unallocated corporate income and expenses.
- (2) Reflects the net effect from recognition (deferral) of deferred net revenues, along with related cost of revenues, on certain of our online-enabled products.
- (3) Intersegment revenues reflect licensing and service fees charged between segments.
- (4) Expenses related to share-based compensation, including \$15 million for outstanding liability awards accounted for under ASC 718.
- (5) Reflects fees and other expenses related to our proposed transaction with Microsoft, primarily legal and advisory fees.

Segment Results

Activision

The decrease in Activision's segment net revenues and operating income for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from:

- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*; and
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*.

The resulting decrease in Activision's segment operating income was partially offset by:

- lower cost of sales driven by the lower revenues; and
- lower product development costs primarily driven by lower bonuses as a result of lower business performance and higher capitalization of development costs, partially offset by increased costs from expanded development personnel.

Blizzard

The decrease in Blizzard's segment net revenues for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from:

- *World of Warcraft*; and
- *Hearthstone*.

The resulting decrease in Blizzard's segment operating income was partially offset by lower product development costs, driven by an increase in capitalized development costs due to product development cycles and lower personnel bonuses due to lower business performance.

King

The increase in King's segment net revenues and operating income for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to higher revenues from in-game player purchases and advertising in the Candy Crush franchise.

The resulting increase in King's segment operating income was partially offset by:

- higher sales and marketing costs, primarily for the Candy Crush franchise; and
- higher service provider fees, primarily digital storefront fees, driven by the higher revenues from in-game player purchases.

Foreign Exchange Impact

Changes in foreign exchange rates had a negative impact of \$26 million on Activision Blizzard's segment net revenues for the three months ended March 31, 2022, as compared to the same period in the previous year. The changes are primarily due to changes in the value of the U.S. dollar relative to the euro and the British pound.

Consolidated Results

Net Revenues by Distribution Channel

The following table details our consolidated net revenues by distribution channel (amounts in millions):

	For the Three Months Ended March 31,		
	2022	2021	Increase/ (decrease)
Net revenues by distribution channel:			
Digital online channels (1)	\$ 1,589	\$ 2,006	\$ (417)
Retail channels	85	149	(64)
Other (2)	94	120	(26)
Total consolidated net revenues	<u>\$ 1,768</u>	<u>\$ 2,275</u>	<u>\$ (507)</u>

(1) Net revenues from “Digital online channels” include revenues from digitally-distributed downloadable content, microtransactions, subscriptions, and products, as well as licensing royalties.

(2) Net revenues from “Other” primarily include revenues from our Distribution business, the Overwatch League, and the Call of Duty League.

Digital Online Channel Net Revenues

The decrease in net revenues from digital online channels for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from:

- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*;
- *World of Warcraft*; and
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*.

This decrease was partially offset by higher revenues from in-game player purchases and advertising in the Candy Crush franchise.

Retail Channel Net Revenues

The decrease in net revenues from retail channels for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*.

Net Revenues by Platform

The following tables detail our net revenues by platform (amounts in millions):

	For the Three Months Ended March 31,		
	2022	2021	Increase/ (decrease)
Net revenues by platform:			
Console	\$ 484	\$ 799	\$ (315)
PC	383	622	(239)
Mobile and ancillary (1)	807	734	73
Other (2)	94	120	(26)
Total consolidated net revenues	<u>\$ 1,768</u>	<u>\$ 2,275</u>	<u>\$ (507)</u>

- (1) Net revenues from “Mobile and ancillary” primarily include revenues from mobile devices.
- (2) Net revenues from “Other” primarily include revenues from our Distribution business, the Overwatch League, and the Call of Duty League.

Console

The decrease in net revenues from the console platform for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from:

- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*; and
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*.

PC

The decrease in net revenues from the PC platform for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to lower revenues from:

- *World of Warcraft*;
- *Call of Duty: Vanguard* as compared to *Call of Duty: Black Ops Cold War*; and
- *Call of Duty: Black Ops Cold War* as compared to *Call of Duty: Modern Warfare*.

This decrease was partially offset by higher revenues from *Diablo II: Resurrected*.

Mobile and Ancillary

The increase in net revenues from mobile and ancillary for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to higher revenues from in-game player purchases and advertising in the Candy Crush franchise.

Costs and Expenses

Cost of Revenues

The following tables detail the components of cost of revenues in dollars (amounts in millions) and as a percentage of associated net revenues:

	Three Months Ended March 31, 2022	% of associated net revenues	Three Months Ended March 31, 2021	% of associated net revenues	Increase (Decrease)
Cost of revenues—product sales:					
Product costs	\$ 91	24 %	\$ 140	21 %	\$ (49)
Software royalties, amortization, and intellectual property licenses	81	21	112	17	(31)
Cost of revenues—in-game, subscription, and other:					
Game operations and distribution costs	288	21	296	19	(8)
Software royalties, amortization, and intellectual property licenses	19	1	30	2	(11)
Total cost of revenues	<u>\$ 479</u>	<u>27 %</u>	<u>\$ 578</u>	<u>25 %</u>	<u>\$ (99)</u>

Cost of Revenues—Product Sales:

The decrease in product costs for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was driven by a \$40 million decrease in product costs for our Distribution business due to lower revenues.

The decrease in software royalties, amortization, and intellectual property licenses related to product sales for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to a \$16 million decrease in software amortization and royalties from Blizzard, driven by lower software amortization and royalties from *World of Warcraft*, as the prior year included amortization associated with the release of *World of Warcraft: Shadowlands* with no comparable amortization in the current period.

Cost of Revenues—In-game, Subscription, and Other Revenues:

Game operations and distribution costs for the three months ended March 31, 2022 were comparable to the three months ended March 31, 2021.

Software royalties, amortization, and intellectual property licenses related to in-game, subscription, and other revenues for the three months ended March 31, 2022 were comparable to the three months ended March 31, 2021.

Product Development (amounts in millions)

	March 31, 2022	% of consolidated net revenues	March 31, 2021	% of consolidated net revenues	Increase (Decrease)
Three Months Ended	\$ 346	20 %	\$ 353	16 %	\$ (7)

Product development costs for the three months ended March 31, 2022 were comparable to the three months ended March 31, 2021, as the development spend increase of \$61 million, primarily as a result of increased development personnel and share-based compensation, but partially offset by lower bonuses as a result of lower business performance, was offset by a \$69 million increase in capitalization of development costs driven by the timing of our game development cycles and higher development spend.

Sales and Marketing (amounts in millions)

	March 31, 2022	% of consolidated net revenues	March 31, 2021	% of consolidated net revenues	Increase (Decrease)
Three Months Ended	\$ 252	14 %	\$ 237	10 %	\$ 15

The increase in sales and marketing expenses for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to higher marketing spending for the Candy Crush franchise.

General and Administrative (amounts in millions)

	March 31, 2022	% of consolidated net revenues	March 31, 2021	% of consolidated net revenues	Increase (Decrease)
Three Months Ended	\$ 214	12 %	\$ 282	12 %	\$ (68)

The decrease in general and administrative expenses for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was primarily due to a \$105 million decrease in personnel costs as a result of lower share-based compensation expense, partially offset by a \$38 million increase in legal and other professional fees primarily driven by costs associated with the proposed transaction with Microsoft.

Restructuring and Related Costs (amounts in millions)

	March 31, 2022	% of consolidated net revenues	March 31, 2021	% of consolidated net revenues	Increase (Decrease)
Three Months Ended	\$ (2)	— %	\$ 30	1 %	\$ (32)

During 2019, we began implementing a plan aimed at refocusing our resources on our largest opportunities and removing unnecessary levels of complexity and duplication from certain parts of our business. We substantially completed all actions under our plan and accrued for these costs accordingly in 2021. The remaining activity under the plan is primarily related to cash outlays to be made over time to impacted personnel.

Interest and Other Expense (Income), Net (amounts in millions)

	March 31, 2022	% of consolidated net revenues	March 31, 2021	% of consolidated net revenues	Increase (Decrease)
Three Months Ended	\$ 14	1 %	\$ 30	1 %	\$ (16)

The decrease in interest and other expense (income), net, for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, was driven by an \$11 million increase in gains on our equity investments.

Income Tax Expense (amounts in millions)

	March 31, 2022	% of Pretax income	March 31, 2021	% of Pretax income	Increase (Decrease)
Three Months Ended	\$ 70	15 %	\$ 146	19 %	\$ (76)

The income tax expense of \$70 million for the three months ended March 31, 2022 reflects an effective tax rate of 15%, which is lower than the effective tax rate of 19% for the three months ended March 31, 2021, primarily due to lower taxes on foreign earnings, a decrease in non-deductible compensation and lower state taxes, partially offset by a reduction of excess tax benefit from share-based payments.

The effective tax rate of 15% for the three months ended March 31, 2022, is lower than the U.S. statutory rate of 21%, primarily due to lower taxes on foreign earnings and the recognition of U.S. research and development credits.

The overall effective income tax rate in future periods will depend on a variety of factors, such as changes in pre-tax income or loss by jurisdiction, applicable accounting rules, applicable tax laws and regulations, and rulings and interpretations thereof, developments in tax audits and other matters, and variations in the estimated and actual level of annual pre-tax income or loss.

Further analysis of the differences between the U.S. federal statutory rate and the consolidated effective tax rate, as well as other information about our income taxes, is provided in [Note 13](#) of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

We believe our ability to generate cash flows from operating activities is one of our fundamental financial strengths. In the near term, we expect our business and financial condition to remain strong and to continue to generate significant operating cash flows, which, we believe, in combination with our existing balance of cash and cash equivalents and short-term investments of \$11.1 billion, and the availability of our \$1.5 billion revolving credit facility, will be sufficient to finance our operational and financing requirements for the next 12 months and beyond. Our primary sources of liquidity include our cash and cash equivalents, short-term investments, and cash flows provided by operating activities. Our material cash requirements include operating expenses, potential dividend payments and share repurchases, scheduled debt maturities (the next of which is in 2026), capital expenditures and other commitments, as discussed below.

As of March 31, 2022, the amount of cash and cash equivalents held outside of the U.S. by our foreign subsidiaries was \$4.1 billion, as compared to \$3.9 billion as of December 31, 2021. These cash balances are generally available for use in the U.S., subject in some cases to certain restrictions.

Our cash provided from operating activities is somewhat impacted by seasonality. Working capital needs are impacted by sales, which are generally highest in the fourth quarter due to seasonal and holiday-related sales patterns. We consider, on a continuing basis, various transactions to increase shareholder value and enhance our business results, including acquisitions, divestitures, joint ventures, dividends, share repurchases, and other structural changes, with certain of the foregoing actions, if we were to move forward with them, requiring Microsoft's approval under the Merger Agreement (which may not be unreasonably withheld, conditioned, or delayed), subject to certain exceptions. These transactions may result in future cash proceeds or payments.

Sources of Liquidity (amounts in millions)

	March 31, 2022	December 31, 2021	Increase (Decrease)
Cash and cash equivalents	\$ 10,967	\$ 10,423	\$ 544
Short-term investments	182	195	(13)
	<u>\$ 11,149</u>	<u>\$ 10,618</u>	<u>\$ 531</u>
Percentage of total assets	45 %	42 %	

	For the Three Months Ended March 31,		
	2022	2021	Increase (Decrease)
Net cash provided by operating activities	\$ 642	\$ 844	\$ (202)
Net cash provided by (used in) investing activities	7	(86)	93
Net cash used in financing activities	(97)	(95)	(2)
Effect of foreign exchange rate changes	(10)	(28)	18
Net increase in cash and cash equivalents and restricted cash	<u>\$ 542</u>	<u>\$ 635</u>	<u>\$ (93)</u>

Net Cash Provided by Operating Activities

The primary driver of net cash flows associated with our operating activities is the income generated from the sale of our products and services. This is partially offset by: working capital requirements used in the development, sale, and support of our products; payments for interest on our debt; payments for tax liabilities; and payments to our workforce.

Net cash provided by operating activities for the three months ended March 31, 2022, was \$642 million, as compared to \$844 million for the three months ended March 31, 2021. The decrease was primarily due to lower net income due to lower business performance, partially offset by changes in our working capital resulting from the timing of collections and payments and settlement in equity of amounts otherwise payable in cash for 2021 under the Company's annual incentive compensation plans.

Net Cash Used in Investing Activities

The primary drivers of net cash flows associated with investing activities typically include capital expenditures, purchases and sales of investments, changes in restricted cash balances, and cash used for acquisitions.

Net cash provided by investing activities for the three months ended March 31, 2022, was \$7 million, as compared to \$86 million used in investing activities for the three months ended March 31, 2021. The change from cash used in investing activities to cash provided by investing activities was primarily due to proceeds from the sale and maturities of available-for-sale investments of \$22 million for the three months ended March 31, 2022, as compared to net purchases of available-for-sale investments of \$64 million for the three months ended March 31, 2021.

Net Cash Used in Financing Activities

The primary drivers of net cash flows associated with financing activities typically include the proceeds from, and repayments of, our long-term debt and transactions involving our common stock, including the issuance of shares of common stock to employees upon the exercise of stock options, as well as the payment of dividends.

Net cash used in financing activities for the three months ended March 31, 2022, of \$97 million, was comparable to net cash provided by financing activities of \$95 million for the three months ended March 31, 2021.

Effect of Foreign Exchange Rate Changes

Changes in foreign exchange rates had a negative impact of \$10 million and \$28 million on our cash and cash equivalents for the three months ended March 31, 2022 and March 31, 2021, respectively. The change was primarily due to changes in the value of the U.S. dollar relative to the euro and the British pound.

Debt

At both March 31, 2022 and December 31, 2021, our total gross unsecured senior notes outstanding was \$3.7 billion, bearing interest at a weighted average rate of 2.87%.

A summary of our outstanding debt is as follows (amounts in millions):

	At March 31, 2022	At December 31, 2021
2026 Notes	\$ 850	\$ 850
2027 Notes	400	400
2030 Notes	500	500
2047 Notes	400	400
2050 Notes	1,500	1,500
Total gross long-term debt	\$ 3,650	\$ 3,650
Unamortized discount and deferred financing costs	(42)	(42)
Total net carrying amount	\$ 3,608	\$ 3,608

Refer to [Note 7](#) of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further disclosures regarding our debt obligations.

Dividends

On February 3, 2022, our Board of Directors declared a cash dividend of \$0.47 per common share, payable on May 6, 2022, to shareholders of record at the close of business on April 15, 2022. We have recorded \$367 million of dividends payable in “Accrued expenses and other liabilities” on our condensed consolidated balance sheet as of March 31, 2022.

Capital Expenditures

We made capital expenditures of \$15 million during the three months ended March 31, 2022, as compared to \$22 million during the three months ended March 31, 2021. In 2022, we anticipate total capital expenditures of approximately \$100 million, primarily for computer hardware, leasehold improvements, and software purchases.

Off-balance Sheet Arrangements

At each of March 31, 2022 and December 31, 2021, Activision Blizzard had no significant relationships with unconsolidated entities or financial parties, often referred to as “structured finance” or “special purpose” entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These accounting principles require us to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time that they are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments, or assumptions and actual results, our financial statements will be affected. The accounting policies that reflect our more significant estimates, judgments, and assumptions, and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, include the following:

- Revenue Recognition;
- Income Taxes; and
- Software Development Costs.

During the three months ended March 31, 2022, there were no significant changes to the above critical accounting policies and estimates. Refer to [“Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021](#), for a more complete discussion of our critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential loss arising from fluctuations in market rates and prices. Our market risk exposures primarily include fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Exchange Rate Risk

We transact business in many different foreign currencies and may be exposed to financial market risk resulting from fluctuations in foreign currency exchange rates. Revenues and related expenses generated from our international operations are generally denominated in their respective local currencies. Primary currencies include euros, British pounds, Australian dollars, South Korean won, Chinese yuan, and Swedish krona. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency-denominated transactions will result in reduced revenues, operating expenses, net income, and cash flows from our international operations. Similarly, our revenues, operating expenses, net income, and cash flows will increase for our international operations if the U.S. dollar weakens against foreign currencies. Since we have significant international sales but incur the majority of our costs in the U.S., the impact of foreign currency fluctuations, particularly the strengthening of the U.S. dollar, may have an asymmetric and disproportional impact on our business. We monitor currency volatility throughout the year.

To mitigate our foreign currency risk resulting from our foreign currency-denominated monetary assets, liabilities, and earnings and our foreign currency risk related to functional currency-equivalent cash flows, we periodically enter into currency derivative contracts, principally forward contracts. These forward contracts generally have a maturity of less than one year. The counterparties for our currency derivative contracts are large and reputable commercial or investment banks.

The fair values of our foreign currency contracts are estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

We do not hold or purchase any foreign currency forward contracts for trading or speculative purposes.

Foreign Currency Forward Contracts Designated as Hedges (“Cash Flow Hedges”)

Refer to [Note 5](#) of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for disclosures regarding our foreign currency forward contracts.

In the absence of hedging activities for the three months ended March 31, 2022, a hypothetical adverse foreign currency exchange rate movement of 10% would have resulted in a theoretical decline of our net income of approximately \$26 million. This sensitivity analysis assumes a parallel adverse shift of all foreign currency exchange rates against the U.S. dollar; however, all foreign currency exchange rates do not always move in this manner, and actual results may differ materially.

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio, as our outstanding debt is all at fixed rates. Our investment portfolio consists primarily of money market funds and government securities with high credit quality and short average maturities. Because short-term securities mature relatively quickly and must be reinvested at the then-current market rates, interest income on a portfolio consisting of cash, cash equivalents, or short-term securities is more subject to market fluctuations than a portfolio of longer-term securities. Conversely, the fair value of such a portfolio is less sensitive to market fluctuations than a portfolio of longer-term securities. At March 31, 2022, our cash and cash equivalents were comprised primarily of money market funds.

Item 4. Controls and Procedures

Definition and Limitations of Disclosure Controls and Procedures

Our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) are designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act is: (1) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and (2) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. A control system, no matter how well designed and operated, can provide only reasonable assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Inherent limitations to any system of disclosure controls and procedures include, but are not limited to, the possibility of human error and the circumvention or overriding of such controls by one or more persons. In addition, we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, and our system of controls may therefore not achieve its desired objectives under all possible future events.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures at March 31, 2022, the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer concluded that, at March 31, 2022, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (1) recorded, processed, summarized, and reported on a timely basis and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated any changes in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2022. Based on this evaluation, the principal executive officer and principal financial officer concluded that, at March 31, 2022, there have not been any changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to [Note 16](#) of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further disclosures regarding our legal proceedings.

Item 1A. Risk Factors

Various risks associated with our business are described in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”).

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in “Risk Factors” in the 2021 Form 10-K, any of which could materially affect our business, reputation, financial condition, results of operations, income, revenue, profitability, cash flows, liquidity, or stock price.

Item 6. Exhibits

EXHIBIT INDEX	
Exhibit Number	Exhibit
3.1	<u>Third Amended and Restated Certificate of Incorporation of Activision Blizzard, Inc., dated June 5, 2014 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K, filed June 6, 2014).</u>
3.2	<u>Fifth Amended and Restated Bylaws of Activision Blizzard, Inc., adopted as of January 17, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K, filed January 19, 2022).</u>
10.1*	<u>Form of Notice of Performance-Vesting Restricted Share Unit Award for grants during the pendency of the Microsoft transaction to certain new employees pursuant to the Activision Blizzard, Inc. 2014 Incentive Plan.</u>
10.2*	<u>Form of Notice of Restricted Share Unit Award for grants during the pendency of the Microsoft transaction to certain new employees pursuant to the Activision Blizzard, Inc. 2014 Incentive Plan.</u>
10.3*	<u>Form of Notice of Restricted Share Unit Award for management grants during the pendency of the Microsoft transaction to certain employees pursuant to the Activision Blizzard, Inc. 2014 Incentive Plan.</u>
10.4*	<u>Form of Notice of Restricted Share Unit Award for retention grants during the pendency of the Microsoft transaction to certain employees pursuant to the Activision Blizzard, Inc. 2014 Incentive Plan.</u>
10.5 [†]	<u>Playstation2 CD-ROM/DVD-ROM Licensed Publisher Agreement, dated as of April 1, 2000, between Sony Computer Entertainment America Inc. and Activision, Inc.</u>
10.6 [†]	<u>Playstation2 Licensed Publisher Agreement, dated as of March 23, 2001, between Sony Computer Entertainment Europe Limited and Activision UK Limited.</u>
10.7 [†]	<u>Global PlayStation 3 Format Licensed Publisher Agreement, dated March 5, 2007, between Sony Computer Entertainment America, Inc. and Activision, Inc.</u>
10.8 [†]	<u>PlayStation Portable ("PSP") PSP Licensed Publisher Agreement dated September 15, 2004, between Sony Computer Entertainment America Inc. and Activision, Inc.</u>
10.9 [†]	<u>PlayStation Portable ("PSP") Licensed PSP Publisher Agreement dated September 27, 2005, between Sony Computer Entertainment Europe Limited and Activision UK Limited.</u>
31.1	<u>Certification of Robert A. Kotick pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Armin Zerza pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Robert A. Kotick pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Armin Zerza pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.

101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Indicates a management contract or compensatory plan, contract or arrangement in which a director or executive officer of the Company participates.

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 3, 2022

ACTIVISION BLIZZARD, INC.

/s/ ARMIN ZERZA
Armin Zerza
Chief Financial Officer and Principal Financial Officer
of Activision Blizzard, Inc.

/s/ JESSE YANG
Jesse Yang
Deputy Chief Financial Officer and Comptroller, and Principal Accounting Officer
of Activision Blizzard, Inc.

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

NOTICE OF PERFORMANCE-VESTING RESTRICTED SHARE UNIT AWARD

You have been awarded Restricted Share Units of Activision Blizzard, Inc. (the “Company”), as follows:

- Your name:
- Total number of Restricted Share Units awarded (representing the target number of Restricted Share Units which may vest hereunder):
- Date of Grant:
- Grant ID:
- Your Award of Restricted Share Units is governed by the terms and conditions set forth in:
 - this Notice of Performance-Vesting Restricted Share Unit Award;
 - the Performance-Vesting Restricted Share Unit Award Terms attached hereto as Exhibit A;
 - the Appendix attached hereto as Exhibit B, which may include special terms and conditions relating to your country of work and/or residence (the “Appendix”); and
 - the Company’s 2014 Incentive Plan, the receipt of a copy of which you hereby acknowledge.
- Your Award of Performance-Vesting Restricted Share Units has been made in connection with your employment agreement with the Company or one of its Subsidiaries as a material inducement to your entering into or renewing employment with such entity pursuant to such agreement and is also governed by any applicable terms and conditions set forth in such agreement.
- *Schedule for Vesting:* Except as otherwise provided pursuant to the Performance-Vesting Restricted Share Unit Award Terms attached hereto as Exhibit A, as supplemented, modified, or replaced by the special terms and conditions, if any, set forth under your country of work and/or residence in the Appendix attached hereto as Exhibit B (together, the “Award Terms”), the Performance-Vesting Restricted Share Units shall vest in accordance with the vesting schedule set forth in your employment agreement with an entity in the Company Group, or your employment agreement, as revised by the amendment to your employment agreement, as the case may be, with the effective date of , the terms of which are herein incorporated by reference and shall apply to this Grant Notice and the Award Terms with the same force and effect as if expressly set forth herein or therein, as the case may; provided that, immediately prior to, and subject to the occurrence of, the Effective Time (as defined in the Merger Agreement), the performance-based vesting terms applicable to the Performance-Vesting Restricted Share Units shall be determined pursuant Section 2.8 (c)(ii) of the Merger Agreement.
- Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Award Terms.

- ***By accepting the Award, you agree that the definition of “Cause” set forth in the Award Terms and, if the Appendix for the United States of America is applicable to you and/or your Award, the definition of “Employment Violation” set forth therein, shall supersede any such definitions in the award terms applicable to any other outstanding equity awards granted to you by the Company and shall apply to such awards as if set forth in those award terms.***
- ***By accepting the Award, you agree to be bound by the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Performance-Vesting Restricted Share Unit Award and the Award Terms. If you do not accept the Award by the first scheduled vesting date and you do not indicate your intention to decline the Award, your Award will be automatically accepted on your behalf and you will be deemed to have accepted the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Performance-Vesting Restricted Share Unit Award and the Award Terms.***

EXHIBIT A

ACTIVISION BLIZZARD, INC. 2014 INCENTIVE PLAN

PERFORMANCE-VESTING RESTRICTED SHARE UNIT AWARD TERMS

1. **Definitions.**

(a) For purposes of these Award Terms, the following terms shall have the meanings set forth below:

“Award” means the award described on the Grant Notice.

“Cause” shall have the meaning given to such term in any written employment agreement, service contract or offer letter between the Grantee and the Company or any of its Subsidiaries from time to time or, if the Grantee is not then party to any written employment agreement, service contract or offer letter with the Company Group or any such written employment agreement, service contract or offer letter does not contain a definition of “cause,” “Cause” shall mean a good faith determination by the Company that the Grantee (A) engaged in misconduct or gross negligence in the performance of his or her duties or willfully and continuously failed or refused to perform any duties reasonably requested in the course of his or her employment; (B) engaged in fraud or dishonesty, or any other conduct that causes, or has the potential to cause, harm to any entity in the Company Group or Parent and its Subsidiaries, including its business reputation or financial condition; (C) violated any lawful directives or policies of the Company Group or of Parent and its Subsidiaries, including but not limited to those relating to sexual, gender-based or other harassment or discrimination, or any applicable Laws, rules or regulations; (D) materially breached his or her employment agreement, service contract, proprietary information agreement, restrictive covenant, or confidentiality agreement with any entity in the Company Group; (E) was convicted of, or pled guilty or no contest to, (1) a felony or (2) a misdemeanor involving dishonesty or moral turpitude; or (F) breached his or her fiduciary duties to the Company Group or to Parent and its Subsidiaries. For the avoidance of doubt, a failure to attain any applicable performance goals or financial metrics shall not, in and of itself, constitute Cause. Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Cause unless (x) Parent provides notice to the Grantee of the existence of the condition giving rise to Cause within 60 days following its knowledge of its existence and (y) the Grantee fails to cure such condition within 30 days following the date of such notice..

“Common Shares” means the shares of common stock, par value \$0.000001 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 10 hereof.

“Company” means Activision Blizzard, Inc. and any successor thereto.

“Company Group” means the Company and its Subsidiaries.

“Company-Sponsored Equity Account” means an account that is created with the Equity Account Administrator in connection with the administration of the Company’s equity plans and programs, including the Plan.

“Date of Grant” means the Date of Grant of the Award set forth on the Grant Notice.

“Employer” means the Subsidiary of the Company which employs Grantee.

“Equity Account Administrator” means the brokerage firm utilized by the Company from time to time to create and administer accounts for participants in the Company’s equity plans and programs, including the Plan.

“Exercise Rules and Regulations” means (i) (A) for employees who work and/or reside in the U.S., the Securities Act or any comparable U.S. federal securities law and all applicable state securities laws, and (B) for employees who work and/or reside outside the U.S., any laws applicable to Grantee which subject him or her to insider trading restrictions and/or market abuse laws or otherwise affect his or her ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Shares, rights to Common Shares (e.g., Restricted Share Units) or rights linked to the value of Common Shares during such times as he or she is considered to have “inside information” regarding the Company, (ii) the requirements of any securities exchange, securities association, market system or quotation system on which Common Shares are then traded or quoted, (iii) any restrictions on transfer imposed by the Company’s certificate of incorporation or bylaws, and (iv) any policy or procedure the Company has adopted with respect to the trading of its securities, in each case as in effect on the date of the intended transaction.

“Good Reason” means, in each case without the prior written consent of the Grantee: [(A) a material diminution in authorities, duties and responsibilities, as measured in the aggregate, as compared to those prior to the Effective Time (as defined in the Merger Agreement) (provided, that the following will not constitute “Good Reason”: (1) the Grantee’s continued employment with substantially the same responsibility with respect to the Company’s business and operations (e.g., the Grantee’s title is revised to reflect the Grantee’s placement within the overall corporate hierarchy or the Grantee provides services to a Subsidiary, business unit or otherwise) or (2) changes resulting solely from the Company ceasing to be a stand-alone public corporation);] [(A)][(B)] a material diminution in base salary as in effect immediately prior to the Effective Time (as defined in the Merger Agreement); or [(B)][(C)] a relocation of primary office location by more than 50 miles (provided, that requiring the Grantee to return to work in the Grantee’s primary office location after working remotely during the COVID-19 pandemic or continuing to work remotely rather than a primary office location shall not constitute a relocation). Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Good Reason unless (x) the Grantee provides notice to Parent of the existence of the condition giving rise to Good Reason within 60 days following the Grantee’s knowledge of its existence and (y) Parent fails to cure such condition within 30 days following the date of such notice, upon which failure to cure the Grantee’s employment shall immediately terminate with Good Reason.

“Grantee” means the recipient of the Award named on the Grant Notice.

“Grant Notice” means the Notice of Performance-Vesting Restricted Share Unit Award to which these Award Terms are attached.

“Merger” means the transactions contemplated under the Merger Agreement, including the merger of Anchorage Merger Sub Inc. with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent.

“Merger Agreement” means that certain Agreement and Plan of Merger by and among Parent, Anchorage Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent, and the Company.

“Parent” means Microsoft Corporation, a Washington corporation.

“**Plan**” means the Activision Blizzard, Inc. 2014 Incentive Plan, as amended from time to time.

“**Restricted Share Units**” means units subject to the Award, which represent the conditional right to receive Common Shares in accordance with the Grant Notice and these Award Terms, unless and until such units become vested or are forfeited to the Company in accordance with the Grant Notice and these Award Terms.

“**Section 409A**” means Section 409A of the Code and the guidance and regulations promulgated thereunder.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Vested Shares**” means the Common Shares to which the holder of the Restricted Share Units becomes entitled upon vesting thereof in accordance with Section 2 or 3 hereof.

“**U.S.**” means the United States of America.

“**Withholding Taxes**” means any taxes, including, but not limited to, income tax, social insurance (*e.g.*, U.S. social security and Medicare), payroll tax, state and local income taxes, fringe benefits tax, and payment on account, required or permitted under any applicable law to be withheld from amounts otherwise payable to Grantee.

(b) Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

2. Vesting. Except as otherwise set forth in these Award Terms, the Restricted Share Units shall vest in accordance with the “Schedule for Vesting” set forth on the Grant Notice. Each Restricted Share Unit, upon vesting thereof, shall entitle the holder thereof to receive one Common Share (subject to adjustment pursuant to Section 10 hereof).

3. Termination of Employment.

(a) Cause. In the event that Grantee’s employment is terminated by any entity in the Company Group for Cause, as of the date of such termination of employment all Restricted Share Units shall cease to vest and any outstanding Restricted Share Units and Vested Shares that have yet to settle pursuant to Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

(b) Termination Following the Closing of the Merger. In the event that Grantee’s employment is terminated by the Company, Parent or their respective Subsidiaries either (x) by the Company, Parent or their respective Subsidiaries without Cause or (y) by the Grantee for Good Reason, in either case, during the 18-month period following the closing of the Merger, 100% of all outstanding Restricted Share Units subject to the Award that are unvested as of the time of such termination shall immediately vest in full. For the avoidance of doubt, this Section 3(b) is subject to and contingent upon the occurrence of the closing of the Merger. If the closing of the Merger does not occur, this Section 3(b) shall be of no effect and Grantee shall have no rights with respect to the vesting set forth in this Section 3(b).

(c) Other. Unless the Committee determines otherwise, in the event that Grantee’s employment is terminated for any reason other than as described in Sections 3(a) and 3(b) above, as of the date of such termination of employment all Restricted Share Units shall cease to vest and, with the exception of any Vested Shares that have yet to settle pursuant to

Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

4. Tax Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any Withholding Taxes related to Grantee's participation in the Plan and legally applicable to Grantee, Grantee acknowledges that the ultimate liability for all Withholding Taxes is and remains Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Restricted Share Units, including, without limitation, the grant, vesting or payment of the Award, the subsequent sale of Vested Shares acquired, and the receipt of any dividends; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Share Units to reduce or eliminate Grantee's liability for Withholding Taxes or achieve any particular tax result. Further, if Grantee is or becomes subject to tax in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction. The Company shall have no obligation to deliver any Vested Shares unless and until all Withholding Taxes contemplated by this Section 4 have been satisfied.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award at the time such Withholding Taxes become due. In this regard, Grantee authorizes the Company and/or the Employer, or their respective agents to satisfy any applicable withholding obligations with regard to all Withholding Taxes by one or a combination of the following: (i) by delivery to the Company of a bank check or certified check or wire transfer of immediately available funds; (ii) through the delivery of irrevocable written instructions, in a form acceptable to the Company, that the Company withhold Vested Shares otherwise then deliverable having a value equal to the aggregate amount of the Withholding Taxes (valued in the same manner used in computing the amount of such Withholding Taxes); (iii) arranging for the sale, on Grantee's behalf, of Vested Shares otherwise then deliverable to Grantee (valued in the same manner used in computing the amount of such Withholding Taxes); or (iv) by any combination of (i), (ii) or (iii) above. Further, any entity in the Company Group shall have the right to require Grantee to satisfy any Withholding Taxes contemplated by this Section 4 by any of the aforementioned methods or by withholding from Grantee's wages or other cash compensation.

(c) The Company Group may withhold or account for Withholding Taxes contemplated by this Section 4 by reference to applicable withholding rates, including minimum or maximum applicable statutory rates in Grantee's jurisdiction(s) of employment and/or residency, and if the Company Group withholds more than the amount necessary to satisfy the liability, Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares. If the Company Group withholds less than the amount necessary to satisfy the liability, Grantee may be required to pay any additional Withholding Taxes directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Withholding Taxes is satisfied by withholding in Shares, for tax purposes, Grantee will be deemed to have been issued the full number of Vested Shares underlying the Restricted Share Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Withholding Taxes. No fractional Shares will be withheld or issued pursuant to the settlement of the Restricted Share Units and the Withholding Taxes thereunder.

5. **Deemed Agreement.** By accepting the Award, Grantee is deemed to be bound by the terms and conditions set forth in the Plan, the Grant Notice and these Award Terms.

6. **Reservation of Shares.** The Company shall at all times reserve for issuance or delivery upon vesting of the Restricted Share Units such number of Common Shares as shall be required for issuance or delivery upon vesting thereof.

7. **Dividend Equivalents.** The holder of the Restricted Share Units shall not be entitled to receive any payment, payment-in-kind or any equivalent with regard to any cash or other dividends that are declared and paid on Common Shares.

8. **Receipt and Delivery.** As soon as administratively practicable (and, in any event, within 30 days) after any Restricted Share Units vest, the Company shall (a) effect the issuance or transfer of the resulting Vested Shares, (b) cause the issuance or transfer of such Vested Shares to be evidenced on the books and records of the Company, and (c) cause such Vested Shares to be delivered to a Company-Sponsored Equity Account in the name of the person entitled to such Vested Shares (or, with the Company's consent, such other brokerage account as may be requested by such person); provided, however, that, in the event such Vested Shares are subject to a legend as set forth in Section 15 hereof, the Company shall instead cause a certificate evidencing such Vested Shares and bearing such legend to be delivered to the person entitled thereto.

9. **Committee Discretion.** Except as may otherwise be provided in the Plan, the Committee shall have sole discretion to (a) interpret any provision of the Plan, the Grant Notice and these Award Terms, (b) make any determinations necessary or advisable for the administration of the Plan and the Award, and (c) waive any conditions or rights of the Company under the Award, the Grant Notice or these Award Terms. Without intending to limit the generality or effect of the foregoing, any decision or determination to be made by the Committee pursuant to these Award Terms, including whether to grant or withhold any consent, shall be made by the Committee in its sole and absolute discretion, subject only to the terms of the Plan. Subject to the terms of the Plan, the Committee may amend the terms of the Award prospectively or retroactively; however, no such amendment may materially and adversely affect the rights of Grantee taken as a whole without Grantee's consent. Without intending to limit the generality or effect of the foregoing, the Committee may amend the terms of the Award (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 10 hereof) affecting any entity in the Company Group or any of the Company's other affiliates or the financial statements of any entity in the Company Group or any of the Company's other affiliates, (ii) in response to changes in applicable laws, regulations or accounting principles and interpretations thereof, or (iii) to prevent the Award from becoming subject to any adverse consequences under Section 409A.

10. **Adjustments.** Notwithstanding anything to the contrary contained herein, pursuant to Section 12 of the Plan, the Committee will make or provide for such adjustments to the Award as are equitably required to prevent dilution or enlargement of the rights of Grantee that otherwise would result from (a) any stock dividend, extraordinary dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any change of control, merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, or issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for the Award such alternative

consideration (including, without limitation, cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of the Award.

11. Registration and Listing. Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to issue or transfer any Restricted Share Units or Vested Shares, and no Restricted Share Units or Vested Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered in any way, unless such transaction is in compliance with all Exercise Rules and Regulations. The Company is under no obligation to register, qualify or list, or maintain the registration, qualification or listing of, Restricted Share Units or Vested Shares with the U.S. Securities and Exchange Commission, any state securities commission or any securities exchange, securities association, market system or quotation system to effect such compliance. Grantee shall make such representations and furnish such information as may be appropriate to permit the Company, in light of the then existence or non-existence of an effective registration statement under the Securities Act relating to Restricted Share Units or Vested Shares, to issue or transfer Restricted Share Units or Vested Shares in compliance with the provisions of that or any comparable federal securities law and all applicable state securities laws. The Company shall have the right, but not the obligation, to register the issuance or transfer of Restricted Share Units or Vested Shares or resale of Restricted Share Units or Vested Shares under the Securities Act or any comparable federal securities law or applicable state securities law.

12. Transferability. Subject to the terms of the Plan, and only with the Company's consent, Grantee may transfer Restricted Share Units for estate planning purposes or pursuant to a domestic relations order (or a comparable order under applicable local law); provided, however, that any transferee shall be bound by all of the terms and conditions of the Plan, the Grant Notice and these Award Terms and shall execute an agreement in form and substance satisfactory to the Company in connection with such transfer; and provided, further that Grantee will remain bound by the terms and conditions of the Plan, the Grant Notice and these Award Terms. Except as otherwise permitted under the Plan or this Section 12, the Restricted Share Units shall not be transferable by Grantee other than by will or the laws of descent and distribution.

13. Compliance with Applicable Laws and Regulations and Company Policies and Procedures.

(a) Grantee is responsible for complying with (i) any federal, state, and local tax, social insurance, national insurance contributions, payroll tax, payment on account or other tax liabilities applicable to Grantee in connection with the Award and (ii) all Exercise Rules and Regulations.

(b) The Award is subject to the terms and conditions of any policy requiring or permitting the Company to recover any gains realized by Grantee in connection with the Award, including, without limitation, the Policy on Recoupment of Performance-Based Compensation Related to Certain Financial Restatements.

(c) If and when Grantee is an "executive officer" of the Company within the meaning of the Executive Stock Ownership Guidelines, the Award will be subject to the terms and conditions of the Executive Stock Ownership Guidelines and the limitations contained therein on the ability of Grantee to transfer any Vested Shares.

14. Section 409A.

(a) Payments contemplated with respect to the Award are intended to comply with Section 409A, and all provisions of the Plan, the Grant Notice and these Award Terms shall

be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, (i) nothing in the Plan, the Grant Notice and these Award Terms shall guarantee that the Award is not subject to taxes or penalties under Section 409A and (ii) if any provision of the Plan, the Grant Notice or these Award Terms would, in the reasonable, good faith judgment of the Company, result or likely result in the imposition on Grantee or any other person of taxes, interest or penalties under Section 409A, the Committee may, in its sole discretion, modify the terms of the Plan, the Grant Notice or these Award Terms, without the consent of Grantee, in the manner that the Committee may reasonably and in good faith determine to be necessary or advisable to avoid the imposition of such taxes, interest or penalties; provided, however, that this Section 14 does not create an obligation on the part of the Committee or the Company to make any such modification, and in no event shall the Company be liable for the payment of or gross up in connection with any taxes, interest or penalties owed by Grantee pursuant to Section 409A.

(b) Neither Grantee nor any of Grantee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable with respect to the Award to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee's benefit with respect to the Award may not be reduced by, or offset against, any amount owing by Grantee to the Company.

(c) Notwithstanding anything to the contrary contained herein, if (i) the Committee determines in good faith that the Restricted Share Units do not qualify for the "short-term deferral exception" under Section 409A, (ii) Grantee is a "specified employee" (as defined in Section 409A) and (iii) a delay in the issuance or transfer of Vested Shares to Grantee or his or her estate or beneficiaries hereunder by reason of Grantee's "separation from service" (as defined in Section 409A) with any entity in the Company Group is required to avoid tax penalties under Section 409A but is not already provided for by this Award, the Company shall cause the issuance or transfer of such Vested Shares to Grantee or Grantee's estate or beneficiary upon the earlier of (A) the date that is the first business day following the date that is six months after the date of Grantee's separation from service and (B) Grantee's death.

15. Legend. The Company may, if determined by it based on the advice of counsel to be appropriate, cause any certificate evidencing Vested Shares to bear a legend substantially as follows:

"THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE 'ACT'), OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT."

16. No Right to Employment. Nothing contained in the Grant Notice or these Award Terms shall create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any other entity in the Company Group and shall not interfere with the ability of the Employer to retire, request the resignation of or terminate Grantee's employment or service relationship at any time.

17. No Rights as Stockholder. No holder of Restricted Share Units shall, by virtue of the Grant Notice or these Award Terms, be entitled to any right of a stockholder of the Company, either at law or in equity, and the rights of any such holder are limited to those expressed, and are

not enforceable against the Company except to the extent set forth in the Plan, the Grant Notice or these Award Terms.

18. Severability. In the event that one or more of the provisions of these Award Terms shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

19. Venue and Governing Law.

(a) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Restricted Share Units or these Award Terms, the parties submit and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Los Angeles County, California or the federal courts of the U.S. for the Central District of California and no other courts, regardless of where the grant of the Restricted Share Units is made and/or to be performed; provided, however, that if the parties have entered into another agreement providing for a different venue or forum (e.g., a dispute resolution agreement), then the terms of such agreement will control for purposes of this provision.

(b) To the extent that U.S. federal law does not otherwise control, the validity, interpretation, performance and enforcement of the Grant Notice and these Award Terms shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of laws thereof.

20. Successors and Assigns. The provisions of the Grant Notice and these Award Terms shall be binding upon and inure to the benefit of the Company, its successors and assigns, and Grantee and, to the extent applicable, Grantee's permitted assigns under Section 12 hereof and Grantee's estate or beneficiaries as determined by will or the laws of descent and distribution.

21. Delivery of Notices and Other Documents.

(a) Any notice or other document which Grantee may be required or permitted to deliver to the Company pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to the Company, at its office at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A. Attn: Stock Plan Administration, or such other address as the Company by notice to Grantee may designate in writing from time to time. Notices shall be effective upon delivery.

(b) Any notice or other document which the Company may be required or permitted to deliver to Grantee pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to Grantee at the address shown on any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time, or such other address as Grantee by notice to the Company may designate in writing from time to time. The Company may also, in its sole discretion, deliver any such document to Grantee electronically via an e-mail to Grantee at his or her Company-provided email address or through a notice delivered to such e-mail address that such document is available on a website established and maintained on behalf of the Company or a third party designated by the Company, including, without limitation, the Equity Account Administrator. Notices shall be effective upon delivery.

22. Conflict with Plan. In the event of any conflict between the terms the Grant Notice or these Award Terms and the terms of the Plan, the terms of the Plan shall control.

23. Appendix. Notwithstanding anything to the contrary contained herein, the Restricted Share Units shall be subject to any additional terms and conditions set forth in the Appendix for Grantee's country of work and/or residence, both of which constitute a part of these Award Terms. Moreover, if Grantee relocates his or her work and/or residence to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Share Units and on any Common Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Waiver. Grantee acknowledges that a waiver by the Company of a breach of any provision of these Award Terms shall not operate or be construed as a waiver of any other provision of these Award Terms, or of any subsequent breach by Grantee or any other grantee of an equity award from the Company.

EXHIBIT B

APPENDIX

TO

ACTIVISION BLIZZARD, INC. 2014 INCENTIVE PLAN

PERFORMANCE-VESTING RESTRICTED SHARE UNIT AWARD TERMS

ADDITIONAL TERMS AND CONDITIONS BY COUNTRY

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan or the Award Terms, as the case may be.

TERMS AND CONDITIONS

This Appendix includes special terms and conditions applicable to Grantees who work and/or reside in the countries covered by the Appendix. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Award Terms.

If Grantee is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transferred or transfers employment and/or residency after the Restricted Share Units were granted or is considered a resident of another country for local law purposes (i.e., Grantee is a “mobile employee”), the Company shall have the sole discretion to determine to what extent the special terms and conditions shall apply to Grantee.

NOTIFICATIONS

This Appendix also includes notifications relating to exchange control and other issues of which Grantee should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the notifications herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Grantee vests in the Restricted Share Units or Vested Shares acquired under the Plan are sold.

In addition, the notifications are general in nature and may not apply to the particular situation of Grantee, and the Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a mobile employee, the information contained herein may not be applicable to Grantee in the same manner.

GENERAL PROVISIONS APPLICABLE TO ALL GRANTEEES WHO WORK AND/OR RESIDE OUTSIDE THE U.S.

Nature of Grant. By accepting the Award, Grantee acknowledges, understands, and agrees that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and/or these Award Terms;

- (2) the grant of the Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of rights to receive Common Shares, or benefits in lieu of rights to receive Common Shares, even if rights to receive Common Shares have been granted in the past;
- (3) all decisions with respect to future grants of rights to receive Common Shares, if any, will be at the sole discretion of the Company;
- (4) Grantee's participation in the Plan is voluntary;
- (5) the grant of the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any;
- (6) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not intended to replace any pension rights or compensation;
- (7) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, the calculation of any severance, resignation, termination, redundancy, dismissal, end of service payment, bonus, long-service award, leave-related payment, holiday pay, pension or retirement or welfare benefit or similar payments;
- (8) the Restricted Share Unit grant and Grantee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Restricted Share Unit grant will not be interpreted to form an employment agreement or service contract or relationship with any other company in the Company Group;
- (9) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty;
- (10) unless otherwise agreed with the Company, the Restricted Share Units and the Common Shares subject to the Restricted Share Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Grantee may provide as a director of any entity of Company Group;
- (11) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Share Units resulting from termination of Grantee's continuous service with the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any);
- (12) unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any), Grantee's right to receive or vest in the

Restricted Share Units under the Plan, if any, will terminate effective as of the date that Grantee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of “garden leave” or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of Grantee’s Restricted Share Unit grant (including whether Grantee may still be considered actively employed while on a leave of absence);

(13) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee’s participation in the Plan, or Grantee’s acquisition or sale of the underlying Common Shares;

(14) Grantee should consult with Grantee’s own personal tax, legal and financial advisors regarding Grantee’s participation in the Plan before taking any action related to the Plan;

(15) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Share Units and the benefits evidenced by these Award Terms do not create any entitlement to have the Restricted Share Units or any such benefits transferred to, or assumed by, another company, nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Shares; and

(16) neither the Company, the Employer nor any other entity in the Company Group shall be liable for any foreign exchange rate fluctuation between Grantee’s local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to Grantee pursuant to the settlement of the Restricted Share Units or the subsequent sale of any Common Shares acquired upon settlement.

Foreign Asset/Account Reporting Requirements. Grantee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect Grantee’s ability to acquire or hold Common Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Common Shares acquired under the Plan) in a brokerage or bank account outside Grantee’s country of work and/or residence. Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Grantee also may be required to repatriate sale proceeds or other funds received as a result of Grantee participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Grantee acknowledges that it is his or her responsibility to be compliant with such regulations, and Grantee is advised to consult his or her personal legal advisor for any details.

Language. Grantee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of these Award Terms. Furthermore, if the Grant Notice, these Award Terms or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version then, by accepting the Award, Grantee acknowledges that the English version will control.

DATA PRIVACY INFORMATION AND CONSENT

The following provision applies to Grantees who work and/or reside outside the European Economic Area.

Data Collection and Usage. Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in the Grant Notice and these Award Terms by and among, as applicable, the Employer or any other entity in the Company Group for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Data Processing. Grantee understands that the Company and the Employer may hold certain personal information about Grantee, including, without limitation, Grantee's name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any directorships held in any entity in the Company Group, any Common Shares owned, details of all Restricted Share Units or any other entitlement to the Common Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Grantee's favor (the "Data"), for the purpose of implementing, administering and managing the Plan.

Stock Plan Administration, Data Transfer, Retention and Data Subject Rights. Grantee understands that the Data will be transferred to the Equity Account Administrator, which is assisting the Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in Grantee's country of work and/or residence, or elsewhere, and that any recipient's country may have different data privacy laws and protections than Grantee's country of work and/or residence. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative. Grantee authorizes the Company, the Equity Account Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Grantee's consent is that the Company would not be able to grant Restricted Share Units or other equity awards to Grantee or administer or maintain such awards. Therefore, Grantee understands that refusal or withdrawal of consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact Grantee's local human resources representative.

The following provision applies to Grantees who work and/or reside in the European Economic Area (including Switzerland and the United Kingdom).

Data Collection and Usage. Pursuant to applicable data protection laws, Grantee is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Grantee for the exclusive legitimate purpose of granting Restricted Share Units and implementing, administering and managing Grantee's participation in the Plan. Specifics of the data processing are described below.

Controller. The Company is the controller responsible for the processing of Grantee's personal data in connection with the Plan.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Grantee: name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in any entity in the Company Group, details of all Restricted Share Units or any other entitlement to Common Shares awarded, canceled, settled, vested, unvested or outstanding in Grantee's favor, which the Company receives from Grantee or the Employer ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of performing its contractual obligations under the Award Terms, granting Restricted Share Units, implementing, administering and managing Grantee's participation in the Plan and facilitating compliance with applicable tax and securities law. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Award Terms and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to the Equity Account Administrator, an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Personal Data with such service providers. Grantee will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Grantee's ability to participate in the Plan. Grantee's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Grantee's participation in the Plan. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of Personal Data by contacting Grantee's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, the Equity Account Administrator, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in the United States, for the performance of the contractual obligations under the Award Terms. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative.

Grantee understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Grantee's Personal Data may not have an equivalent level of protection as compared to Grantee's country of work and/or residence. To provide appropriate safeguards for the protection of Grantee's Personal Data, the Personal Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. Grantee may request a copy of the safeguards used to protect his or her Personal Data by contacting the Company at: employeeprivacy@activision.com.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond Grantee's termination of employment with the Employer. When the Company no longer needs the Personal Data, the Company will remove it from its systems to the fullest extent reasonably practicable. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Grantee's Rights. To the extent provided by law, Grantee has the right to (i) inquire whether and what kind of Personal Data the Company holds about Grantee and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of Personal Data in certain situations where Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, (vi) request portability of Personal Data that Grantee has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Grantee and is carried out by automated means, or (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Grantee's rights, raise any other questions regarding the practices described in the Award Terms or to exercise his or her rights, Grantee should contact the Company at: employeeprivacy@activision.com.

Contractual Requirement. Grantee's provision of Personal Data and its processing as described above is a contractual requirement and a condition to Grantee's ability to participate in the Plan. Grantee understands that, as a consequence of Grantee's refusing to provide Personal Data, the Company may not be able to allow Grantee to participate in the Plan, grant Restricted Share Units to Grantee or administer or maintain such Restricted Share Units. However, Grantee's participation in the Plan and his or her acceptance of the Award Terms are purely voluntary. While Grantee will not receive Restricted Share Units if he or she decides against participating in the Plan or providing Personal Data as described above, Grantee's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Grantee may contact the Company at: employeeprivacy@activision.com.

Appendix for Australia
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Australia Offer Document. The grant of Restricted Share Units under the Plan is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Australia Offer Document, which is provided with the Award Terms.

Tax Information. The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions therein).

Appendix for Belgium
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee is required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return. In a separate report, Grantee may be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under *Kredietcentrales / Centrales des crédits* caption. Grantee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new “annual securities accounts tax” applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will likely apply when Common Shares acquired upon vesting of the Restricted Share Units are sold. Grantee should consult with his or her personal tax advisor for additional details on his or her obligations with respect to the stock exchange tax.

Appendix for Brazil
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Compliance with Law. By accepting the Restricted Share Units, Grantee acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with Grantee's participation in the Plan.

Nature of Company Restricted Share Unit Grants. By accepting the Restricted Share Units, Grantee agrees that (1) he or she is making an investment decision and (2) the value of the underlying Common Shares is not fixed and may increase or decrease in value over time without compensation to Grantee.

NOTIFICATIONS

Exchange Control Notification. If Grantee is resident or domiciled in Brazil, he or she will be required to submit a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000. Assets and rights that must be reported include the Common Shares.

Tax on Financial Transaction (IOF). Payments to foreign countries (including the payment of the exercise price) and repatriation of funds into Brazil and the conversion between BRL and US\$ associated with such fund transfers may be subject to the Tax on Financial Transactions. It is Grantee's responsibility to comply with any applicable Tax on Financial Transactions arising from Grantee's participation in the Plan. Grantee should consult with his or her personal tax advisor for additional details.

Appendix for Canada

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Payable Only in Common Shares. The grant of Restricted Share Units does not provide any right for Grantee to receive a cash payment, and the Restricted Share Units are payable in Common Shares only.

Termination of Employment. Notwithstanding anything to the contrary in Section 3(b) of the Award Terms, unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of Grantee's employment agreement or service contract, if any), Grantee's right to receive or vest in the Restricted Share Units under the Plan, if any, will terminate as of the date is the earliest of: (1) the date Grantee's employment or service with the Company Group is terminated, (2) the date Grantee receives notice of termination of employment or service from the Employer or any other entity in the Company Group, and (3) the date Grantee is no longer actively employed or rendering services to the Company Group, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law). In the event the date Grantee is no longer actively employed or rendering services cannot be reasonably determined under the Award Terms and/or the Plan, the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of the Restricted Share Units (including whether Grantee may still be considered actively employed while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Grantee's right to vest in the Restricted Share Units under the Plan, if any, will terminate effective as of the last day of Grantee's minimum statutory notice period, but Grantee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Grantee's statutory notice period, nor will Grantee be entitled to any compensation for lost vesting.

The following provisions will apply to Grantees who are residents of Quebec:

Language Acknowledgment. The parties acknowledge that it is their express wish that the Award Terms, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée: Les parties reconnaissent avoir exigé la rédaction en anglais de cette annexe, la convention afférente, ainsi que de tous documents, avis donnés et procédures judiciaires exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement aux présentes.

Data Privacy Notice and Consent. This provision supplements the "Data Privacy Information and Consent for Grantees outside the European Economic Area" Section of the Appendix:

Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the

administration and operation of the Plan. Grantee further authorizes the Company Group, Equity Account Administrator and any other broker(s) designated by the Company to disclose and discuss the Plan with their respective advisors. Grantee further authorizes the Company Group to record such information and to keep such information Grantee's employee file.

NOTIFICATIONS

Securities Law Notification. Grantee is permitted to sell Common Shares acquired under the Plan through the Equity Account Administrator, provided that the resale of Common Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Common Shares are listed. The Common Shares are currently listed on the Nasdaq.

Foreign Asset/Account Reporting Notification. Foreign specified property held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total value of such foreign specified property exceeds C\$100,000 at any time during the year. Foreign specified property includes Common Shares acquired under the Plan and may include the Restricted Share Units. The Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign specified property Grantee holds. If Common Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Common Shares. The ACB would normally equal the fair market value of the Common Shares at vesting, but if Grantee owns other shares of the Company's common stock, this ACB may have to be averaged with the ACB of those other shares. If due, the form must be filed by April 30th of the following year. Grantee should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

Appendix for China

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Exchange Control Notification. Grantee understands, acknowledges and agrees that certain exchange control restrictions may apply to Grantee's participation in the Plan, including to the remittance of funds into China of any sale proceeds or dividends paid on Common Shares acquired under the Plan. Grantee understands that it is his or her sole responsibility to comply with applicable exchange control restrictions in China.

Appendix for Denmark
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

By participating in the Plan, Grantee acknowledges that he or she understands and agrees that the grant of the Restricted Share Units relates to future services to be performed and is not a bonus or compensation for past services.

Stock Option Act. Grantee acknowledges that he or she has received an “Employer Statement” in Danish which sets forth additional terms of the Restricted Share Units, to the extent that the Danish Stock Option Act applies to the Restricted Share Units.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Danish tax payers that have an account holding Common Shares or an account holding cash outside Denmark must report those accounts to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank.

Appendix for France

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Not Tax-Qualified. Grantee understands that these Restricted Share Units are not intended to be French tax-qualified.

Language Consent. By accepting the Award, Grantee confirms that he or she has read and understood the documents relating to the Restricted Share Units (the Grant Notice, the Plan, and the Award Terms, including this Appendix) which were provided in the English language. Grantee accepts the terms of these documents accordingly.

Consentement relatif à la langue utilisée: *En acceptant l'Attribution, le Bénéficiaire confirme qu'il ou qu'elle a lu et compris les documents afférents aux Attributions Gratuites d'Actions (la Notification d'Attribution, le Plan et les Termes de l'Attribution, ainsi que la présente Annexe) qui sont produits en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. If Grantee retains Common Shares acquired under the Plan outside of France or maintains a foreign bank account, Grantee is required to report such to the French tax authorities when filing his or her annual tax return. Further, French residents with foreign account balances exceeding €1,000,000 may have additional monthly reporting obligations.

Appendix for Germany
Additional terms and Conditions of the
Activision Blizzard, Inc.
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NOTIFICATIONS

Exchange Control Notification. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. In case of payments in connection with securities (including proceeds realized upon the sale of Common Shares), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. Grantee is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. If Grantee’s acquisition of Common Shares under the Plan leads to a “qualified participation” at any point during the calendar year, Grantee will need to report the acquisition of such shares when Grantee files his or her tax return for the relevant year. A qualified participation is attained if (1) the value of the Common Shares acquired exceeds €150,000 or (2) the Common Shares held exceed 10% of the Company’s total common stock. However, provided the Common Shares are listed on a recognized stock exchange (*e.g.*, the Nasdaq Stock Market) and Grantee owns less than 1% of the Company, this requirement will not apply. Grantee should consult with his or her personal tax advisor to ensure Grantee complies with applicable reporting obligations.

Appendix for Hong Kong
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Sale Restriction. Any Shares received at vesting are accepted as a personal investment. Notwithstanding anything contrary in the Agreement or the Plan, in the event the Restricted Share Units vest and Shares are issued to Grantee or his or her legal representatives or estate within six months of the Date of Grant, Grantee agrees that Grantee or his or her legal representatives or estate will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

Payout of Restricted Share Units in Shares Only. Restricted Share Units granted to Employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

NOTIFICATIONS

Securities Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Grantee is advised to exercise caution in relation to the offer. If Grantee is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. The Restricted Share Units and Shares acquired upon vesting of the Restricted Share Units do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any Subsidiary or Affiliate. The Plan, the Grant Agreement and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The Restricted Share Units are intended only for the personal use of each eligible employee of the Company or any Subsidiary or Affiliate and may not be distributed to any other person.

Appendix for Hungary
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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There are no country-specific provisions.

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Global PSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for Ireland
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” of Grant Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that he or she understands and agrees that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

NOTIFICATIONS

Director Notification Requirements. If Grantee is a director, shadow director or secretary of an Irish Subsidiary and Grantee’s aggregate shareholding interest equals or exceeds 1% of the voting rights of the Company, Grantee must notify the Irish Subsidiary in writing within a certain time period of (i) receiving or disposing of an interest in the Company (e.g., Restricted Share Units, Common Shares), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary, as the case may be). Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Italy

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Grant Agreement and has reviewed the Plan and the Grant Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement, including this Appendix B. Grantee acknowledges having read and specifically and expressly approves the following sections of the Grant Agreement: “Vesting Schedule” as described in the Grant Notice, Section 3 (“Termination of Employment”), Section 4 (“Taxes Withholding”), Section 16 (“No Right to Employment”), Section 17 (“No Rights as Stockholder”), Section 19 (“Venue and Governing Law”), and “Data Privacy Information and Consent” and “Language” as described in Exhibit B.

NOTIFICATIONS

Foreign Asset / Account Tax Reporting Notification. Italian residents who, at any time during the fiscal year, hold foreign financial assets (such as cash, Shares) which may generate income taxable in Italy are required to report such assets on their annual tax returns or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad. Grantee is advised to consult his or her personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset Tax Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Appendix for Japan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee will be required to report details of any assets (including any Common Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Grantee should consult with his or her personal tax advisor as to whether the reporting obligation applies to Grantee and whether Grantee will be required to report details of any outstanding Restricted Share Units or Common Shares held by Grantee in the report.

Appendix for Korea

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Grantee should consult with his or her personal tax advisor to determine how to value Grantee's foreign accounts for purposes of this reporting requirement and whether Grantee is required to file a report with respect to such accounts.

Appendix for Luxembourg
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There are no country-specific provisions.

Appendix for Malta

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

NOTIFICATIONS

Securities Law Notification. Neither the Company nor the Plan is registered in Malta and no investment services will be carried out in or from within Malta. The Plan will not be marketed in Malta and the Company is exempt from any investment service license requirements.

Appendix for Mexico

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Acknowledgement of the Award Terms. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Award Terms, including this Appendix, which he or she has reviewed. Grantee further acknowledges that he or she accepts all the provisions of the Plan and the Award Terms, including this Appendix. Grantee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in “Nature of Grant” Section of the Appendix, which clearly provide as follows:

- (1) Grantee’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and Grantee’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) Grantee’s participation in the Plan is voluntary; and
- (4) The Company and any entity in the Company Group are not responsible for any decrease in the value of any Common Shares acquired upon settlement of the Restricted Share Units.

Labor Law Acknowledgement and Policy Statement. By accepting the Restricted Share Units, Grantee acknowledges that the Company with registered offices at 3100 Ocean Park Boulevard, Santa Monica, California 90405, U.S.A., is solely responsible for the administration of the Plan. Grantee further acknowledges that his or her participation in the Plan, the grant of Restricted Share Units and any acquisition of Common Shares under the Plan do not constitute an employment relationship between Grantee and the Company because Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision-Mexico”). Based on the foregoing, Grantee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between Grantee and his or her employer, Activision-Mexico, and do not form part of the employment conditions and/or benefits provided by Activision-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Grantee’s employment.

Grantee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue Grantee’s participation in the Plan at any time, without any liability to Grantee.

Finally, Grantee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, its Subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

SPANISH TRANSLATION

Reconocimiento de los terminos del otorgamiento de acciones. Al aceptar las Unidades de Acciones Restringidas, el Receptor reconoce que ha recibido una copia del Plan y de los Términos del Otorqamiento de acciones, incluyendo este anexo, los cuales ha revisado. El Receptor también reconoce que acepta los términos del Plan y del Otorqamiento de Acciones, incluyendo este anexo. Así mismo el Receptor reconoce que ha leído y expresamente aprueba los términos y condiciones establecidas en la cláusula 1 del los Términos Generales para Receptores fuera de los Estados Unidos, las cuales claramente establecen lo siguiente:

- (1) La participación del Receptor en el Plan no constituye un derecho adquirido
- (2) El plan y la participación del Receptor en dicho Plan son ofrecidos por la Empresa en forma totalmente discrecional.
- (3) La participación del Receptor en el Plan es voluntaria; y
- (4) La Empresa y cualquier empresa del Grupo de Empresas no son responsables por la reducción en el valor de las acciones comunes que sean adquiridas en virtud de las Unidades de Acciones Restringidas.

Política de Ley Laboral y Reconocimiento. Al aceptar el otorgamiento de adquisición de acciones y/o Restricted Share Units, el Receptor reconoce que la Empresa, con domicilio ubicado en 310 Ocean Park Boulevard, Santa Mónica, California, 90405 U.S.A., es el único responsable para la administración de Plan y que su participación en los Plan y adquisición de acciones no constituye una relación de trabajo entre la Empresa y el Receptor, toda vez que su participación en el Plan es totalmente en base a una relación comercial entre mi único patrón Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México ("Activision Mexico") Derivado de lo anterior, el Receptor expresamente reconoce que el Plan y beneficios que pudieran derivar de su participación en el Plan no establece derechos entre su único patrón Activision Mexico y el suscrito, no forman parte de sus condiciones y/o prestaciones de trabajo otorgadas por Activision Mexico y cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de su relación de trabajo.

Asimismo, el Receptor entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Empresa, por lo tanto la Empresa se reserva el derecho absoluto de modificar y/o discontinuar la participación de usted en cualquier momento y sin responsabilidad alguna frente al Receptor.

Finalmente, en este acto el Receptor declara que no se reserva acción o derecho alguno para presentar cualquier reclamación en contra de la Empresa por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el Receptor otorga el más amplio y total finiquito a la Empresa, sus afiliadas, sucursales, oficinas de representación, accionistas, funcionarios, agentes o representantes en relación con cualquier reclamación que pudiera surgir.

NOTIFICATIONS

Securities Law Notification. The Restricted Share Units and the Common Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Terms and any other document relating to the Restricted Share Units may not be publicly distributed in Mexico. These materials are addressed

to Grantee only because of Grantee's existing relationship with the Company and the Employer and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Activision Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

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Global PSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for the Netherlands
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that the Restricted Share Units granted under the Plan are intended as an incentive for Grantee to remain employed with the Employer and are not intended as remuneration for labor performed.

Appendix for New Zealand
Additional terms and Conditions of the
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NOTIFICATIONS

Securities Law Notification. Warning: This is an offer of rights to receive Shares upon vesting of the Restricted Share Units subject to the terms of the Plan and the Award Terms. Restricted Share Units give Grantee a stake in the ownership of the Company. Grantee may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Grantee will be paid only after all creditors and holders of preferred shares have been paid. Grantee may lose some or all of their investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Grantee may not be given all the information usually required. Grantee will also have fewer other legal protections for this investment.

Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to participate in the Plan.

In addition, the Holder is hereby notified that the Company's most recent Annual Report on Form 10-K, the Plan and the Plan prospectus are available for review on the Company intranet site at **Finance - The Hub** (activisionblizzard.com). The Company's most recent Annual Report can also be found at: <https://investor.activision.com/#ir-reports-filings>. And your Award Terms can be found in your E*Trade account at www.etrade.com by navigating to My Account/Plan Elections.

As noted above, Grantee should carefully read the materials provided before making a decision whether to participate in the Plan. Grantee is also encouraged to contact their personal tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

Appendix for Poland
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NOTIFICATIONS

Foreign Asset/Accounting Reporting Notification. Polish residents holding foreign securities (including Common Shares acquired under the Plan) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Notification. If Grantee transfers funds into Poland in excess of a certain threshold (currently €15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply) in connection with the sale of Common Shares under the Plan, the funds must be transferred via a bank account held at a bank in Poland. Grantee is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the tax year in which such transaction occurred.

Appendix for Portugal
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TERMS AND CONDITIONS

Language Consent. Grantee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Terms.

Consentimento sobre Língua

O Empregado Contratado, pelo presente instrumento, declara expressamente que domina a língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidos no Plano e no Acordo de Atribuição.

NOTIFICATIONS

Exchange Control Notification. If Grantee holds Shares upon vesting of the Restricted Share Units, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Grantee's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Grantee is responsible for submitting the report to the Banco de Portugal.

Appendix for Romania
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Exchange Control Notification. Grantee is generally not required to seek authorization from the National Bank of Romania to participate in the Plan or to open and operate a foreign bank account to receive any proceeds under the Plan. However, if Grantee acquires 10% or more of the registered capital of a non-resident company, Grantee must file a report with the National Bank of Romania (“NBR”) within 30 days from the date such ownership is reached. This is a statutory requirement, but it does not trigger the payment of fees to NBR.

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Global PSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for Russia
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Securities Law Information. The Employer is not in any way involved in the offer of Restricted Share Units or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the Restricted Share Units described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice and Consent. This section replaces the Data Privacy and Consent provision in Exhibit B.

Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in the Award Terms by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Grantee understands that the Company, any Affiliate and/or the Employer may hold certain personal data about Grantee, including, but not limited to, Grantee's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Plan.

Grantee understands that Data may be transferred to the Equity Account Administrator or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in Grantee's country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the U.S. human resources representative or stock plan services. Grantee authorizes the Company, the Equity Account Administrator and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Restricted Share Units may be deposited. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan.

Grantee understands that Grantee may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the U.S. human resources representative. Grantee understands that refusal or withdrawal, rescission or termination of consent may affect his or her ability to participate in the Plan. For more

information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact the U.S. human resources representative or stock plan services.

U.S. Transaction. Any Shares issued pursuant to the Restricted Share Units shall be delivered to Grantee through a brokerage account in the U.S. Grantee may hold Shares in his or her brokerage account in the U.S.; however, in no event will Shares issued to Grantee and/or Share certificates or other instruments be delivered to Grantee in Russia. Grantee is not permitted to make any public advertising or announcements regarding the Restricted Share Units or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and Grantee is not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. Grantee is permitted to sell Shares only on the Nasdaq Stock Market and only through a U.S. broker.

Settlement of Restricted Share Units and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to Grantee upon vesting of the Restricted Share Units. Grantee agrees that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on his or her behalf pursuant to this authorization) and Grantee expressly authorizes the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, Grantee acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Grantee the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Withholding Tax-related items. Grantee may hold the cash proceeds in the brokerage account in the U.S. for an indefinite period of time (*e.g.*, for subsequent reinvestment). Grantee acknowledges that Grantee is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. Under exchange control regulations in Russia, Grantee may be required to repatriate certain cash amounts that Grantee receives with respect to the Restricted Share Units to Russia as soon as Grantee intends to use those cash amounts for any purpose, including reinvestment. If the repatriation requirements apply, such funds must initially be credited to Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

Under the Directive of the Russian Central Bank (the "CBR") N 5371-U which came into force on April 17, 2020, there are no restrictions on the transfer of cash into and from accounts opened by Russian currency residents with a foreign financial market institution other than a bank. Accordingly, the repatriation requirement in certain cases may not apply with respect to cash amounts received in an account that is considered by the CBR to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, Grantee should inform the Company if Grantee is covered by these laws because Grantee should not hold Shares acquired under the Plan.

Appendix for Singapore
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Sale Restriction. Grantee agrees that any Common Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

NOTIFICATIONS

Securities Law Notification. The grant of the Restricted Share Units is being made pursuant to the “Qualifying Person exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Common Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirements. If Grantee is a director of a Singapore Subsidiary of the Company, Grantee must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest (e.g., Restricted Share Units, Common Shares) in the Company or within two business days of becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director and to a shadow director (i.e., an individual who is not on the board of directors but who has sufficient control so that the board of directors acts in accordance with the “directions and instructions” of the individual) of a Singapore Subsidiary or affiliate of the Company. Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Spain

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the Restricted Share Units, Grantee consents to participate in the Plan and acknowledges having received and read a copy of the Plan.

Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Share Units under the Plan to individuals who may be employees of the Company or any other entity in the Company Group throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any other entity in the Company Group. Consequently, Grantee understands that the Restricted Share Units are granted on the assumption and condition that such Restricted Share Units and any Common Shares acquired under the Plan shall not become a part of any employment contract (either with the Company or any other entity in the Company Group) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Grantee understands that the Restricted Share Units would not be granted but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of the Restricted Share Units shall be null and void.

Further, the vesting of the Restricted Share Units is expressly conditioned on Grantee’s active employment, such that if Grantee’s employment or service terminates for any reason whatsoever, the Restricted Share Units cease vesting immediately effective on the date of termination of employment. This will be the case, for example, even if Grantee (1) is considered to be unfairly dismissed without good cause (*i.e.*, subject to a “*despido improcedente*”); (2) is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) terminates service due to a change of work location, duties or any other employment or contractual condition; (4) terminates service due to the Company’s or any entity in the Company Group’s unilateral breach of contract; or (5) is terminated from employment for any other reason whatsoever. Consequently, upon Grantee’s termination of employment for any of the above reasons, Grantee may automatically lose any rights to Restricted Share Units that were unvested on the date of termination.

NOTIFICATIONS

Exchange Control Notification. The acquisition, ownership and sale of Common Shares under the Plan must be declared for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made each January for Common Shares owned as of December 31st of the prior year, by means of a D-6 form; however, if the value of the Common Shares acquired or sold exceeds €1,502,530 (or if Grantee holds 10% or more of the share capital of the Company or such other amount that would entitle Grantee to join the Company’s board of directors), the declaration must be filed also within one month of the acquisition or sale, as applicable.

Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), foreign instruments (including any Common Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Common Shares made to Grantee by the Company), depending on the amount of the transactions during the relevant year or the balances in such accounts as of December 31st of the relevant year. Generally, the report is required on an annual basis (by January 20 of each year). Grantee should consult with his or her personal advisor to ensure that Grantee is properly complying with his or her reporting obligations.

Foreign Asset/Account Reporting Notification. If Grantee holds rights or assets (e.g., Common Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Common Shares, cash, etc.) as of December 31 each year, Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the reporting must be completed by the following March 31. Grantee should consult his or her personal tax advisor for details regarding this requirement.

Securities Law Notification. The Restricted Share Units described in this document do not qualify as securities under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Plan, the Award Terms (including this Appendix), and any other documents evidencing the award of Restricted Share Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and none of those documents constitutes a public offering prospectus.

Appendix for Sweden
Additional terms and Conditions of the
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TERMS AND CONDITIONS

Authorization to Withhold. This provision supplements Section 4 of the Award Terms:

Without limiting the Company's and the Employer's authority to satisfy their obligations for Withholding Taxes as set forth in Section 4 of the Award Terms, by accepting the Restricted Share Units, Grantee authorizes the Company and/or the Employer to withhold Common Shares or to sell Common Shares otherwise deliverable to Grantee upon vesting of the Restricted Share Units to satisfy any Withholding Taxes, regardless of whether the Company and/or the Employer have an obligation to withhold such Withholding Taxes.

Appendix for Taiwan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Data Privacy Acknowledgement. Grantee hereby acknowledges that he or she has read and understands the terms regarding collection, processing and transfer of Data contained in the “Data Privacy Information and Consent for Grantees outside the European Economic Area” Section of the Appendix and, by participating in the Plan, Grantee agrees to such terms. In this regard, upon request of the Company or the Employer, Grantee agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Grantee’s country, either now or in the future. Grantee understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

NOTIFICATIONS

Securities Law Notification. The offer of participation in the Plan is available only for employees of the Company Group. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Notification. Grantee may acquire and remit foreign currency (including proceeds from the sale of Common Shares or the receipt of any dividends paid on such Common Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the bank involved in the transaction. Grantee should consult his or her personal advisor to ensure compliance with any applicable exchange control laws in Taiwan.

Appendix for the United Kingdom
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Tax Withholding and Payment. This section supplements Section 4 of the Award Terms:

Without limitation to Section 4 of the Award Terms, Grantee agrees that Grantee is liable for all Withholding Taxes and hereby covenants to pay all such Withholding Taxes, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). Grantee also agrees to indemnify and keep indemnified the Company and the Employer against any Withholding Taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Grantee's behalf.

Appendix for the United States of America

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Performance-vesting Restricted Share Unit Award Terms

TERMS AND CONDITIONS

1. Definitions.

(a) For U.S. Grantees only, the following terms shall have the meanings set forth below:

“Employment Violation” means (1) any material breach by Grantee of his or her employment agreement with any entity in the Company Group for so long as the terms of such employment agreement shall apply to Grantee (with any breach of the post-termination obligations contained therein deemed to be material for purposes of this definition) and (2) a good faith belief by the Company, after investigation, that Grantee has engaged in harassment based on any legally protected category or has retaliated against anyone for reporting a concern or potential misconduct in good faith.

“Look-back Period” means, with respect to any Employment Violation by Grantee, the period beginning on the date which is 12 months prior to the date of such Employment Violation by Grantee and ending on the date of computation of the Recapture Amount with respect to such Employment Violation.

“Recapture Amount” means, with respect to any Employment Violation by Grantee, the gross gain realized or unrealized by Grantee upon all vesting of Restricted Share Units or delivery or transfer of Vested Shares during the Look-back Period with respect to such Employment Violation, which gain shall be calculated as the sum of:

(i) if the Company and/or the Employer has satisfied any Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award during the Look-back Period by withholding Vested Shares or selling Vested Shares on Grantee’s behalf, the amount of the Withholding Taxes so satisfied; plus

(ii) if Grantee has received Vested Shares during such Look-back Period and sold any such Vested Shares, an amount equal to the sum of the sales price for all such Vested Shares; plus

(iii) if Grantee has received Vested Shares during such Look-back Period and not sold all such Vested Shares, an amount equal to the product of (A) the greatest of the following: (1) the Market Value per Share of Common Shares on the date such Vested Shares were issued or transferred to Grantee, (2) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of the Company’s written notice of its exercise of its rights under Section 3 hereof, or (3) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of computation, times (B) the number of such Vested Shares which were not sold; plus

2. Conflict with Employment Agreement or Plan. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Grant Notice or these Award Terms, the terms of the Grant Notice or these Award Terms, as the case may be, shall control. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Plan, the terms of the Plan shall control.

3. Employment Violation. The terms of this Section 3 shall apply to the Restricted Share Units if Grantee is or becomes subject to an employment agreement with any entity in the Company Group. In the event of an Employment Violation, the Company shall have the right to require (a) the forfeiture by Grantee to the Company of any outstanding Restricted Share Units or Vested Shares which have yet to settle pursuant to Section 8 of Exhibit A and (b) payment by Grantee to the Company of the Recapture Amount with respect to such Employment Violation; provided, however, that, in lieu of payment by Grantee to the Company of the Recapture Amount, Grantee, in his or her discretion, may tender to the Company the Vested Shares acquired during the Look-back Period with respect to such Employment Violation (without any consideration from the Company in exchange therefor). Any such forfeiture of Restricted Share Units and payment of the Recapture Amount, as the case may be, shall be in addition to, and not in lieu of, any other right or remedy available to the Company arising out of or in connection with such Employment Violation, including, without limitation, the right to terminate Grantee's employment if not already terminated and to seek injunctive relief and additional monetary damages.

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

NOTICE OF RESTRICTED SHARE UNIT AWARD

You have been awarded Restricted Share Units of Activision Blizzard, Inc. (the “Company”), as follows:

- Your name: []
- Total number of Restricted Share Units awarded: []
- Date of Grant: []
- Grant ID: []
- Your Award of Restricted Share Units is governed by the terms and conditions set forth in:
 - this Notice of Restricted Share Unit Award;
 - the Restricted Share Unit Award Terms attached hereto as Exhibit A;
 - the Appendix attached hereto as Exhibit B, which may include special terms and conditions relating to your country of work and/or residence (the “Appendix”); and
 - the Company’s 2014 Incentive Plan, the receipt of a copy of which you hereby acknowledge.
- Your Award of Restricted Share Units has been made in connection with your employment agreement with the Company or one of its Subsidiaries as a material inducement to your entering into or renewing employment with such entity pursuant to such agreement and is also governed by any applicable terms and conditions set forth in such agreement.
- *Schedule for Vesting*: Except as otherwise provided pursuant to the Restricted Share Unit Award Terms attached hereto as Exhibit A, as supplemented, modified, or replaced by the special terms and conditions, if any, set forth under your country of work and/or residence in the Appendix attached hereto as Exhibit B (together, the “Award Terms”), the Restricted Share Units shall vest as follows, provided you remain continuously employed by the Company or one of its Subsidiaries through the applicable vesting date:

Date of Vesting	No. of Shares Vesting at Vesting Date
[first anniversary of grant date]	[] (1/3 of total shares granted)
[second anniversary of grant date]	[] (1/3 of total shares granted)
[third anniversary of grant date]	[] (1/3 of total shares granted)

- ***Please sign and return to the Company this Notice of Restricted Share Unit Award, which bears an original signature on behalf of the Company. You are urged to do so promptly.***
- ***Please return the signed Notice of Restricted Share Unit Award to the Company at:***

Activision Blizzard, Inc.
2701 Olympic Boulevard Building B
Santa Monica, CA 90404
Attn: Stock Plan Administration

- Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Award Terms.
- ***By accepting the Award, you agree that the definition of “Cause” set forth in the Award Terms and, if the Appendix for the United States of America is applicable to you and/or your Award, the definition of “Employment Violation” set forth therein, shall supersede any such definitions in the award terms applicable to any other outstanding equity awards granted to you by the Company and shall apply to such awards as if set forth in those award terms.***
- ***By accepting the Award, you agree to be bound by the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms. If you do not accept the Award by the first scheduled vesting date and you do not indicate your intention to decline the Award, your Award will be automatically accepted on your behalf and you will be deemed to have accepted the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms.***

You should retain the enclosed duplicate copy of this Notice of Restricted Share Unit Award for your records.

ACTIVISION BLIZZARD, INC.

Julie Hodges
Chief People Officer

Date:

ACCEPTED AND AGREED:

[Name of Grantee]

Date:____

EXHIBIT A

ACTIVISION BLIZZARD, INC. 2014 INCENTIVE PLAN

RESTRICTED SHARE UNIT AWARD TERMS

1. **Definitions.**

(a) For purposes of these Award Terms, the following terms shall have the meanings set forth below:

“Award” means the award described on the Grant Notice.

“Cause” shall have the meaning given to such term in any written employment agreement, service contract or offer letter between the Grantee and the Company or any of its Subsidiaries from time to time or, if the Grantee is not then party to any written employment agreement, service contract or offer letter with the Company Group or any such written employment agreement, service contract or offer letter does not contain a definition of “cause,” “Cause” shall mean a good faith determination by the Company that the Grantee (A) engaged in misconduct or gross negligence in the performance of his or her duties or willfully and continuously failed or refused to perform any duties reasonably requested in the course of his or her employment; (B) engaged in fraud or dishonesty, or any other conduct that causes, or has the potential to cause, harm to any entity in the Company Group or Parent and its Subsidiaries, including its business reputation or financial condition; (C) violated any lawful directives or policies of the Company Group or of Parent and its Subsidiaries, including but not limited to those relating to sexual, gender-based or other harassment or discrimination, or any applicable Laws, rules or regulations; (D) materially breached his or her employment agreement, service contract, proprietary information agreement, restrictive covenant, or confidentiality agreement with any entity in the Company Group; (E) was convicted of, or pled guilty or no contest to, (1) a felony or (2) a misdemeanor involving dishonesty or moral turpitude; or (F) breached his or her fiduciary duties to the Company Group or to Parent and its Subsidiaries. For the avoidance of doubt, a failure to attain any applicable performance goals or financial metrics shall not, in and of itself, constitute Cause. Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Cause unless (x) Parent provides notice to the Grantee of the existence of the condition giving rise to Cause within 60 days following its knowledge of its existence and (y) the Grantee fails to cure such condition within 30 days following the date of such notice.

“Common Shares” means the shares of common stock, par value \$0.000001 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 10 hereof.

“Company” means Activision Blizzard, Inc. and any successor thereto.

“Company Group” means the Company and its Subsidiaries.

“Company-Sponsored Equity Account” means an account that is created with the Equity Account Administrator in connection with the administration of the Company’s equity plans and programs, including the Plan.

“Date of Grant” means the Date of Grant of the Award set forth on the Grant Notice.

“Employer” means the Subsidiary of the Company which employs Grantee.

“Equity Account Administrator” means the brokerage firm utilized by the Company from time to time to create and administer accounts for participants in the Company’s equity plans and programs, including the Plan.

“Exercise Rules and Regulations” means (i) (A) for employees who work and/or reside in the U.S., the Securities Act or any comparable U.S. federal securities law and all applicable state securities laws, and (B) for employees who work and/or reside outside the U.S., any laws applicable to Grantee which subject him or her to insider trading restrictions and/or market abuse laws or otherwise affect his or her ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Shares, rights to Common Shares (e.g., Restricted Share Units) or rights linked to the value of Common Shares during such times as he or she is considered to have “inside information” regarding the Company, (ii) the requirements of any securities exchange, securities association, market system or quotation system on which Common Shares are then traded or quoted, (iii) any restrictions on transfer imposed by the Company’s certificate of incorporation or bylaws, and (iv) any policy or procedure the Company has adopted with respect to the trading of its securities, in each case as in effect on the date of the intended transaction.

“Good Reason” means, in each case without the prior written consent of the Grantee: [(A) a material diminution in authorities, duties and responsibilities, as measured in the aggregate, as compared to those prior to the Effective Time (as defined in the Merger Agreement) (provided, that the following will not constitute “Good Reason”: (1) the Grantee’s continued employment with substantially the same responsibility with respect to the Company’s business and operations (e.g., the Grantee’s title is revised to reflect the Grantee’s placement within the overall corporate hierarchy or the Grantee provides services to a Subsidiary, business unit or otherwise) or (2) changes resulting solely from the Company ceasing to be a stand-alone public corporation);] [(A)]/[(B)] a material diminution in base salary as in effect immediately prior to the Effective Time (as defined in the Merger Agreement); or [(B)]/[(C)] a relocation of primary office location by more than 50 miles (provided, that requiring the Grantee to return to work in the Grantee’s primary office location after working remotely during the COVID-19 pandemic or continuing to work remotely rather than a primary office location shall not constitute a relocation). Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Good Reason unless (x) the Grantee provides notice to Parent of the existence of the condition giving rise to Good Reason within 60 days following the Grantee’s knowledge of its existence and (y) Parent fails to cure such condition within 30 days following the date of such notice, upon which failure to cure the Grantee’s employment shall immediately terminate with Good Reason.

“Grantee” means the recipient of the Award named on the Grant Notice.

“Grant Notice” means the Notice of Restricted Share Unit Award to which these Award Terms are attached.

“Merger” means the transactions contemplated under the Merger Agreement, including the merger of Anchorage Merger Sub Inc. with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent.

“Merger Agreement” means that certain Agreement and Plan of Merger by and among Parent, Anchorage Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent, and the Company.

“Parent” means Microsoft Corporation, a Washington corporation.

“**Plan**” means the Activision Blizzard, Inc. 2014 Incentive Plan, as amended from time to time.

“**Restricted Share Units**” means units subject to the Award, which represent the conditional right to receive Common Shares in accordance with the Grant Notice and these Award Terms, unless and until such units become vested or are forfeited to the Company in accordance with the Grant Notice and these Award Terms.

“**Section 409A**” means Section 409A of the Code and the guidance and regulations promulgated thereunder.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Vested Shares**” means the Common Shares to which the holder of the Restricted Share Units becomes entitled upon vesting thereof in accordance with Section 2 or 3 hereof.

“**U.S.**” means the United States of America.

“**Withholding Taxes**” means any taxes, including, but not limited to, income tax, social insurance (*e.g.*, U.S. social security and Medicare), payroll tax, state and local income taxes, fringe benefits tax, and payment on account, required or permitted under any applicable law to be withheld from amounts otherwise payable to Grantee.

(b) Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

2. Vesting. Except as otherwise set forth in these Award Terms, the Restricted Share Units shall vest in accordance with the “Schedule for Vesting” set forth on the Grant Notice. Each Restricted Share Unit, upon vesting thereof, shall entitle the holder thereof to receive one Common Share (subject to adjustment pursuant to Section 10 hereof).

3. Termination of Employment.

(a) Cause. In the event that Grantee’s employment is terminated by any entity in the Company Group for Cause, as of the date of such termination of employment all Restricted Share Units shall cease to vest and any outstanding Restricted Share Units and Vested Shares that have yet to settle pursuant to Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

(b) Termination Following the Closing of the Merger. In the event that Grantee’s employment is terminated by the Company, Parent or their respective Subsidiaries either (x) by the Company, Parent or their respective Subsidiaries without Cause or (y) by the Grantee for Good Reason, in either case, during the 18-month period following the closing of the Merger, 100% of all outstanding Restricted Share Units subject to the Award that are unvested as of the time of such termination shall immediately vest in full. For the avoidance of doubt, this Section 3(b) is subject to and contingent upon the occurrence of the closing of the Merger. If the closing of the Merger does not occur, this Section 3(b) shall be of no effect and Grantee shall have no rights with respect to the vesting set forth in this Section 3(b).

(c) Other. Unless the Committee determines otherwise, in the event that Grantee’s employment is terminated for any reason other than as described in Sections 3(a) and 3(b) above, as of the date of such termination of employment all Restricted Share Units shall cease to vest and, with the exception of any Vested Shares that have yet to settle pursuant to

Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

4. Tax Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any Withholding Taxes related to Grantee's participation in the Plan and legally applicable to Grantee, Grantee acknowledges that the ultimate liability for all Withholding Taxes is and remains Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Restricted Share Units, including, without limitation, the grant, vesting or payment of the Award, the subsequent sale of Vested Shares acquired, and the receipt of any dividends; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Share Units to reduce or eliminate Grantee's liability for Withholding Taxes or achieve any particular tax result. Further, if Grantee is or becomes subject to tax in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction. The Company shall have no obligation to deliver any Vested Shares unless and until all Withholding Taxes contemplated by this Section 4 have been satisfied.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award at the time such Withholding Taxes become due. In this regard, Grantee authorizes the Company and/or the Employer, or their respective agents to satisfy any applicable withholding obligations with regard to all Withholding Taxes by one or a combination of the following: (i) by delivery to the Company of a bank check or certified check or wire transfer of immediately available funds; (ii) through the delivery of irrevocable written instructions, in a form acceptable to the Company, that the Company withhold Vested Shares otherwise then deliverable having a value equal to the aggregate amount of the Withholding Taxes (valued in the same manner used in computing the amount of such Withholding Taxes); (iii) arranging for the sale, on Grantee's behalf, of Vested Shares otherwise then deliverable to Grantee (valued in the same manner used in computing the amount of such Withholding Taxes); or (iv) by any combination of (i), (ii) or (iii) above. Further, any entity in the Company Group shall have the right to require Grantee to satisfy any Withholding Taxes contemplated by this Section 4 by any of the aforementioned methods or by withholding from Grantee's wages or other cash compensation.

(c) The Company Group may withhold or account for Withholding Taxes contemplated by this Section 4 by reference to applicable withholding rates, including minimum or maximum applicable statutory rates in Grantee's jurisdiction(s) of employment and/or residency, and if the Company Group withholds more than the amount necessary to satisfy the liability, Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares. If the Company Group withholds less than the amount necessary to satisfy the liability, Grantee may be required to pay any additional Withholding Taxes directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Withholding Taxes is satisfied by withholding in Shares, for tax purposes, Grantee will be deemed to have been issued the full number of Vested Shares underlying the Restricted Share Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Withholding Taxes. No fractional Shares will be withheld or issued pursuant to the settlement of the Restricted Share Units and the Withholding Taxes thereunder.

5. **Deemed Agreement.** By accepting the Award, Grantee is deemed to be bound by the terms and conditions set forth in the Plan, the Grant Notice and these Award Terms.

6. **Reservation of Shares.** The Company shall at all times reserve for issuance or delivery upon vesting of the Restricted Share Units such number of Common Shares as shall be required for issuance or delivery upon vesting thereof.

7. **Dividend Equivalents.** The holder of the Restricted Share Units shall not be entitled to receive any payment, payment-in-kind or any equivalent with regard to any cash or other dividends that are declared and paid on Common Shares.

8. **Receipt and Delivery.** As soon as administratively practicable (and, in any event, within 30 days) after any Restricted Share Units vest, the Company shall (a) effect the issuance or transfer of the resulting Vested Shares, (b) cause the issuance or transfer of such Vested Shares to be evidenced on the books and records of the Company, and (c) cause such Vested Shares to be delivered to a Company-Sponsored Equity Account in the name of the person entitled to such Vested Shares (or, with the Company's consent, such other brokerage account as may be requested by such person); provided, however, that, in the event such Vested Shares are subject to a legend as set forth in Section 15 hereof, the Company shall instead cause a certificate evidencing such Vested Shares and bearing such legend to be delivered to the person entitled thereto.

9. **Committee Discretion.** Except as may otherwise be provided in the Plan, the Committee shall have sole discretion to (a) interpret any provision of the Plan, the Grant Notice and these Award Terms, (b) make any determinations necessary or advisable for the administration of the Plan and the Award, and (c) waive any conditions or rights of the Company under the Award, the Grant Notice or these Award Terms. Without intending to limit the generality or effect of the foregoing, any decision or determination to be made by the Committee pursuant to these Award Terms, including whether to grant or withhold any consent, shall be made by the Committee in its sole and absolute discretion, subject only to the terms of the Plan. Subject to the terms of the Plan, the Committee may amend the terms of the Award prospectively or retroactively; however, no such amendment may materially and adversely affect the rights of Grantee taken as a whole without Grantee's consent. Without intending to limit the generality or effect of the foregoing, the Committee may amend the terms of the Award (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 10 hereof) affecting any entity in the Company Group or any of the Company's other affiliates or the financial statements of any entity in the Company Group or any of the Company's other affiliates, (ii) in response to changes in applicable laws, regulations or accounting principles and interpretations thereof, or (iii) to prevent the Award from becoming subject to any adverse consequences under Section 409A.

10. **Adjustments.** Notwithstanding anything to the contrary contained herein, pursuant to Section 12 of the Plan, the Committee will make or provide for such adjustments to the Award as are equitably required to prevent dilution or enlargement of the rights of Grantee that otherwise would result from (a) any stock dividend, extraordinary dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any change of control, merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, or issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for the Award such alternative consideration (including, without limitation, cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of the Award.

11. Registration and Listing. Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to issue or transfer any Restricted Share Units or Vested Shares, and no Restricted Share Units or Vested Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered in any way, unless such transaction is in compliance with all Exercise Rules and Regulations. The Company is under no obligation to register, qualify or list, or maintain the registration, qualification or listing of, Restricted Share Units or Vested Shares with the U.S. Securities and Exchange Commission, any state securities commission or any securities exchange, securities association, market system or quotation system to effect such compliance. Grantee shall make such representations and furnish such information as may be appropriate to permit the Company, in light of the then existence or non-existence of an effective registration statement under the Securities Act relating to Restricted Share Units or Vested Shares, to issue or transfer Restricted Share Units or Vested Shares in compliance with the provisions of that or any comparable federal securities law and all applicable state securities laws. The Company shall have the right, but not the obligation, to register the issuance or transfer of Restricted Share Units or Vested Shares or resale of Restricted Share Units or Vested Shares under the Securities Act or any comparable federal securities law or applicable state securities law.

12. Transferability. Subject to the terms of the Plan, and only with the Company's consent, Grantee may transfer Restricted Share Units for estate planning purposes or pursuant to a domestic relations order (or a comparable order under applicable local law); provided, however, that any transferee shall be bound by all of the terms and conditions of the Plan, the Grant Notice and these Award Terms and shall execute an agreement in form and substance satisfactory to the Company in connection with such transfer; and provided, further that Grantee will remain bound by the terms and conditions of the Plan, the Grant Notice and these Award Terms. Except as otherwise permitted under the Plan or this Section 12, the Restricted Share Units shall not be transferable by Grantee other than by will or the laws of descent and distribution.

13. Compliance with Applicable Laws and Regulations and Company Policies and Procedures.

(a) Grantee is responsible for complying with (i) any federal, state, and local tax, social insurance, national insurance contributions, payroll tax, payment on account or other tax liabilities applicable to Grantee in connection with the Award and (ii) all Exercise Rules and Regulations.

(b) The Award is subject to the terms and conditions of any policy requiring or permitting the Company to recover any gains realized by Grantee in connection with the Award, including, without limitation, the Policy on Recoupment of Performance-Based Compensation Related to Certain Financial Restatements.

(c) If and when Grantee is an "executive officer" of the Company within the meaning of the Executive Stock Ownership Guidelines, the Award will be subject to the terms and conditions of the Executive Stock Ownership Guidelines and the limitations contained therein on the ability of Grantee to transfer any Vested Shares.

14. Section 409A.

(a) Payments contemplated with respect to the Award are intended to comply with Section 409A, and all provisions of the Plan, the Grant Notice and these Award Terms shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, (i) nothing in the Plan, the Grant Notice and these Award Terms shall guarantee that the Award is not subject to taxes or penalties under Section 409A and (ii) if any provision of the Plan, the Grant Notice or these Award Terms would, in the reasonable, good faith judgment of the Company, result or likely result in the imposition on Grantee or any other person of taxes, interest or penalties under Section 409A, the Committee may, in its sole discretion, modify the terms of the Plan, the Grant Notice or these Award Terms, without the consent of Grantee, in the manner that the Committee may reasonably and in good faith determine to be necessary or advisable to avoid the imposition of such taxes, interest or penalties; provided, however, that this Section 14 does not create an obligation on the part of the Committee or the Company to make any such modification, and in no event shall the Company be liable for the payment of or gross up in connection with any taxes, interest or penalties owed by Grantee pursuant to Section 409A.

(b) Neither Grantee nor any of Grantee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable with respect to the Award to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee's benefit with respect to the Award may not be reduced by, or offset against, any amount owing by Grantee to the Company.

(c) Notwithstanding anything to the contrary contained herein, if (i) the Committee determines in good faith that the Restricted Share Units do not qualify for the "short-term deferral exception" under Section 409A, (ii) Grantee is a "specified employee" (as defined in Section 409A) and (iii) a delay in the issuance or transfer of Vested Shares to Grantee or his or her estate or beneficiaries hereunder by reason of Grantee's "separation from service" (as defined in Section 409A) with any entity in the Company Group is required to avoid tax penalties under Section 409A but is not already provided for by this Award, the Company shall cause the issuance or transfer of such Vested Shares to Grantee or Grantee's estate or beneficiary upon the earlier of (A) the date that is the first business day following the date that is six months after the date of Grantee's separation from service and (B) Grantee's death.

15. Legend. The Company may, if determined by it based on the advice of counsel to be appropriate, cause any certificate evidencing Vested Shares to bear a legend substantially as follows:

"THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE 'ACT'), OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT."

16. No Right to Employment. Nothing contained in the Grant Notice or these Award Terms shall create a right to employment or be interpreted as forming and employment or service contract with the Company, the Employer or any other entity in the Company Group and shall

not interfere with the ability of the Employer to retire, request the resignation of or terminate Grantee's employment or service relationship at any time.

17. No Rights as Stockholder. No holder of Restricted Share Units shall, by virtue of the Grant Notice or these Award Terms, be entitled to any right of a stockholder of the Company, either at law or in equity, and the rights of any such holder are limited to those expressed, and are not enforceable against the Company except to the extent set forth in the Plan, the Grant Notice or these Award Terms.

18. Severability. In the event that one or more of the provisions of these Award Terms shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

19. Venue and Governing Law.

(a) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Restricted Share Units or these Award Terms, the parties submit and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Los Angeles County, California or the federal courts of the U.S. for the Central District of California and no other courts, regardless of where the grant of the Restricted Share Units is made and/or to be performed; provided, however, that if the parties have entered into another agreement providing for a different venue or forum (e.g., a dispute resolution agreement), then the terms of such agreement will control for purposes of this provision.

(b) To the extent that U.S. federal law does not otherwise control, the validity, interpretation, performance and enforcement of the Grant Notice and these Award Terms shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of laws thereof.

20. Successors and Assigns. The provisions of the Grant Notice and these Award Terms shall be binding upon and inure to the benefit of the Company, its successors and assigns, and Grantee and, to the extent applicable, Grantee's permitted assigns under Section 12 hereof and Grantee's estate or beneficiaries as determined by will or the laws of descent and distribution.

21. Delivery of Notices and Other Documents.

(a) Any notice or other document which Grantee may be required or permitted to deliver to the Company pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to the Company, at its office at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A. Attn: Stock Plan Administration, or such other address as the Company by notice to Grantee may designate in writing from time to time. Notices shall be effective upon delivery.

(b) Any notice or other document which the Company may be required or permitted to deliver to Grantee pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to Grantee at the address shown on any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time, or such other address as Grantee by notice to the Company may designate in writing from time to time. The Company may also, in its sole discretion, deliver any such document to

Grantee electronically via an e-mail to Grantee at his or her Company-provided email address or through a notice delivered to such e-mail address that such document is available on a website established and maintained on behalf of the Company or a third party designated by the Company, including, without limitation, the Equity Account Administrator. Notices shall be effective upon delivery.

22. Conflict with Plan. In the event of any conflict between the terms the Grant Notice or these Award Terms and the terms of the Plan, the terms of the Plan shall control.

23. Appendix. Notwithstanding anything to the contrary contained herein, the Restricted Share Units shall be subject to any additional terms and conditions set forth in the Appendix for Grantee's country of work and/or residence, both of which constitute a part of these Award Terms. Moreover, if Grantee relocates his or her work and/or residence to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Share Units and on any Common Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Waiver. Grantee acknowledges that a waiver by the Company of a breach of any provision of these Award Terms shall not operate or be construed as a waiver of any other provision of these Award Terms, or of any subsequent breach by Grantee or any other grantee of an equity award from the Company.

EXHIBIT B

APPENDIX

TO

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

RESTRICTED SHARE UNIT AWARD TERMS

ADDITIONAL TERMS AND CONDITIONS BY COUNTRY

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan or the Award Terms, as the case may be.

TERMS AND CONDITIONS

This Appendix includes special terms and conditions applicable to Grantees who work and/or reside in the countries covered by the Appendix. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Award Terms.

If Grantee is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transferred or transfers employment and/or residency after the Restricted Share Units were granted or is considered a resident of another country for local law purposes (*i.e.*, Grantee is a “mobile employee”), the Company shall have the sole discretion to determine to what extent the special terms and conditions shall apply to Grantee.

NOTIFICATIONS

This Appendix also includes notifications relating to exchange control and other issues of which Grantee should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the notifications herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Grantee vests in the Restricted Share Units or Vested Shares acquired under the Plan are sold.

In addition, the notifications are general in nature and may not apply to the particular situation of Grantee, and the Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a mobile employee, the information contained herein may not be applicable to Grantee in the same manner.

GENERAL PROVISIONS APPLICABLE TO ALL GRANTEEES WHO WORK AND/OR RESIDE OUTSIDE THE U.S.

Nature of Grant. By accepting the Award, Grantee acknowledges, understands, and agrees that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and/or these Award Terms;

- (2) the grant of the Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of rights to receive Common Shares, or benefits in lieu of rights to receive Common Shares, even if rights to receive Common Shares have been granted in the past;
- (3) all decisions with respect to future grants of rights to receive Common Shares, if any, will be at the sole discretion of the Company;
- (4) Grantee's participation in the Plan is voluntary;
- (5) the grant of the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any;
- (6) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not intended to replace any pension rights or compensation;
- (7) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, the calculation of any severance, resignation, termination, redundancy, dismissal, end of service payment, bonus, long-service award, leave-related payment, holiday pay, pension or retirement or welfare benefit or similar payments;
- (8) the Restricted Share Unit grant and Grantee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Restricted Share Unit grant will not be interpreted to form an employment agreement or service contract or relationship with any other company in the Company Group;
- (9) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty;
- (10) unless otherwise agreed with the Company, the Restricted Share Units and the Common Shares subject to the Restricted Share Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Grantee may provide as a director of any entity of Company Group;
- (11) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Share Units resulting from termination of Grantee's continuous service with the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any);
- (12) unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any), Grantee's right to receive or vest in the

Restricted Share Units under the Plan, if any, will terminate effective as of the date that Grantee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of “garden leave” or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of Grantee’s Restricted Share Unit grant (including whether Grantee may still be considered actively employed while on a leave of absence);

(13) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee’s participation in the Plan, or Grantee’s acquisition or sale of the underlying Common Shares;

(14) Grantee should consult with Grantee’s own personal tax, legal and financial advisors regarding Grantee’s participation in the Plan before taking any action related to the Plan;

(15) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Share Units and the benefits evidenced by these Award Terms do not create any entitlement to have the Restricted Share Units or any such benefits transferred to, or assumed by, another company, nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Shares; and

(16) neither the Company, the Employer nor any other entity in the Company Group shall be liable for any foreign exchange rate fluctuation between Grantee’s local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to Grantee pursuant to the settlement of the Restricted Share Units or the subsequent sale of any Common Shares acquired upon settlement.

Foreign Asset/Account Reporting Requirements. Grantee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect Grantee’s ability to acquire or hold Common Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Common Shares acquired under the Plan) in a brokerage or bank account outside Grantee’s country of work and/or residence. Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Grantee also may be required to repatriate sale proceeds or other funds received as a result of Grantee participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Grantee acknowledges that it is his or her responsibility to be compliant with such regulations, and Grantee is advised to consult his or her personal legal advisor for any details.

Language. Grantee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of these Award Terms. Furthermore, if the Grant Notice, these Award Terms or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version then, by accepting the Award, Grantee acknowledges that the English version will control.

DATA PRIVACY INFORMATION AND CONSENT

The following provision applies to Grantees who work and/or reside outside the European Economic Area.

Data Collection and Usage. Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in the Grant Notice and these Award Terms by and among, as applicable, the Employer or any other entity in the Company Group for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Data Processing. Grantee understands that the Company and the Employer may hold certain personal information about Grantee, including, without limitation, Grantee's name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any directorships held in any entity in the Company Group, any Common Shares owned, details of all Restricted Share Units or any other entitlement to the Common Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Grantee's favor (the "Data"), for the purpose of implementing, administering and managing the Plan.

Stock Plan Administration, Data Transfer, Retention and Data Subject Rights. Grantee understands that the Data will be transferred to the Equity Account Administrator, which is assisting the Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in Grantee's country of work and/or residence, or elsewhere, and that any recipient's country may have different data privacy laws and protections than Grantee's country of work and/or residence. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative. Grantee authorizes the Company, the Equity Account Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Grantee's consent is that the Company would not be able to grant Restricted Share Units or other equity awards to Grantee or administer or maintain such awards. Therefore, Grantee understands that refusal or withdrawal of consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact Grantee's local human resources representative.

The following provision applies to Grantees who work and/or reside in the European Economic Area (including Switzerland and the United Kingdom).

Data Collection and Usage. Pursuant to applicable data protection laws, Grantee is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Grantee for the exclusive legitimate purpose of granting Restricted Share Units and implementing, administering and managing Grantee's participation in the Plan. Specifics of the data processing are described below.

Controller. The Company is the controller responsible for the processing of Grantee's personal data in connection with the Plan.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Grantee: name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in any entity in the Company Group, details of all Restricted Share Units or any other entitlement to Common Shares awarded, canceled, settled, vested, unvested or outstanding in Grantee's favor, which the Company receives from Grantee or the Employer ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of performing its contractual obligations under the Award Terms, granting Restricted Share Units, implementing, administering and managing Grantee's participation in the Plan and facilitating compliance with applicable tax and securities law. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Award Terms and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to the Equity Account Administrator, an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Personal Data with such service providers. Grantee will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Grantee's ability to participate in the Plan. Grantee's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Grantee's participation in the Plan. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of Personal Data by contacting Grantee's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, the Equity Account Administrator, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in the United States, for the performance of the contractual obligations under the Award Terms. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative.

Grantee understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Grantee's Personal Data may not have an equivalent level of protection as compared to Grantee's country of work and/or residence. To provide appropriate safeguards for the protection of Grantee's Personal Data, the Personal Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. Grantee may request a copy of the safeguards used to protect his or her Personal Data by contacting the Company at: employeeprivacy@activision.com.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond Grantee's termination of employment with the Employer. When the Company no longer needs the Personal Data, the Company will remove it from its systems to the fullest extent reasonably practicable. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Grantee's Rights. To the extent provided by law, Grantee has the right to (i) inquire whether and what kind of Personal Data the Company holds about Grantee and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of Personal Data in certain situations where Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, (vi) request portability of Personal Data that Grantee has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Grantee and is carried out by automated means, or (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Grantee's rights, raise any other questions regarding the practices described in the Award Terms or to exercise his or her rights, Grantee should contact the Company at: employeeprivacy@activision.com.

Contractual Requirement. Grantee's provision of Personal Data and its processing as described above is a contractual requirement and a condition to Grantee's ability to participate in the Plan. Grantee understands that, as a consequence of Grantee's refusing to provide Personal Data, the Company may not be able to allow Grantee to participate in the Plan, grant Restricted Share Units to Grantee or administer or maintain such Restricted Share Units. However, Grantee's participation in the Plan and his or her acceptance of the Award Terms are purely voluntary. While Grantee will not receive Restricted Share Units if he or she decides against participating in the Plan or providing Personal Data as described above, Grantee's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Grantee may contact the Company at: employeeprivacy@activision.com.

Appendix for Australia
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Australia Offer Document. The grant of Restricted Share Units under the Plan is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Australia Offer Document, which is provided with the Award Terms.

Tax Information. The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions therein).

Appendix for Belgium
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee is required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return. In a separate report, Grantee may be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under *Kredietcentrales / Centrales des crédits* caption. Grantee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new “annual securities accounts tax” applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will likely apply when Common Shares acquired upon vesting of the Restricted Share Units are sold. Grantee should consult with his or her personal tax advisor for additional details on his or her obligations with respect to the stock exchange tax.

Appendix for Brazil
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Compliance with Law. By accepting the Restricted Share Units, Grantee acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with Grantee's participation in the Plan.

Nature of Company Restricted Share Unit Grants. By accepting the Restricted Share Units, Grantee agrees that (1) he or she is making an investment decision and (2) the value of the underlying Common Shares is not fixed and may increase or decrease in value over time without compensation to Grantee.

NOTIFICATIONS

Exchange Control Notification. If Grantee is resident or domiciled in Brazil, he or she will be required to submit a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000. Assets and rights that must be reported include the Common Shares.

Tax on Financial Transaction (IOF). Payments to foreign countries (including the payment of the exercise price) and repatriation of funds into Brazil and the conversion between BRL and US\$ associated with such fund transfers may be subject to the Tax on Financial Transactions. It is Grantee's responsibility to comply with any applicable Tax on Financial Transactions arising from Grantee's participation in the Plan. Grantee should consult with his or her personal tax advisor for additional details.

Appendix for Canada
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Restricted Share Units Payable Only in Common Shares. The grant of Restricted Share Units does not provide any right for Grantee to receive a cash payment, and the Restricted Share Units are payable in Common Shares only.

Termination of Employment. Notwithstanding anything to the contrary in Section 3(b) of the Award Terms, unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of Grantee's employment agreement or service contract, if any), Grantee's right to receive or vest in the Restricted Share Units under the Plan, if any, will terminate as of the date is the earliest of: (1) the date Grantee's employment or service with the Company Group is terminated, (2) the date Grantee receives notice of termination of employment or service from the Employer or any other entity in the Company Group, and (3) the date Grantee is no longer actively employed or rendering services to the Company Group, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law). In the event the date Grantee is no longer actively employed or rendering services cannot be reasonably determined under the Award Terms and/or the Plan, the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of the Restricted Share Units (including whether Grantee may still be considered actively employed while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Grantee's right to vest in the Restricted Share Units under the Plan, if any, will terminate effective as of the last day of Grantee's minimum statutory notice period, but Grantee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Grantee's statutory notice period, nor will Grantee be entitled to any compensation for lost vesting.

The following provisions will apply to Grantees who are residents of Quebec:

Language Acknowledgment. The parties acknowledge that it is their express wish that the Award Terms, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée: *Les parties reconnaissent avoir exigé la rédaction en anglais de cette annexe, la convention afférente, ainsi que de tous documents, avis donnés et procédures judiciaires exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement aux présentes.*

Data Privacy Notice and Consent. This provision supplements the "Data Privacy Information and Consent for Grantees outside the European Economic Area" Section of the Appendix:

Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Grantee further authorizes the Company Group, Equity Account Administrator and any other broker(s) designated by the Company to disclose and discuss the Plan with their respective advisors. Grantee further authorizes the Company Group to record such information and to keep such information Grantee's employee file.

NOTIFICATIONS

Securities Law Notification. Grantee is permitted to sell Common Shares acquired under the Plan through the Equity Account Administrator, provided that the resale of Common Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Common Shares are listed. The Common Shares are currently listed on the Nasdaq.

Foreign Asset/Account Reporting Notification. Foreign specified property held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total value of such foreign specified property exceeds C\$100,000 at any time during the year. Foreign specified property includes Common Shares acquired under the Plan and may include the Restricted Share Units. The Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign specified property Grantee holds. If Common Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Common Shares. The ACB would normally equal the fair market value of the Common Shares at vesting, but if Grantee owns other shares of the Company's common stock, this ACB may have to be averaged with the ACB of those other shares. If due, the form must be filed by April 30th of the following year. Grantee should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

Appendix for China

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Exchange Control Notification. Grantee understands, acknowledges and agrees that certain exchange control restrictions may apply to Grantee's participation in the Plan, including to the remittance of funds into China of any sale proceeds or dividends paid on Common Shares acquired under the Plan. Grantee understands that it is his or her sole responsibility to comply with applicable exchange control restrictions in China.

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Global RSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for Denmark
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

By participating in the Plan, Grantee acknowledges that he or she understands and agrees that the grant of the Restricted Share Units relates to future services to be performed and is not a bonus or compensation for past services.

Stock Option Act. Grantee acknowledges that he or she has received an “Employer Statement” in Danish which sets forth additional terms of the Restricted Share Units, to the extent that the Danish Stock Option Act applies to the Restricted Share Units.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Danish tax payers that have an account holding Common Shares or an account holding cash outside Denmark must report those accounts to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank.

Appendix for France

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Not Tax-Qualified. Grantee understands that these Restricted Share Units are not intended to be French tax-qualified.

Language Consent. By accepting the Award, Grantee confirms that he or she has read and understood the documents relating to the Restricted Share Units (the Grant Notice, the Plan, and the Award Terms, including this Appendix) which were provided in the English language. Grantee accepts the terms of these documents accordingly.

Consentement relatif à la langue utilisée: *En acceptant l'Attribution, le Bénéficiaire confirme qu'il ou qu'elle a lu et compris les documents afférents aux Attributions Gratuites d'Actions (la Notification d'Attribution, le Plan et les Termes de l'Attribution, ainsi que la présente Annexe) qui sont produits en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. If Grantee retains Common Shares acquired under the Plan outside of France or maintains a foreign bank account, Grantee is required to report such to the French tax authorities when filing his or her annual tax return. Further, French residents with foreign account balances exceeding €1,000,000 may have additional monthly reporting obligations.

Appendix for Germany
Additional terms and Conditions of the
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NOTIFICATIONS

Exchange Control Notification. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. In case of payments in connection with securities (including proceeds realized upon the sale of Common Shares), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. Grantee is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. If Grantee’s acquisition of Common Shares under the Plan leads to a “qualified participation” at any point during the calendar year, Grantee will need to report the acquisition of such shares when Grantee files his or her tax return for the relevant year. A qualified participation is attained if (1) the value of the Common Shares acquired exceeds €150,000 or (2) the Common Shares held exceed 10% of the Company’s total common stock. However, provided the Common Shares are listed on a recognized stock exchange (*e.g.*, the Nasdaq Stock Market) and Grantee owns less than 1% of the Company, this requirement will not apply. Grantee should consult with his or her personal tax advisor to ensure Grantee complies with applicable reporting obligations.

Appendix for Hong Kong
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Sale Restriction. Any Shares received at vesting are accepted as a personal investment. Notwithstanding anything contrary in the Agreement or the Plan, in the event the Restricted Share Units vest and Shares are issued to Grantee or his or her legal representatives or estate within six months of the Date of Grant, Grantee agrees that Grantee or his or her legal representatives or estate will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

Payout of Restricted Share Units in Shares Only. Restricted Share Units granted to Employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

NOTIFICATIONS

Securities Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Grantee is advised to exercise caution in relation to the offer. If Grantee is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. The Restricted Share Units and Shares acquired upon vesting of the Restricted Share Units do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any Subsidiary or Affiliate. The Plan, the Grant Agreement and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The Restricted Share Units are intended only for the personal use of each eligible employee of the Company or any Subsidiary or Affiliate and may not be distributed to any other person.

Appendix for Hungary
Additional terms and Conditions of the
Activision Blizzard, Inc.
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There are no country-specific provisions.

Appendix for Ireland
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” of Grant Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that he or she understands and agrees that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

NOTIFICATIONS

Director Notification Requirements. If Grantee is a director, shadow director or secretary of an Irish Subsidiary and Grantee’s aggregate shareholding interest equals or exceeds 1% of the voting rights of the Company, Grantee must notify the Irish Subsidiary in writing within a certain time period of (i) receiving or disposing of an interest in the Company (e.g., Restricted Share Units, Common Shares), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary, as the case may be). Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Italy

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Grant Agreement and has reviewed the Plan and the Grant Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement, including this Appendix B. Grantee acknowledges having read and specifically and expressly approves the following sections of the Grant Agreement: “Vesting Schedule” as described in the Grant Notice, Section 3 (“Termination of Employment”), Section 4 (“Taxes Withholding”), Section 16 (“No Right to Employment”), Section 17 (“No Rights as Stockholder”), Section 19 (“Venue and Governing Law”), and “Data Privacy Information and Consent” and “Language” as described in Exhibit B.

NOTIFICATIONS

Foreign Asset / Account Tax Reporting Notification. Italian residents who, at any time during the fiscal year, hold foreign financial assets (such as cash, Shares) which may generate income taxable in Italy are required to report such assets on their annual tax returns or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad. Grantee is advised to consult his or her personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset Tax Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Appendix for Japan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee will be required to report details of any assets (including any Common Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Grantee should consult with his or her personal tax advisor as to whether the reporting obligation applies to Grantee and whether Grantee will be required to report details of any outstanding Restricted Share Units or Common Shares held by Grantee in the report.

Appendix for Korea

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Grantee should consult with his or her personal tax advisor to determine how to value Grantee's foreign accounts for purposes of this reporting requirement and whether Grantee is required to file a report with respect to such accounts.

Appendix for Luxembourg
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There are no country-specific provisions.

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Global RSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for Malta

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Securities Law Notification. Neither the Company nor the Plan is registered in Malta and no investment services will be carried out in or from within Malta. The Plan will not be marketed in Malta and the Company is exempt from any investment service license requirements.

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Global RSU Grant Award Agreement for Certain New Hire Employees (as of March 2022)

Appendix for Mexico

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Acknowledgement of the Award Terms. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Award Terms, including this Appendix, which he or she has reviewed. Grantee further acknowledges that he or she accepts all the provisions of the Plan and the Award Terms, including this Appendix. Grantee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in “Nature of Grant” Section of the Appendix, which clearly provide as follows:

- (1) Grantee’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and Grantee’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) Grantee’s participation in the Plan is voluntary; and
- (4) The Company and any entity in the Company Group are not responsible for any decrease in the value of any Common Shares acquired upon settlement of the Restricted Share Units.

Labor Law Acknowledgement and Policy Statement. By accepting the Restricted Share Units, Grantee acknowledges that the Company with registered offices at 3100 Ocean Park Boulevard, Santa Monica, California 90405, U.S.A., is solely responsible for the administration of the Plan. Grantee further acknowledges that his or her participation in the Plan, the grant of Restricted Share Units and any acquisition of Common Shares under the Plan do not constitute an employment relationship between Grantee and the Company because Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision-Mexico”). Based on the foregoing, Grantee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between Grantee and his or her employer, Activision-Mexico, and do not form part of the employment conditions and/or benefits provided by Activision-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Grantee’s employment.

Grantee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue Grantee’s participation in the Plan at any time, without any liability to Grantee.

Finally, Grantee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, its Subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

SPANISH TRANSLATION

Reconocimiento de los terminos del otorgamiento de acciones. Al aceptar las Unidades de Acciones Restringidas, el Receptor reconoce que ha recibido una copia del Plan y de los Términos del Otorgamiento de acciones, incluyendo este anexo, los cuales ha revisado. El Receptor también reconoce que acepta los términos del Plan y del Otorgamiento de Acciones, incluyendo este anexo. Así mismo el Receptor reconoce que ha leído y expresamente aprueba los términos y condiciones establecidas en la cláusula 1 del los Términos Generales para Receptores fuera de los Estados Unidos, las cuales claramente establecen lo siguiente:

- (1) La participación del Receptor en el Plan no constituye un derecho adquirido
- (2) El plan y la participación del Receptor en dicho Plan son ofrecidos por la Empresa en forma totalmente discrecional.
- (3) La participación del Receptor en el Plan es voluntaria; y
- (4) La Empresa y cualquier empresa del Grupo de Empresas no son responsables por la reducción en el valor de las acciones comunes que sean adquiridas en virtud de las Unidades de Acciones Restringidas.

Política de Ley Laboral y Reconocimiento. Al aceptar el otorgamiento de adquisición de acciones y/o Restricted Share Units, el Receptor reconoce que la Empresa, con domicilio ubicado en 310 Ocean Park Boulevard, Santa Mónica, California, 90405 U.S.A., es el único responsable para la administración de Plan y que su participación en los Plan y adquisición de acciones no constituye una relación de trabajo entre la Empresa y el Receptor, toda vez que su participación en el Plan es totalmente en base a una relación comercial entre mi único patrón Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision Mexico”) Derivado de lo anterior, el Receptor expresamente reconoce que el Plan y beneficios que pudieran derivar de su participación en el Plan no establece derechos entre su único patrón Activision Mexico y el suscrito, no forman parte de sus condiciones y/o prestaciones de trabajo otorgadas por Activision Mexico y cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de su relación de trabajo.

Asimismo, el Receptor entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Empresa, por lo tanto la Empresa se reserva el derecho absoluto de modificar y/o discontinuar la participación de usted en cualquier momento y sin responsabilidad alguna frente al Receptor.

Finalmente, en este acto el Receptor declara que no se reserva acción o derecho alguno para presentar cualquier reclamación en contra de la Empresa por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el Receptor otorga el más amplio y total finiquito a la Empresa, sus afiliadas, sucursales, oficinas de representación, accionistas, funcionarios, agentes o representantes en relación con cualquier reclamación que pudiera surgir.

NOTIFICATIONS

Securities Law Notification. The Restricted Share Units and the Common Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Terms and any other document relating to the Restricted Share Units may not be publicly distributed in Mexico. These materials are addressed to Grantee only because of Grantee's existing relationship with the Company and the Employer and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Activision Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Appendix for the Netherlands
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that the Restricted Share Units granted under the Plan are intended as an incentive for Grantee to remain employed with the Employer and are not intended as remuneration for labor performed.

Appendix for New Zealand
Additional terms and Conditions of the
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NOTIFICATIONS

Securities Law Notification. Warning: This is an offer of rights to receive Shares upon vesting of the Restricted Share Units subject to the terms of the Plan and the Award Terms. Restricted Share Units give Grantee a stake in the ownership of the Company. Grantee may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Grantee will be paid only after all creditors and holders of preferred shares have been paid. Grantee may lose some or all of their investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Grantee may not be given all the information usually required. Grantee will also have fewer other legal protections for this investment.

Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to participate in the Plan.

In addition, the Holder is hereby notified that the Company's most recent Annual Report on Form 10-K, the Plan and the Plan prospectus are available for review on the Company intranet site at Finance - The Hub (activisionblizzard.com). The Company's most recent Annual Report can also be found at: <https://investor.activision.com/#ir-reports-filings>. And your Award Terms can be found in your E*Trade account at www.etrade.com by navigating to My Account/Plan Elections.

As noted above, Grantee should carefully read the materials provided before making a decision whether to participate in the Plan. Grantee is also encouraged to contact their personal tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

Appendix for Poland
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NOTIFICATIONS

Foreign Asset/Accounting Reporting Notification. Polish residents holding foreign securities (including Common Shares acquired under the Plan) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Notification. If Grantee transfers funds into Poland in excess of a certain threshold (currently €15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply) in connection with the sale of Common Shares under the Plan, the funds must be transferred via a bank account held at a bank in Poland. Grantee is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the tax year in which such transaction occurred.

Appendix for Portugal
Additional terms and Conditions of the
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TERMS AND CONDITIONS

Language Consent. Grantee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Terms.

Consentimento sobre Língua

O Empregado Contratado, pelo presente instrumento, declara expressamente que domina a língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidos no Plano e no Acordo de Atribuição.

NOTIFICATIONS

Exchange Control Notification. If Grantee holds Shares upon vesting of the Restricted Share Units, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Grantee's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Grantee is responsible for submitting the report to the Banco de Portugal.

Appendix for Romania
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Exchange Control Notification. Grantee is generally not required to seek authorization from the National Bank of Romania to participate in the Plan or to open and operate a foreign bank account to receive any proceeds under the Plan. However, if Grantee acquires 10% or more of the registered capital of a non-resident company, Grantee must file a report with the National Bank of Romania (“NBR”) within 30 days from the date such ownership is reached. This is a statutory requirement, but it does not trigger the payment of fees to NBR.

Appendix for Russia
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Securities Law Information. The Employer is not in any way involved in the offer of Restricted Share Units or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the Restricted Share Units described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice and Consent. This section replaces the Data Privacy and Consent provision in Exhibit B.

Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in the Award Terms by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Grantee understands that the Company, any Affiliate and/or the Employer may hold certain personal data about Grantee, including, but not limited to, Grantee's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Plan.

Grantee understands that Data may be transferred to the Equity Account Administrator or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in Grantee's country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the U.S. human resources representative or stock plan services. Grantee authorizes the Company, the Equity Account Administrator and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Restricted Share Units may be deposited. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan.

Grantee understands that Grantee may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the U.S. human

resources representative. Grantee understands that refusal or withdrawal, rescission or termination of consent may affect his or her ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact the U.S. human resources representative or stock plan services.

U.S. Transaction. Any Shares issued pursuant to the Restricted Share Units shall be delivered to Grantee through a brokerage account in the U.S. Grantee may hold Shares in his or her brokerage account in the U.S.; however, in no event will Shares issued to Grantee and/or Share certificates or other instruments be delivered to Grantee in Russia. Grantee is not permitted to make any public advertising or announcements regarding the Restricted Share Units or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and Grantee is not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. Grantee is permitted to sell Shares only on the Nasdaq Stock Market and only through a U.S. broker.

Settlement of Restricted Share Units and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to Grantee upon vesting of the Restricted Share Units. Grantee agrees that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on his or her behalf pursuant to this authorization) and Grantee expressly authorizes the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, Grantee acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Grantee the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Withholding Tax-related items. Grantee may hold the cash proceeds in the brokerage account in the U.S. for an indefinite period of time (*e.g.*, for subsequent reinvestment). Grantee acknowledges that Grantee is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. Under exchange control regulations in Russia, Grantee may be required to repatriate certain cash amounts that Grantee receives with respect to the Restricted Share Units to Russia as soon as Grantee intends to use those cash amounts for any purpose, including reinvestment. If the repatriation requirements apply, such funds must initially be credited to Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

Under the Directive of the Russian Central Bank (the "CBR") N 5371-U which came into force on April 17, 2020, there are no restrictions on the transfer of cash into and from accounts opened by Russian currency residents with a foreign financial market institution other than a bank. Accordingly, the repatriation requirement in certain cases may not apply with respect to cash amounts received in an account that is considered by the CBR to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, Grantee should inform the Company if Grantee is covered by these laws because Grantee should not hold Shares acquired under the Plan.

Appendix for Singapore
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Sale Restriction. Grantee agrees that any Common Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

NOTIFICATIONS

Securities Law Notification. The grant of the Restricted Share Units is being made pursuant to the “Qualifying Person exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Common Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirements. If Grantee is a director of a Singapore Subsidiary of the Company, Grantee must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest (e.g., Restricted Share Units, Common Shares) in the Company or within two business days of becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director and to a shadow director (i.e., an individual who is not on the board of directors but who has sufficient control so that the board of directors acts in accordance with the “directions and instructions” of the individual) of a Singapore Subsidiary or affiliate of the Company. Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Spain

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the Restricted Share Units, Grantee consents to participate in the Plan and acknowledges having received and read a copy of the Plan.

Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Share Units under the Plan to individuals who may be employees of the Company or any other entity in the Company Group throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any other entity in the Company Group. Consequently, Grantee understands that the Restricted Share Units are granted on the assumption and condition that such Restricted Share Units and any Common Shares acquired under the Plan shall not become a part of any employment contract (either with the Company or any other entity in the Company Group) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Grantee understands that the Restricted Share Units would not be granted but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of the Restricted Share Units shall be null and void.

Further, the vesting of the Restricted Share Units is expressly conditioned on Grantee’s active employment, such that if Grantee’s employment or service terminates for any reason whatsoever, the Restricted Share Units cease vesting immediately effective on the date of termination of employment. This will be the case, for example, even if Grantee (1) is considered to be unfairly dismissed without good cause (*i.e.*, subject to a “*despido improcedente*”); (2) is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) terminates service due to a change of work location, duties or any other employment or contractual condition; (4) terminates service due to the Company’s or any entity in the Company Group’s unilateral breach of contract; or (5) is terminated from employment for any other reason whatsoever. Consequently, upon Grantee’s termination of employment for any of the above reasons, Grantee may automatically lose any rights to Restricted Share Units that were unvested on the date of termination.

NOTIFICATIONS

Exchange Control Notification. The acquisition, ownership and sale of Common Shares under the Plan must be declared for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made each January for Common Shares owned as of December 31st of the prior year, by means of a D-6 form; however, if the value of the Common Shares acquired or sold exceeds €1,502,530 (or if Grantee holds 10% or more of the share capital of the Company or such other amount that would entitle Grantee to join the Company’s board of directors), the declaration must be filed also within one month of the acquisition or sale, as applicable.

Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), foreign instruments (including any Common Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Common Shares made to Grantee by the Company), depending on the amount of the transactions during the relevant year or the balances in such accounts as of December 31st of the relevant year. Generally, the report is required on an annual basis (by January 20 of each year). Grantee should consult with his or her personal advisor to ensure that Grantee is properly complying with his or her reporting obligations.

Foreign Asset/Account Reporting Notification. If Grantee holds rights or assets (e.g., Common Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Common Shares, cash, etc.) as of December 31 each year, Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the reporting must be completed by the following March 31. Grantee should consult his or her personal tax advisor for details regarding this requirement.

Securities Law Notification. The Restricted Share Units described in this document do not qualify as securities under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Plan, the Award Terms (including this Appendix), and any other documents evidencing the award of Restricted Share Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and none of those documents constitutes a public offering prospectus.

Appendix for Sweden

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Authorization to Withhold. This provision supplements Section 4 of the Award Terms:

Without limiting the Company's and the Employer's authority to satisfy their obligations for Withholding Taxes as set forth in Section 4 of the Award Terms, by accepting the Restricted Share Units, Grantee authorizes the Company and/or the Employer to withhold Common Shares or to sell Common Shares otherwise deliverable to Grantee upon vesting of the Restricted Share Units to satisfy any Withholding Taxes, regardless of whether the Company and/or the Employer have an obligation to withhold such Withholding Taxes.

Appendix for Taiwan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Data Privacy Acknowledgement. Grantee hereby acknowledges that he or she has read and understands the terms regarding collection, processing and transfer of Data contained in the “Data Privacy Information and Consent for Grantees outside the European Economic Area” Section of the Appendix and, by participating in the Plan, Grantee agrees to such terms. In this regard, upon request of the Company or the Employer, Grantee agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Grantee’s country, either now or in the future. Grantee understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

NOTIFICATIONS

Securities Law Notification. The offer of participation in the Plan is available only for employees of the Company Group. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Notification. Grantee may acquire and remit foreign currency (including proceeds from the sale of Common Shares or the receipt of any dividends paid on such Common Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the bank involved in the transaction. Grantee should consult his or her personal advisor to ensure compliance with any applicable exchange control laws in Taiwan.

Appendix for the United Kingdom
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Tax Withholding and Payment. This section supplements Section 4 of the Award Terms:

Without limitation to Section 4 of the Award Terms, Grantee agrees that Grantee is liable for all Withholding Taxes and hereby covenants to pay all such Withholding Taxes, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). Grantee also agrees to indemnify and keep indemnified the Company and the Employer against any Withholding Taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Grantee's behalf.

Appendix for the United States of America

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

1. Definitions.

(a) For U.S. Grantees only, the following terms shall have the meanings set forth below:

“Employment Violation” means (1) any material breach by Grantee of his or her employment agreement with any entity in the Company Group for so long as the terms of such employment agreement shall apply to Grantee (with any breach of the post-termination obligations contained therein deemed to be material for purposes of this definition) and (2) a good faith belief by the Company, after investigation, that Grantee has engaged in harassment based on any legally protected category or has retaliated against anyone for reporting a concern or potential misconduct in good faith.

“Look-back Period” means, with respect to any Employment Violation by Grantee, the period beginning on the date which is 12 months prior to the date of such Employment Violation by Grantee and ending on the date of computation of the Recapture Amount with respect to such Employment Violation.

“Recapture Amount” means, with respect to any Employment Violation by Grantee, the gross gain realized or unrealized by Grantee upon all vesting of Restricted Share Units or delivery or transfer of Vested Shares during the Look-back Period with respect to such Employment Violation, which gain shall be calculated as the sum of:

(i) if the Company and/or the Employer has satisfied any Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award during the Look-back Period by withholding Vested Shares or selling Vested Shares on Grantee’s behalf, the amount of the Withholding Taxes so satisfied; plus

(ii) if Grantee has received Vested Shares during such Look-back Period and sold any such Vested Shares, an amount equal to the sum of the sales price for all such Vested Shares; plus

(iii) if Grantee has received Vested Shares during such Look-back Period and not sold all such Vested Shares, an amount equal to the product of (A) the greatest of the following: (1) the Market Value per Share of Common Shares on the date such Vested Shares were issued or transferred to Grantee, (2) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of the Company’s written notice of its exercise of its rights under Section 3 hereof, or (3) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of computation, times (B) the number of such Vested Shares which were not sold; plus

2. Conflict with Employment Agreement or Plan. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Grant Notice or these Award Terms, the terms of the Grant Notice or these Award Terms, as the case may be, shall control. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Plan, the terms of the Plan shall control.

3. Employment Violation. The terms of this Section 3 shall apply to the Restricted Share Units if Grantee is or becomes subject to an employment agreement with any entity in the Company Group. In the event of an Employment Violation, the Company shall have the right to require (a) the forfeiture by Grantee to the Company of any outstanding Restricted Share Units or Vested Shares which have yet to settle pursuant to Section 8 of Exhibit A and (b) payment by Grantee to the Company of the Recapture Amount with respect to such Employment Violation; provided, however, that, in lieu of payment by Grantee to the Company of the Recapture Amount, Grantee, in his or her discretion, may tender to the Company the Vested Shares acquired during the Look-back Period with respect to such Employment Violation (without any consideration from the Company in exchange therefor). Any such forfeiture of Restricted Share Units and payment of the Recapture Amount, as the case may be, shall be in addition to, and not in lieu of, any other right or remedy available to the Company arising out of or in connection with such Employment Violation, including, without limitation, the right to terminate Grantee's employment if not already terminated and to seek injunctive relief and additional monetary damages.

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

NOTICE OF RESTRICTED SHARE UNIT AWARD

You have been awarded Restricted Share Units of Activision Blizzard, Inc. (the “Company”), as follows:

- Your name: []
- Total number of Restricted Share Units awarded: []
- Date of Grant: []
- Grant ID: []
- Your Award of Restricted Share Units is governed by the terms and conditions set forth in:
 - this Notice of Restricted Share Unit Award;
 - the Restricted Share Unit Award Terms attached hereto as Exhibit A;
 - the Appendix attached hereto as Exhibit B, which may include special terms and conditions relating to your country of work and/or residence (the “Appendix”); and
 - the Company’s 2014 Incentive Plan, the receipt of a copy of which you hereby acknowledge.
- Your Award of Restricted Share Units has been made in connection with your employment agreement with the Company or one of its Subsidiaries as a material inducement to your entering into or renewing employment with such entity pursuant to such agreement and is also governed by any applicable terms and conditions set forth in such agreement.
- *Schedule for Vesting*: Except as otherwise provided pursuant to the Restricted Share Unit Award Terms attached hereto as Exhibit A, as supplemented, modified, or replaced by the special terms and conditions, if any, set forth under your country of work and/or residence in the Appendix attached hereto as Exhibit B (together, the “Award Terms”), the Restricted Share Units shall vest as follows, provided you remain continuously employed by the Company or one of its Subsidiaries through the applicable vesting date:

Date of Vesting	No. of Shares Vesting at Vesting Date
December 15, 2022	[] (1/3 of total shares granted)
[second anniversary of grant date]	[] (1/3 of total shares granted)
[third anniversary of grant date]	[] (1/3 of total shares granted)

- *Please sign and return to the Company this Notice of Restricted Share Unit Award, which bears an original signature on behalf of the Company. You are urged to do so promptly.*
- *Please return the signed Notice of Restricted Share Unit Award to the Company at:*

Activision Blizzard, Inc.
2701 Olympic Boulevard Building B
Santa Monica, CA 90404
Attn: Stock Plan Administration

- Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Award Terms.
- ***By accepting the Award, you agree that the definition of “Cause” set forth in the Award Terms and, if the Appendix for the United States of America is applicable to you and/or your Award, the definition of “Employment Violation” set forth therein, shall supersede any such definitions in the award terms applicable to any other outstanding equity awards granted to you by the Company and shall apply to such awards as if set forth in those award terms.***
- ***By accepting the Award, you agree to be bound by the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms. If you do not accept the Award by the first scheduled vesting date and you do not indicate your intention to decline the Award, your Award will be automatically accepted on your behalf and you will be deemed to have accepted the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms.***

You should retain the enclosed duplicate copy of this Notice of Restricted Share Unit Award for your records.

ACTIVISION BLIZZARD, INC.

Julie Hodges
Chief People Officer

Date:

ACCEPTED AND AGREED:

[Name of Grantee]

Date:____

EXHIBIT A

ACTIVISION BLIZZARD, INC. 2014 INCENTIVE PLAN

RESTRICTED SHARE UNIT AWARD TERMS

1. **Definitions.**

(a) For purposes of these Award Terms, the following terms shall have the meanings set forth below:

“Award” means the award described on the Grant Notice.

“Cause” shall have the meaning given to such term in any written employment agreement, service contract or offer letter between the Grantee and the Company or any of its Subsidiaries from time to time or, if the Grantee is not then party to any written employment agreement, service contract or offer letter with the Company Group or any such written employment agreement, service contract or offer letter does not contain a definition of “cause,” “Cause” shall mean a good faith determination by the Company that the Grantee (A) engaged in misconduct or gross negligence in the performance of his or her duties or willfully and continuously failed or refused to perform any duties reasonably requested in the course of his or her employment; (B) engaged in fraud or dishonesty, or any other conduct that causes, or has the potential to cause, harm to any entity in the Company Group or Parent and its Subsidiaries, including its business reputation or financial condition; (C) violated any lawful directives or policies of the Company Group or of Parent and its Subsidiaries, including but not limited to those relating to sexual, gender-based or other harassment or discrimination, or any applicable Laws, rules or regulations; (D) materially breached his or her employment agreement, service contract, proprietary information agreement, restrictive covenant, or confidentiality agreement with any entity in the Company Group; (E) was convicted of, or pled guilty or no contest to, (1) a felony or (2) a misdemeanor involving dishonesty or moral turpitude; or (F) breached his or her fiduciary duties to the Company Group or to Parent and its Subsidiaries. For the avoidance of doubt, a failure to attain any applicable performance goals or financial metrics shall not, in and of itself, constitute Cause. Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Cause unless (x) Parent provides notice to the Grantee of the existence of the condition giving rise to Cause within 60 days following its knowledge of its existence and (y) the Grantee fails to cure such condition within 30 days following the date of such notice.

“Common Shares” means the shares of common stock, par value \$0.000001 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 10 hereof.

“Company” means Activision Blizzard, Inc. and any successor thereto.

“Company Group” means the Company and its Subsidiaries.

“Company-Sponsored Equity Account” means an account that is created with the Equity Account Administrator in connection with the administration of the Company’s equity plans and programs, including the Plan.

“Date of Grant” means the Date of Grant of the Award set forth on the Grant Notice.

“Employer” means the Subsidiary of the Company which employs Grantee.

“Equity Account Administrator” means the brokerage firm utilized by the Company from time to time to create and administer accounts for participants in the Company’s equity plans and programs, including the Plan.

“Exercise Rules and Regulations” means (i) (A) for employees who work and/or reside in the U.S., the Securities Act or any comparable U.S. federal securities law and all applicable state securities laws, and (B) for employees who work and/or reside outside the U.S., any laws applicable to Grantee which subject him or her to insider trading restrictions and/or market abuse laws or otherwise affect his or her ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Shares, rights to Common Shares (e.g., Restricted Share Units) or rights linked to the value of Common Shares during such times as he or she is considered to have “inside information” regarding the Company, (ii) the requirements of any securities exchange, securities association, market system or quotation system on which Common Shares are then traded or quoted, (iii) any restrictions on transfer imposed by the Company’s certificate of incorporation or bylaws, and (iv) any policy or procedure the Company has adopted with respect to the trading of its securities, in each case as in effect on the date of the intended transaction.

“Good Reason” means, in each case without the prior written consent of the Grantee: [(A) a material diminution in authorities, duties and responsibilities, as measured in the aggregate, as compared to those prior to the Effective Time (as defined in the Merger Agreement) (provided, that the following will not constitute “Good Reason”: (1) the Grantee’s continued employment with substantially the same responsibility with respect to the Company’s business and operations (e.g., the Grantee’s title is revised to reflect the Grantee’s placement within the overall corporate hierarchy or the Grantee provides services to a Subsidiary, business unit or otherwise) or (2) changes resulting solely from the Company ceasing to be a stand-alone public corporation);] [(A)]/[(B)] a material diminution in base salary as in effect immediately prior to the Effective Time (as defined in the Merger Agreement); or [(B)]/[(C)] a relocation of primary office location by more than 50 miles (provided, that requiring the Grantee to return to work in the Grantee’s primary office location after working remotely during the COVID-19 pandemic or continuing to work remotely rather than a primary office location shall not constitute a relocation). Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Good Reason unless (x) the Grantee provides notice to Parent of the existence of the condition giving rise to Good Reason within 60 days following the Grantee’s knowledge of its existence and (y) Parent fails to cure such condition within 30 days following the date of such notice, upon which failure to cure the Grantee’s employment shall immediately terminate with Good Reason.

“Grantee” means the recipient of the Award named on the Grant Notice.

“Grant Notice” means the Notice of Restricted Share Unit Award to which these Award Terms are attached.

“Merger” means the transactions contemplated under the Merger Agreement, including the merger of Anchorage Merger Sub Inc. with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent.

“Merger Agreement” means that certain Agreement and Plan of Merger by and among Parent, Anchorage Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent, and the Company.

“Parent” means Microsoft Corporation, a Washington corporation.

“**Plan**” means the Activision Blizzard, Inc. 2014 Incentive Plan, as amended from time to time.

“**Restricted Share Units**” means units subject to the Award, which represent the conditional right to receive Common Shares in accordance with the Grant Notice and these Award Terms, unless and until such units become vested or are forfeited to the Company in accordance with the Grant Notice and these Award Terms.

“**Section 409A**” means Section 409A of the Code and the guidance and regulations promulgated thereunder.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Vested Shares**” means the Common Shares to which the holder of the Restricted Share Units becomes entitled upon vesting thereof in accordance with Section 2 or 3 hereof.

“**U.S.**” means the United States of America.

“**Withholding Taxes**” means any taxes, including, but not limited to, income tax, social insurance (*e.g.*, U.S. social security and Medicare), payroll tax, state and local income taxes, fringe benefits tax, and payment on account, required or permitted under any applicable law to be withheld from amounts otherwise payable to Grantee.

(b) Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

2. Vesting. Except as otherwise set forth in these Award Terms, the Restricted Share Units shall vest in accordance with the “Schedule for Vesting” set forth on the Grant Notice. Each Restricted Share Unit, upon vesting thereof, shall entitle the holder thereof to receive one Common Share (subject to adjustment pursuant to Section 10 hereof).

3. Termination of Employment.

(a) Cause. In the event that Grantee’s employment is terminated by any entity in the Company Group for Cause, as of the date of such termination of employment all Restricted Share Units shall cease to vest and any outstanding Restricted Share Units and Vested Shares that have yet to settle pursuant to Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

(b) Termination Following the Closing of the Merger. In the event that Grantee’s employment is terminated by the Company, Parent or their respective Subsidiaries either (x) by the Company, Parent or their respective Subsidiaries without Cause or (y) by the Grantee for Good Reason, in either case, during the 18-month period following the closing of the Merger, 100% of all outstanding Restricted Share Units subject to the Award that are unvested as of the time of such termination shall immediately vest in full. For the avoidance of doubt, this Section 3(b) is subject to and contingent upon the occurrence of the closing of the Merger. If the closing of the Merger does not occur, this Section 3(b) shall be of no effect and Grantee shall have no rights with respect to the vesting set forth in this Section 3(b).

(c) Other. Unless the Committee determines otherwise, in the event that Grantee’s employment is terminated for any reason other than as described in Sections 3(a) and 3(b) above, as of the date of such termination of employment all Restricted Share Units shall cease to vest and, with the exception of any Vested Shares that have yet to settle pursuant to

Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

4. Tax Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any Withholding Taxes related to Grantee's participation in the Plan and legally applicable to Grantee, Grantee acknowledges that the ultimate liability for all Withholding Taxes is and remains Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Restricted Share Units, including, without limitation, the grant, vesting or payment of the Award, the subsequent sale of Vested Shares acquired, and the receipt of any dividends; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Share Units to reduce or eliminate Grantee's liability for Withholding Taxes or achieve any particular tax result. Further, if Grantee is or becomes subject to tax in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction. The Company shall have no obligation to deliver any Vested Shares unless and until all Withholding Taxes contemplated by this Section 4 have been satisfied.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award at the time such Withholding Taxes become due. In this regard, Grantee authorizes the Company and/or the Employer, or their respective agents to satisfy any applicable withholding obligations with regard to all Withholding Taxes by one or a combination of the following: (i) by delivery to the Company of a bank check or certified check or wire transfer of immediately available funds; (ii) through the delivery of irrevocable written instructions, in a form acceptable to the Company, that the Company withhold Vested Shares otherwise then deliverable having a value equal to the aggregate amount of the Withholding Taxes (valued in the same manner used in computing the amount of such Withholding Taxes); (iii) arranging for the sale, on Grantee's behalf, of Vested Shares otherwise then deliverable to Grantee (valued in the same manner used in computing the amount of such Withholding Taxes); or (iv) by any combination of (i), (ii) or (iii) above. Further, any entity in the Company Group shall have the right to require Grantee to satisfy any Withholding Taxes contemplated by this Section 4 by any of the aforementioned methods or by withholding from Grantee's wages or other cash compensation.

(c) The Company Group may withhold or account for Withholding Taxes contemplated by this Section 4 by reference to applicable withholding rates, including minimum or maximum applicable statutory rates in Grantee's jurisdiction(s) of employment and/or residency, and if the Company Group withholds more than the amount necessary to satisfy the liability, Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares. If the Company Group withholds less than the amount necessary to satisfy the liability, Grantee may be required to pay any additional Withholding Taxes directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Withholding Taxes is satisfied by withholding in Shares, for tax purposes, Grantee will be deemed to have been issued the full number of Vested Shares underlying the Restricted Share Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Withholding Taxes. No fractional Shares will be withheld or issued pursuant to the settlement of the Restricted Share Units and the Withholding Taxes thereunder.

5. **Deemed Agreement.** By accepting the Award, Grantee is deemed to be bound by the terms and conditions set forth in the Plan, the Grant Notice and these Award Terms.

6. **Reservation of Shares.** The Company shall at all times reserve for issuance or delivery upon vesting of the Restricted Share Units such number of Common Shares as shall be required for issuance or delivery upon vesting thereof.

7. **Dividend Equivalents.** The holder of the Restricted Share Units shall not be entitled to receive any payment, payment-in-kind or any equivalent with regard to any cash or other dividends that are declared and paid on Common Shares.

8. **Receipt and Delivery.** As soon as administratively practicable (and, in any event, within 30 days) after any Restricted Share Units vest, the Company shall (a) effect the issuance or transfer of the resulting Vested Shares, (b) cause the issuance or transfer of such Vested Shares to be evidenced on the books and records of the Company, and (c) cause such Vested Shares to be delivered to a Company-Sponsored Equity Account in the name of the person entitled to such Vested Shares (or, with the Company's consent, such other brokerage account as may be requested by such person); provided, however, that, in the event such Vested Shares are subject to a legend as set forth in Section 15 hereof, the Company shall instead cause a certificate evidencing such Vested Shares and bearing such legend to be delivered to the person entitled thereto.

9. **Committee Discretion.** Except as may otherwise be provided in the Plan, the Committee shall have sole discretion to (a) interpret any provision of the Plan, the Grant Notice and these Award Terms, (b) make any determinations necessary or advisable for the administration of the Plan and the Award, and (c) waive any conditions or rights of the Company under the Award, the Grant Notice or these Award Terms. Without intending to limit the generality or effect of the foregoing, any decision or determination to be made by the Committee pursuant to these Award Terms, including whether to grant or withhold any consent, shall be made by the Committee in its sole and absolute discretion, subject only to the terms of the Plan. Subject to the terms of the Plan, the Committee may amend the terms of the Award prospectively or retroactively; however, no such amendment may materially and adversely affect the rights of Grantee taken as a whole without Grantee's consent. Without intending to limit the generality or effect of the foregoing, the Committee may amend the terms of the Award (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 10 hereof) affecting any entity in the Company Group or any of the Company's other affiliates or the financial statements of any entity in the Company Group or any of the Company's other affiliates, (ii) in response to changes in applicable laws, regulations or accounting principles and interpretations thereof, or (iii) to prevent the Award from becoming subject to any adverse consequences under Section 409A.

10. **Adjustments.** Notwithstanding anything to the contrary contained herein, pursuant to Section 12 of the Plan, the Committee will make or provide for such adjustments to the Award as are equitably required to prevent dilution or enlargement of the rights of Grantee that otherwise would result from (a) any stock dividend, extraordinary dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any change of control, merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, or issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for the Award such alternative consideration (including, without limitation, cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of the Award.

11. Registration and Listing. Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to issue or transfer any Restricted Share Units or Vested Shares, and no Restricted Share Units or Vested Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered in any way, unless such transaction is in compliance with all Exercise Rules and Regulations. The Company is under no obligation to register, qualify or list, or maintain the registration, qualification or listing of, Restricted Share Units or Vested Shares with the U.S. Securities and Exchange Commission, any state securities commission or any securities exchange, securities association, market system or quotation system to effect such compliance. Grantee shall make such representations and furnish such information as may be appropriate to permit the Company, in light of the then existence or non-existence of an effective registration statement under the Securities Act relating to Restricted Share Units or Vested Shares, to issue or transfer Restricted Share Units or Vested Shares in compliance with the provisions of that or any comparable federal securities law and all applicable state securities laws. The Company shall have the right, but not the obligation, to register the issuance or transfer of Restricted Share Units or Vested Shares or resale of Restricted Share Units or Vested Shares under the Securities Act or any comparable federal securities law or applicable state securities law.

12. Transferability. Subject to the terms of the Plan, and only with the Company's consent, Grantee may transfer Restricted Share Units for estate planning purposes or pursuant to a domestic relations order (or a comparable order under applicable local law); provided, however, that any transferee shall be bound by all of the terms and conditions of the Plan, the Grant Notice and these Award Terms and shall execute an agreement in form and substance satisfactory to the Company in connection with such transfer; and provided, further that Grantee will remain bound by the terms and conditions of the Plan, the Grant Notice and these Award Terms. Except as otherwise permitted under the Plan or this Section 12, the Restricted Share Units shall not be transferable by Grantee other than by will or the laws of descent and distribution.

13. Compliance with Applicable Laws and Regulations and Company Policies and Procedures.

(a) Grantee is responsible for complying with (i) any federal, state, and local tax, social insurance, national insurance contributions, payroll tax, payment on account or other tax liabilities applicable to Grantee in connection with the Award and (ii) all Exercise Rules and Regulations.

(b) The Award is subject to the terms and conditions of any policy requiring or permitting the Company to recover any gains realized by Grantee in connection with the Award, including, without limitation, the Policy on Recoupment of Performance-Based Compensation Related to Certain Financial Restatements.

(c) If and when Grantee is an "executive officer" of the Company within the meaning of the Executive Stock Ownership Guidelines, the Award will be subject to the terms and conditions of the Executive Stock Ownership Guidelines and the limitations contained therein on the ability of Grantee to transfer any Vested Shares.

14. Section 409A.

(a) Payments contemplated with respect to the Award are intended to comply with Section 409A, and all provisions of the Plan, the Grant Notice and these Award Terms shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, (i) nothing in the Plan, the Grant

Notice and these Award Terms shall guarantee that the Award is not subject to taxes or penalties under Section 409A and (ii) if any provision of the Plan, the Grant Notice or these Award Terms would, in the reasonable, good faith judgment of the Company, result or likely result in the imposition on Grantee or any other person of taxes, interest or penalties under Section 409A, the Committee may, in its sole discretion, modify the terms of the Plan, the Grant Notice or these Award Terms, without the consent of Grantee, in the manner that the Committee may reasonably and in good faith determine to be necessary or advisable to avoid the imposition of such taxes, interest or penalties; provided, however, that this Section 14 does not create an obligation on the part of the Committee or the Company to make any such modification, and in no event shall the Company be liable for the payment of or gross up in connection with any taxes, interest or penalties owed by Grantee pursuant to Section 409A.

(b) Neither Grantee nor any of Grantee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable with respect to the Award to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee's benefit with respect to the Award may not be reduced by, or offset against, any amount owing by Grantee to the Company.

(c) Notwithstanding anything to the contrary contained herein, if (i) the Committee determines in good faith that the Restricted Share Units do not qualify for the "short-term deferral exception" under Section 409A, (ii) Grantee is a "specified employee" (as defined in Section 409A) and (iii) a delay in the issuance or transfer of Vested Shares to Grantee or his or her estate or beneficiaries hereunder by reason of Grantee's "separation from service" (as defined in Section 409A) with any entity in the Company Group is required to avoid tax penalties under Section 409A but is not already provided for by this Award, the Company shall cause the issuance or transfer of such Vested Shares to Grantee or Grantee's estate or beneficiary upon the earlier of (A) the date that is the first business day following the date that is six months after the date of Grantee's separation from service and (B) Grantee's death.

15. Legend. The Company may, if determined by it based on the advice of counsel to be appropriate, cause any certificate evidencing Vested Shares to bear a legend substantially as follows:

"THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE 'ACT'), OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT."

16. No Right to Employment. Nothing contained in the Grant Notice or these Award Terms shall create a right to employment or be interpreted as forming and employment or service contract with the Company, the Employer or any other entity in the Company Group and shall not interfere with the ability of the Employer to retire, request the resignation of or terminate Grantee's employment or service relationship at any time.

17. No Rights as Stockholder. No holder of Restricted Share Units shall, by virtue of the Grant Notice or these Award Terms, be entitled to any right of a stockholder of the Company, either at law or in equity, and the rights of any such holder are limited to those expressed, and are

not enforceable against the Company except to the extent set forth in the Plan, the Grant Notice or these Award Terms.

18. Severability. In the event that one or more of the provisions of these Award Terms shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

19. Venue and Governing Law.

(a) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Restricted Share Units or these Award Terms, the parties submit and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Los Angeles County, California or the federal courts of the U.S. for the Central District of California and no other courts, regardless of where the grant of the Restricted Share Units is made and/or to be performed; provided, however, that if the parties have entered into another agreement providing for a different venue or forum (e.g., a dispute resolution agreement), then the terms of such agreement will control for purposes of this provision.

(b) To the extent that U.S. federal law does not otherwise control, the validity, interpretation, performance and enforcement of the Grant Notice and these Award Terms shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of laws thereof.

20. Successors and Assigns. The provisions of the Grant Notice and these Award Terms shall be binding upon and inure to the benefit of the Company, its successors and assigns, and Grantee and, to the extent applicable, Grantee's permitted assigns under Section 12 hereof and Grantee's estate or beneficiaries as determined by will or the laws of descent and distribution.

21. Delivery of Notices and Other Documents.

(a) Any notice or other document which Grantee may be required or permitted to deliver to the Company pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to the Company, at its office at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A. Attn: Stock Plan Administration, or such other address as the Company by notice to Grantee may designate in writing from time to time. Notices shall be effective upon delivery.

(b) Any notice or other document which the Company may be required or permitted to deliver to Grantee pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to Grantee at the address shown on any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time, or such other address as Grantee by notice to the Company may designate in writing from time to time. The Company may also, in its sole discretion, deliver any such document to Grantee electronically via an e-mail to Grantee at his or her Company-provided email address or through a notice delivered to such e-mail address that such document is available on a website established and maintained on behalf of the Company or a third party designated by the Company, including, without limitation, the Equity Account Administrator. Notices shall be effective upon delivery.

22. Conflict with Plan. In the event of any conflict between the terms the Grant Notice or these Award Terms and the terms of the Plan, the terms of the Plan shall control.

23. Appendix. Notwithstanding anything to the contrary contained herein, the Restricted Share Units shall be subject to any additional terms and conditions set forth in the Appendix for Grantee's country of work and/or residence, both of which constitute a part of these Award Terms. Moreover, if Grantee relocates his or her work and/or residence to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Share Units and on any Common Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Waiver. Grantee acknowledges that a waiver by the Company of a breach of any provision of these Award Terms shall not operate or be construed as a waiver of any other provision of these Award Terms, or of any subsequent breach by Grantee or any other grantee of an equity award from the Company.

EXHIBIT B

APPENDIX

TO

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

RESTRICTED SHARE UNIT AWARD TERMS

ADDITIONAL TERMS AND CONDITIONS BY COUNTRY

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan or the Award Terms, as the case may be.

TERMS AND CONDITIONS

This Appendix includes special terms and conditions applicable to Grantees who work and/or reside in the countries covered by the Appendix. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Award Terms.

If Grantee is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transferred or transfers employment and/or residency after the Restricted Share Units were granted or is considered a resident of another country for local law purposes (*i.e.*, Grantee is a “mobile employee”), the Company shall have the sole discretion to determine to what extent the special terms and conditions shall apply to Grantee.

NOTIFICATIONS

This Appendix also includes notifications relating to exchange control and other issues of which Grantee should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the notifications herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Grantee vests in the Restricted Share Units or Vested Shares acquired under the Plan are sold.

In addition, the notifications are general in nature and may not apply to the particular situation of Grantee, and the Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a mobile employee, the information contained herein may not be applicable to Grantee in the same manner.

GENERAL PROVISIONS APPLICABLE TO ALL GRANTEEES WHO WORK AND/OR RESIDE OUTSIDE THE U.S.

Nature of Grant. By accepting the Award, Grantee acknowledges, understands, and agrees that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and/or these Award Terms;

- (2) the grant of the Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of rights to receive Common Shares, or benefits in lieu of rights to receive Common Shares, even if rights to receive Common Shares have been granted in the past;
- (3) all decisions with respect to future grants of rights to receive Common Shares, if any, will be at the sole discretion of the Company;
- (4) Grantee's participation in the Plan is voluntary;
- (5) the grant of the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any;
- (6) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not intended to replace any pension rights or compensation;
- (7) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, the calculation of any severance, resignation, termination, redundancy, dismissal, end of service payment, bonus, long-service award, leave-related payment, holiday pay, pension or retirement or welfare benefit or similar payments;
- (8) the Restricted Share Unit grant and Grantee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Restricted Share Unit grant will not be interpreted to form an employment agreement or service contract or relationship with any other company in the Company Group;
- (9) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty;
- (10) unless otherwise agreed with the Company, the Restricted Share Units and the Common Shares subject to the Restricted Share Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Grantee may provide as a director of any entity of Company Group;
- (11) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Share Units resulting from termination of Grantee's continuous service with the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any);
- (12) unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any), Grantee's right to receive or vest in the

Restricted Share Units under the Plan, if any, will terminate effective as of the date that Grantee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of “garden leave” or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of Grantee’s Restricted Share Unit grant (including whether Grantee may still be considered actively employed while on a leave of absence);

(13) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee’s participation in the Plan, or Grantee’s acquisition or sale of the underlying Common Shares;

(14) Grantee should consult with Grantee’s own personal tax, legal and financial advisors regarding Grantee’s participation in the Plan before taking any action related to the Plan;

(15) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Share Units and the benefits evidenced by these Award Terms do not create any entitlement to have the Restricted Share Units or any such benefits transferred to, or assumed by, another company, nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Shares; and

(16) neither the Company, the Employer nor any other entity in the Company Group shall be liable for any foreign exchange rate fluctuation between Grantee’s local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to Grantee pursuant to the settlement of the Restricted Share Units or the subsequent sale of any Common Shares acquired upon settlement.

Foreign Asset/Account Reporting Requirements. Grantee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect Grantee’s ability to acquire or hold Common Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Common Shares acquired under the Plan) in a brokerage or bank account outside Grantee’s country of work and/or residence. Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Grantee also may be required to repatriate sale proceeds or other funds received as a result of Grantee participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Grantee acknowledges that it is his or her responsibility to be compliant with such regulations, and Grantee is advised to consult his or her personal legal advisor for any details.

Language. Grantee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of these Award Terms. Furthermore, if the Grant Notice, these Award Terms or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version then, by accepting the Award, Grantee acknowledges that the English version will control.

DATA PRIVACY INFORMATION AND CONSENT

The following provision applies to Grantees who work and/or reside outside the European Economic Area.

Data Collection and Usage. Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in the Grant Notice and these Award Terms by and among, as applicable, the Employer or any other entity in the Company Group for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Data Processing. Grantee understands that the Company and the Employer may hold certain personal information about Grantee, including, without limitation, Grantee's name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any directorships held in any entity in the Company Group, any Common Shares owned, details of all Restricted Share Units or any other entitlement to the Common Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Grantee's favor (the "Data"), for the purpose of implementing, administering and managing the Plan.

Stock Plan Administration, Data Transfer, Retention and Data Subject Rights. Grantee understands that the Data will be transferred to the Equity Account Administrator, which is assisting the Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in Grantee's country of work and/or residence, or elsewhere, and that any recipient's country may have different data privacy laws and protections than Grantee's country of work and/or residence. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative. Grantee authorizes the Company, the Equity Account Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Grantee's consent is that the Company would not be able to grant Restricted Share Units or other equity awards to Grantee or administer or maintain such awards. Therefore, Grantee understands that refusal or withdrawal of consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact Grantee's local human resources representative.

The following provision applies to Grantees who work and/or reside in the European Economic Area (including Switzerland and the United Kingdom).

Data Collection and Usage. Pursuant to applicable data protection laws, Grantee is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Grantee for the exclusive legitimate purpose of granting Restricted Share Units and implementing, administering and managing Grantee's participation in the Plan. Specifics of the data processing are described below.

Controller. The Company is the controller responsible for the processing of Grantee's personal data in connection with the Plan.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Grantee: name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in any entity in the Company Group, details of all Restricted Share Units or any other entitlement to Common Shares awarded, canceled, settled, vested, unvested or outstanding in Grantee's favor, which the Company receives from Grantee or the Employer ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of performing its contractual obligations under the Award Terms, granting Restricted Share Units, implementing, administering and managing Grantee's participation in the Plan and facilitating compliance with applicable tax and securities law. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Award Terms and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to the Equity Account Administrator, an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Personal Data with such service providers. Grantee will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Grantee's ability to participate in the Plan. Grantee's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Grantee's participation in the Plan. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of Personal Data by contacting Grantee's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, the Equity Account Administrator, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in the United States, for the performance of the contractual obligations under the Award Terms. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative.

Grantee understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Grantee's Personal Data may not have an equivalent level of protection as compared to Grantee's country of work and/or residence. To provide appropriate safeguards for the protection of Grantee's Personal Data, the Personal Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. Grantee may request a copy of the safeguards used to protect his or her Personal Data by contacting the Company at: employeeprivacy@activision.com.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond Grantee's termination of employment with the Employer. When the Company no longer needs the Personal Data, the Company will remove it from its systems to the fullest extent reasonably practicable. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Grantee's Rights. To the extent provided by law, Grantee has the right to (i) inquire whether and what kind of Personal Data the Company holds about Grantee and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of Personal Data in certain situations where Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, (vi) request portability of Personal Data that Grantee has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Grantee and is carried out by automated means, or (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Grantee's rights, raise any other questions regarding the practices described in the Award Terms or to exercise his or her rights, Grantee should contact the Company at: employeeprivacy@activision.com.

Contractual Requirement. Grantee's provision of Personal Data and its processing as described above is a contractual requirement and a condition to Grantee's ability to participate in the Plan. Grantee understands that, as a consequence of Grantee's refusing to provide Personal Data, the Company may not be able to allow Grantee to participate in the Plan, grant Restricted Share Units to Grantee or administer or maintain such Restricted Share Units. However, Grantee's participation in the Plan and his or her acceptance of the Award Terms are purely voluntary. While Grantee will not receive Restricted Share Units if he or she decides against participating in the Plan or providing Personal Data as described above, Grantee's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Grantee may contact the Company at: employeeprivacy@activision.com.

Appendix for Australia
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Australia Offer Document. The grant of Restricted Share Units under the Plan is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Australia Offer Document, which is provided with the Award Terms.

Tax Information. The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions therein).

Appendix for Belgium
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee is required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return. In a separate report, Grantee may be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under *Kredietcentrales / Centrales des crédits* caption. Grantee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new “annual securities accounts tax” applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will likely apply when Common Shares acquired upon vesting of the Restricted Share Units are sold. Grantee should consult with his or her personal tax advisor for additional details on his or her obligations with respect to the stock exchange tax.

Appendix for Brazil
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Compliance with Law. By accepting the Restricted Share Units, Grantee acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with Grantee's participation in the Plan.

Nature of Company Restricted Share Unit Grants. By accepting the Restricted Share Units, Grantee agrees that (1) he or she is making an investment decision and (2) the value of the underlying Common Shares is not fixed and may increase or decrease in value over time without compensation to Grantee.

NOTIFICATIONS

Exchange Control Notification. If Grantee is resident or domiciled in Brazil, he or she will be required to submit a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000. Assets and rights that must be reported include the Common Shares.

Tax on Financial Transaction (IOF). Payments to foreign countries (including the payment of the exercise price) and repatriation of funds into Brazil and the conversion between BRL and US\$ associated with such fund transfers may be subject to the Tax on Financial Transactions. It is Grantee's responsibility to comply with any applicable Tax on Financial Transactions arising from Grantee's participation in the Plan. Grantee should consult with his or her personal tax advisor for additional details.

Appendix for Canada
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Payable Only in Common Shares. The grant of Restricted Share Units does not provide any right for Grantee to receive a cash payment, and the Restricted Share Units are payable in Common Shares only.

Termination of Employment. Notwithstanding anything to the contrary in Section 3(b) of the Award Terms, unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of Grantee's employment agreement or service contract, if any), Grantee's right to receive or vest in the Restricted Share Units under the Plan, if any, will terminate as of the date is the earliest of: (1) the date Grantee's employment or service with the Company Group is terminated, (2) the date Grantee receives notice of termination of employment or service from the Employer or any other entity in the Company Group, and (3) the date Grantee is no longer actively employed or rendering services to the Company Group, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law). In the event the date Grantee is no longer actively employed or rendering services cannot be reasonably determined under the Award Terms and/or the Plan, the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of the Restricted Share Units (including whether Grantee may still be considered actively employed while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Grantee's right to vest in the Restricted Share Units under the Plan, if any, will terminate effective as of the last day of Grantee's minimum statutory notice period, but Grantee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Grantee's statutory notice period, nor will Grantee be entitled to any compensation for lost vesting.

The following provisions will apply to Grantees who are residents of Quebec:

Language Acknowledgment. The parties acknowledge that it is their express wish that the Award Terms, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée: *Les parties reconnaissent avoir exigé la rédaction en anglais de cette annexe, la convention afférente, ainsi que de tous documents, avis donnés et procédures judiciaires exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement aux présentes.*

Data Privacy Notice and Consent. This provision supplements the "Data Privacy Information and Consent for Grantees outside the European Economic Area" Section of the Appendix:

Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Grantee further authorizes the Company Group, Equity Account Administrator and any other broker(s) designated by the Company to disclose and discuss the Plan with their respective advisors. Grantee further authorizes the Company Group to record such information and to keep such information Grantee's employee file.

NOTIFICATIONS

Securities Law Notification. Grantee is permitted to sell Common Shares acquired under the Plan through the Equity Account Administrator, provided that the resale of Common Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Common Shares are listed. The Common Shares are currently listed on the Nasdaq.

Foreign Asset/Account Reporting Notification. Foreign specified property held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total value of such foreign specified property exceeds C\$100,000 at any time during the year. Foreign specified property includes Common Shares acquired under the Plan and may include the Restricted Share Units. The Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign specified property Grantee holds. If Common Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Common Shares. The ACB would normally equal the fair market value of the Common Shares at vesting, but if Grantee owns other shares of the Company's common stock, this ACB may have to be averaged with the ACB of those other shares. If due, the form must be filed by April 30th of the following year. Grantee should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

Appendix for China

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Exchange Control Notification. Grantee understands, acknowledges and agrees that certain exchange control restrictions may apply to Grantee's participation in the Plan, including to the remittance of funds into China of any sale proceeds or dividends paid on Common Shares acquired under the Plan. Grantee understands that it is his or her sole responsibility to comply with applicable exchange control restrictions in China.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for Denmark
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

By participating in the Plan, Grantee acknowledges that he or she understands and agrees that the grant of the Restricted Share Units relates to future services to be performed and is not a bonus or compensation for past services.

Stock Option Act. Grantee acknowledges that he or she has received an “Employer Statement” in Danish which sets forth additional terms of the Restricted Share Units, to the extent that the Danish Stock Option Act applies to the Restricted Share Units.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Danish tax payers that have an account holding Common Shares or an account holding cash outside Denmark must report those accounts to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank.

Appendix for France

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Not Tax-Qualified. Grantee understands that these Restricted Share Units are not intended to be French tax-qualified.

Language Consent. By accepting the Award, Grantee confirms that he or she has read and understood the documents relating to the Restricted Share Units (the Grant Notice, the Plan, and the Award Terms, including this Appendix) which were provided in the English language. Grantee accepts the terms of these documents accordingly.

Consentement relatif à la langue utilisée: *En acceptant l'Attribution, le Bénéficiaire confirme qu'il ou qu'elle a lu et compris les documents afférents aux Attributions Gratuites d'Actions (la Notification d'Attribution, le Plan et les Termes de l'Attribution, ainsi que la présente Annexe) qui sont produits en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. If Grantee retains Common Shares acquired under the Plan outside of France or maintains a foreign bank account, Grantee is required to report such to the French tax authorities when filing his or her annual tax return. Further, French residents with foreign account balances exceeding €1,000,000 may have additional monthly reporting obligations.

Appendix for Germany
Additional terms and Conditions of the
Activision Blizzard, Inc.
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Restricted Share Unit Award Terms

NOTIFICATIONS

Exchange Control Notification. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. In case of payments in connection with securities (including proceeds realized upon the sale of Common Shares), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. Grantee is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. If Grantee’s acquisition of Common Shares under the Plan leads to a “qualified participation” at any point during the calendar year, Grantee will need to report the acquisition of such shares when Grantee files his or her tax return for the relevant year. A qualified participation is attained if (1) the value of the Common Shares acquired exceeds €150,000 or (2) the Common Shares held exceed 10% of the Company’s total common stock. However, provided the Common Shares are listed on a recognized stock exchange (*e.g.*, the Nasdaq Stock Market) and Grantee owns less than 1% of the Company, this requirement will not apply. Grantee should consult with his or her personal tax advisor to ensure Grantee complies with applicable reporting obligations.

Appendix for Hong Kong
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Sale Restriction. Any Shares received at vesting are accepted as a personal investment. Notwithstanding anything contrary in the Agreement or the Plan, in the event the Restricted Share Units vest and Shares are issued to Grantee or his or her legal representatives or estate within six months of the Date of Grant, Grantee agrees that Grantee or his or her legal representatives or estate will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

Payout of Restricted Share Units in Shares Only. Restricted Share Units granted to Employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

NOTIFICATIONS

Securities Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Grantee is advised to exercise caution in relation to the offer. If Grantee is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. The Restricted Share Units and Shares acquired upon vesting of the Restricted Share Units do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any Subsidiary or Affiliate. The Plan, the Grant Agreement and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The Restricted Share Units are intended only for the personal use of each eligible employee of the Company or any Subsidiary or Affiliate and may not be distributed to any other person.

Appendix for Hungary
Additional terms and Conditions of the
Activision Blizzard, Inc.
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There are no country-specific provisions.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for Ireland
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” of Grant Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that he or she understands and agrees that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

NOTIFICATIONS

Director Notification Requirements. If Grantee is a director, shadow director or secretary of an Irish Subsidiary and Grantee’s aggregate shareholding interest equals or exceeds 1% of the voting rights of the Company, Grantee must notify the Irish Subsidiary in writing within a certain time period of (i) receiving or disposing of an interest in the Company (e.g., Restricted Share Units, Common Shares), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary, as the case may be). Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Italy

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Grant Agreement and has reviewed the Plan and the Grant Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement, including this Appendix B. Grantee acknowledges having read and specifically and expressly approves the following sections of the Grant Agreement: “Vesting Schedule” as described in the Grant Notice, Section 3 (“Termination of Employment”), Section 4 (“Taxes Withholding”), Section 16 (“No Right to Employment”), Section 17 (“No Rights as Stockholder”), Section 19 (“Venue and Governing Law”), and “Data Privacy Information and Consent” and “Language” as described in Exhibit B.

NOTIFICATIONS

Foreign Asset / Account Tax Reporting Notification. Italian residents who, at any time during the fiscal year, hold foreign financial assets (such as cash, Shares) which may generate income taxable in Italy are required to report such assets on their annual tax returns or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad. Grantee is advised to consult his or her personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset Tax Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Appendix for Japan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee will be required to report details of any assets (including any Common Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Grantee should consult with his or her personal tax advisor as to whether the reporting obligation applies to Grantee and whether Grantee will be required to report details of any outstanding Restricted Share Units or Common Shares held by Grantee in the report.

Appendix for Korea

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Grantee should consult with his or her personal tax advisor to determine how to value Grantee's foreign accounts for purposes of this reporting requirement and whether Grantee is required to file a report with respect to such accounts.

Appendix for Luxembourg
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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There are no country-specific provisions.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for Malta

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Securities Law Notification. Neither the Company nor the Plan is registered in Malta and no investment services will be carried out in or from within Malta. The Plan will not be marketed in Malta and the Company is exempt from any investment service license requirements.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for Mexico

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Acknowledgement of the Award Terms. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Award Terms, including this Appendix, which he or she has reviewed. Grantee further acknowledges that he or she accepts all the provisions of the Plan and the Award Terms, including this Appendix. Grantee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in “Nature of Grant” Section of the Appendix, which clearly provide as follows:

- (1) Grantee’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and Grantee’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) Grantee’s participation in the Plan is voluntary; and
- (4) The Company and any entity in the Company Group are not responsible for any decrease in the value of any Common Shares acquired upon settlement of the Restricted Share Units.

Labor Law Acknowledgement and Policy Statement. By accepting the Restricted Share Units, Grantee acknowledges that the Company with registered offices at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A., is solely responsible for the administration of the Plan. Grantee further acknowledges that his or her participation in the Plan, the grant of Restricted Share Units and any acquisition of Common Shares under the Plan do not constitute an employment relationship between Grantee and the Company because Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision-Mexico”). Based on the foregoing, Grantee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between Grantee and his or her employer, Activision-Mexico, and do not form part of the employment conditions and/or benefits provided by Activision-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Grantee’s employment.

Grantee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue Grantee’s participation in the Plan at any time, without any liability to Grantee.

Finally, Grantee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, its Subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

SPANISH TRANSLATION

Reconocimiento de los terminos del otorgamiento de acciones. Al aceptar las Unidades de Acciones Restringidas, el Receptor reconoce que ha recibido una copia del Plan y de los Términos del Otorgamiento de acciones, incluyendo este anexo, los cuales ha revisado. El Receptor también reconoce que acepta los términos del Plan y del Otorgamiento de Acciones, incluyendo este anexo. Así mismo el Receptor reconoce que ha leído y expresamente aprueba los términos y condiciones establecidas en la cláusula 1 del los Términos Generales para Receptores fuera de los Estados Unidos, las cuales claramente establecen lo siguiente:

- (1) La participación del Receptor en el Plan no constituye un derecho adquirido
- (2) El plan y la participación del Receptor en dicho Plan son ofrecidos por la Empresa en forma totalmente discrecional.
- (3) La participación del Receptor en el Plan es voluntaria; y
- (4) La Empresa y cualquier empresa del Grupo de Empresas no son responsables por la reducción en el valor de las acciones comunes que sean adquiridas en virtud de las Unidades de Acciones Restringidas.

Política de Ley Laboral y Reconocimiento. Al aceptar el otorgamiento de adquisición de acciones y/o Restricted Share Units, el Receptor reconoce que la Empresa, con domicilio ubicado en 2701 Olympic Boulevard Building B, Santa Monica, CA 90404 U.S.A., es el único responsable para la administración de Plan y que su participación en los Plan y adquisición de acciones no constituye una relación de trabajo entre la Empresa y el Receptor, toda vez que su participación en el Plan es totalmente en base a una relación comercial entre mi único patrón Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision Mexico”) Derivado de lo anterior, el Receptor expresamente reconoce que el Plan y beneficios que pudieran derivar de su participación en el Plan no establece derechos entre su único patrón Activision Mexico y el suscrito, no forman parte de sus condiciones y/o prestaciones de trabajo otorgadas por Activision Mexico y cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de su relación de trabajo.

Asimismo, el Receptor entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Empresa, por lo tanto la Empresa se reserva el derecho absoluto de modificar y/o discontinuar la participación de usted en cualquier momento y sin responsabilidad alguna frente al Receptor.

Finalmente, en este acto el Receptor declara que no se reserva acción o derecho alguno para presentar cualquier reclamación en contra de la Empresa por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el Receptor otorga el más amplio y total finiquito a la Empresa, sus afiliadas, sucursales, oficinas de representación, accionistas, funcionarios, agentes o representantes en relación con cualquier reclamación que pudiera surgir.

NOTIFICATIONS

Securities Law Notification. The Restricted Share Units and the Common Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Terms and any other document relating to the Restricted Share Units may not be publicly distributed in Mexico. These materials are addressed to Grantee only because of Grantee's existing relationship with the Company and the Employer and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Activision Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Appendix for the Netherlands
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that the Restricted Share Units granted under the Plan are intended as an incentive for Grantee to remain employed with the Employer and are not intended as remuneration for labor performed.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for New Zealand
Additional terms and Conditions of the
Activision Blizzard, Inc.
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Restricted Share Unit Award Terms

NOTIFICATIONS

Securities Law Notification. Warning: This is an offer of rights to receive Shares upon vesting of the Restricted Share Units subject to the terms of the Plan and the Award Terms. Restricted Share Units give Grantee a stake in the ownership of the Company. Grantee may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Grantee will be paid only after all creditors and holders of preferred shares have been paid. Grantee may lose some or all of their investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Grantee may not be given all the information usually required. Grantee will also have fewer other legal protections for this investment.

Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to participate in the Plan.

In addition, the Holder is hereby notified that the Company's most recent Annual Report on Form 10-K, the Plan and the Plan prospectus are available for review on the Company intranet site at Finance - The Hub (activisionblizzard.com). The Company's most recent Annual Report can also be found at: <https://investor.activision.com/#ir-reports-filings>. And your Award Terms can be found in your E*Trade account at www.etrade.com by navigating to My Account/Plan Elections.

As noted above, Grantee should carefully read the materials provided before making a decision whether to participate in the Plan. Grantee is also encouraged to contact their personal tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

Appendix for Poland
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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NOTIFICATIONS

Foreign Asset/Accounting Reporting Notification. Polish residents holding foreign securities (including Common Shares acquired under the Plan) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Notification. If Grantee transfers funds into Poland in excess of a certain threshold (currently €15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply) in connection with the sale of Common Shares under the Plan, the funds must be transferred via a bank account held at a bank in Poland. Grantee is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the tax year in which such transaction occurred.

Appendix for Portugal
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Language Consent. Grantee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Terms.

Consentimento sobre Língua

O Empregado Contratado, pelo presente instrumento, declara expressamente que domina a língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidos no Plano e no Acordo de Atribuição.

NOTIFICATIONS

Exchange Control Notification. If Grantee holds Shares upon vesting of the Restricted Share Units, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Grantee's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Grantee is responsible for submitting the report to the Banco de Portugal.

Appendix for Romania
Additional terms and Conditions of the
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NOTIFICATIONS

Exchange Control Notification. Grantee is generally not required to seek authorization from the National Bank of Romania to participate in the Plan or to open and operate a foreign bank account to receive any proceeds under the Plan. However, if Grantee acquires 10% or more of the registered capital of a non-resident company, Grantee must file a report with the National Bank of Romania (“NBR”) within 30 days from the date such ownership is reached. This is a statutory requirement, but it does not trigger the payment of fees to NBR.

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Global RSU Grant Award Agreement for Sr. Mgmt. (MSFT Retention) (as March 2022)

Appendix for Russia
Additional terms and Conditions of the
Activision Blizzard, Inc.
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NOTIFICATIONS

Securities Law Information. The Employer is not in any way involved in the offer of Restricted Share Units or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the Restricted Share Units described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice and Consent. This section replaces the Data Privacy and Consent provision in Exhibit B.

Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in the Award Terms by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Grantee understands that the Company, any Affiliate and/or the Employer may hold certain personal data about Grantee, including, but not limited to, Grantee's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Plan.

Grantee understands that Data may be transferred to the Equity Account Administrator or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in Grantee's country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the U.S. human resources representative or stock plan services. Grantee authorizes the Company, the Equity Account Administrator and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Restricted Share Units may be deposited. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan.

Grantee understands that Grantee may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the U.S. human

resources representative. Grantee understands that refusal or withdrawal, rescission or termination of consent may affect his or her ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact the U.S. human resources representative or stock plan services.

U.S. Transaction. Any Shares issued pursuant to the Restricted Share Units shall be delivered to Grantee through a brokerage account in the U.S. Grantee may hold Shares in his or her brokerage account in the U.S.; however, in no event will Shares issued to Grantee and/or Share certificates or other instruments be delivered to Grantee in Russia. Grantee is not permitted to make any public advertising or announcements regarding the Restricted Share Units or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and Grantee is not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. Grantee is permitted to sell Shares only on the Nasdaq Stock Market and only through a U.S. broker.

Settlement of Restricted Share Units and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to Grantee upon vesting of the Restricted Share Units. Grantee agrees that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on his or her behalf pursuant to this authorization) and Grantee expressly authorizes the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, Grantee acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Grantee the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Withholding Tax-related items. Grantee may hold the cash proceeds in the brokerage account in the U.S. for an indefinite period of time (*e.g.*, for subsequent reinvestment). Grantee acknowledges that Grantee is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. Under exchange control regulations in Russia, Grantee may be required to repatriate certain cash amounts that Grantee receives with respect to the Restricted Share Units to Russia as soon as Grantee intends to use those cash amounts for any purpose, including reinvestment. If the repatriation requirements apply, such funds must initially be credited to Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

Under the Directive of the Russian Central Bank (the "CBR") N 5371-U which came into force on April 17, 2020, there are no restrictions on the transfer of cash into and from accounts opened by Russian currency residents with a foreign financial market institution other than a bank. Accordingly, the repatriation requirement in certain cases may not apply with respect to cash amounts received in an account that is considered by the CBR to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, Grantee should inform the Company if Grantee is covered by these laws because Grantee should not hold Shares acquired under the Plan.

Appendix for Singapore
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Sale Restriction. Grantee agrees that any Common Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

NOTIFICATIONS

Securities Law Notification. The grant of the Restricted Share Units is being made pursuant to the “Qualifying Person exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Common Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirements. If Grantee is a director of a Singapore Subsidiary of the Company, Grantee must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest (e.g., Restricted Share Units, Common Shares) in the Company or within two business days of becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director and to a shadow director (i.e., an individual who is not on the board of directors but who has sufficient control so that the board of directors acts in accordance with the “directions and instructions” of the individual) of a Singapore Subsidiary or affiliate of the Company. Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Spain

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the Restricted Share Units, Grantee consents to participate in the Plan and acknowledges having received and read a copy of the Plan.

Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Share Units under the Plan to individuals who may be employees of the Company or any other entity in the Company Group throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any other entity in the Company Group. Consequently, Grantee understands that the Restricted Share Units are granted on the assumption and condition that such Restricted Share Units and any Common Shares acquired under the Plan shall not become a part of any employment contract (either with the Company or any other entity in the Company Group) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Grantee understands that the Restricted Share Units would not be granted but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of the Restricted Share Units shall be null and void.

Further, the vesting of the Restricted Share Units is expressly conditioned on Grantee’s active employment, such that if Grantee’s employment or service terminates for any reason whatsoever, the Restricted Share Units cease vesting immediately effective on the date of termination of employment. This will be the case, for example, even if Grantee (1) is considered to be unfairly dismissed without good cause (*i.e.*, subject to a “*despido improcedente*”); (2) is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) terminates service due to a change of work location, duties or any other employment or contractual condition; (4) terminates service due to the Company’s or any entity in the Company Group’s unilateral breach of contract; or (5) is terminated from employment for any other reason whatsoever. Consequently, upon Grantee’s termination of employment for any of the above reasons, Grantee may automatically lose any rights to Restricted Share Units that were unvested on the date of termination.

NOTIFICATIONS

Exchange Control Notification. The acquisition, ownership and sale of Common Shares under the Plan must be declared for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made each January for Common Shares owned as of December 31st of the prior year, by means of a D-6 form; however, if the value of the Common Shares acquired or sold exceeds €1,502,530 (or if Grantee holds 10% or more of the share capital of the Company or such other amount that would entitle Grantee to join the Company’s board of directors), the declaration must be filed also within one month of the acquisition or sale, as applicable.

Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), foreign instruments (including any Common Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Common Shares made to Grantee by the Company), depending on the amount of the transactions during the relevant year or the balances in such accounts as of December 31st of the relevant year. Generally, the report is required on an annual basis (by January 20 of each year). Grantee should consult with his or her personal advisor to ensure that Grantee is properly complying with his or her reporting obligations.

Foreign Asset/Account Reporting Notification. If Grantee holds rights or assets (e.g., Common Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Common Shares, cash, etc.) as of December 31 each year, Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the reporting must be completed by the following March 31. Grantee should consult his or her personal tax advisor for details regarding this requirement.

Securities Law Notification. The Restricted Share Units described in this document do not qualify as securities under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Plan, the Award Terms (including this Appendix), and any other documents evidencing the award of Restricted Share Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and none of those documents constitutes a public offering prospectus.

Appendix for Sweden

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Authorization to Withhold. This provision supplements Section 4 of the Award Terms:

Without limiting the Company's and the Employer's authority to satisfy their obligations for Withholding Taxes as set forth in Section 4 of the Award Terms, by accepting the Restricted Share Units, Grantee authorizes the Company and/or the Employer to withhold Common Shares or to sell Common Shares otherwise deliverable to Grantee upon vesting of the Restricted Share Units to satisfy any Withholding Taxes, regardless of whether the Company and/or the Employer have an obligation to withhold such Withholding Taxes.

Appendix for Taiwan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Data Privacy Acknowledgement. Grantee hereby acknowledges that he or she has read and understands the terms regarding collection, processing and transfer of Data contained in the “Data Privacy Information and Consent for Grantees outside the European Economic Area” Section of the Appendix and, by participating in the Plan, Grantee agrees to such terms. In this regard, upon request of the Company or the Employer, Grantee agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Grantee’s country, either now or in the future. Grantee understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

NOTIFICATIONS

Securities Law Notification. The offer of participation in the Plan is available only for employees of the Company Group. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Notification. Grantee may acquire and remit foreign currency (including proceeds from the sale of Common Shares or the receipt of any dividends paid on such Common Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the bank involved in the transaction. Grantee should consult his or her personal advisor to ensure compliance with any applicable exchange control laws in Taiwan.

Appendix for the United Kingdom
Additional terms and Conditions of the
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Tax Withholding and Payment. This section supplements Section 4 of the Award Terms:

Without limitation to Section 4 of the Award Terms, Grantee agrees that Grantee is liable for all Withholding Taxes and hereby covenants to pay all such Withholding Taxes, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). Grantee also agrees to indemnify and keep indemnified the Company and the Employer against any Withholding Taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Grantee's behalf.

Appendix for the United States of America

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

1. Definitions.

(a) For U.S. Grantees only, the following terms shall have the meanings set forth below:

“Employment Violation” means (1) any material breach by Grantee of his or her employment agreement with any entity in the Company Group for so long as the terms of such employment agreement shall apply to Grantee (with any breach of the post-termination obligations contained therein deemed to be material for purposes of this definition) and (2) a good faith belief by the Company, after investigation, that Grantee has engaged in harassment based on any legally protected category or has retaliated against anyone for reporting a concern or potential misconduct in good faith.

“Look-back Period” means, with respect to any Employment Violation by Grantee, the period beginning on the date which is 12 months prior to the date of such Employment Violation by Grantee and ending on the date of computation of the Recapture Amount with respect to such Employment Violation.

“Recapture Amount” means, with respect to any Employment Violation by Grantee, the gross gain realized or unrealized by Grantee upon all vesting of Restricted Share Units or delivery or transfer of Vested Shares during the Look-back Period with respect to such Employment Violation, which gain shall be calculated as the sum of:

(i) if the Company and/or the Employer has satisfied any Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award during the Look-back Period by withholding Vested Shares or selling Vested Shares on Grantee’s behalf, the amount of the Withholding Taxes so satisfied; plus

(ii) if Grantee has received Vested Shares during such Look-back Period and sold any such Vested Shares, an amount equal to the sum of the sales price for all such Vested Shares; plus

(iii) if Grantee has received Vested Shares during such Look-back Period and not sold all such Vested Shares, an amount equal to the product of (A) the greatest of the following: (1) the Market Value per Share of Common Shares on the date such Vested Shares were issued or transferred to Grantee, (2) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of the Company’s written notice of its exercise of its rights under Section 3 hereof, or (3) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of computation, times (B) the number of such Vested Shares which were not sold; plus

2. Conflict with Employment Agreement or Plan. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Grant Notice or these Award Terms, the terms of the Grant Notice or these Award Terms, as the case may be, shall control. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Plan, the terms of the Plan shall control.

3. Employment Violation. The terms of this Section 3 shall apply to the Restricted Share Units if Grantee is or becomes subject to an employment agreement with any entity in the Company Group. In the event of an Employment Violation, the Company shall have the right to require (a) the forfeiture by Grantee to the Company of any outstanding Restricted Share Units or Vested Shares which have yet to settle pursuant to Section 8 of Exhibit A and (b) payment by Grantee to the Company of the Recapture Amount with respect to such Employment Violation; provided, however, that, in lieu of payment by Grantee to the Company of the Recapture Amount, Grantee, in his or her discretion, may tender to the Company the Vested Shares acquired during the Look-back Period with respect to such Employment Violation (without any consideration from the Company in exchange therefor). Any such forfeiture of Restricted Share Units and payment of the Recapture Amount, as the case may be, shall be in addition to, and not in lieu of, any other right or remedy available to the Company arising out of or in connection with such Employment Violation, including, without limitation, the right to terminate Grantee's employment if not already terminated and to seek injunctive relief and additional monetary damages.

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

NOTICE OF RESTRICTED SHARE UNIT AWARD

You have been awarded Restricted Share Units of Activision Blizzard, Inc. (the “Company”), as follows:

- Your name: []
- Total number of Restricted Share Units awarded: []
- Date of Grant: []
- Grant ID: []
- Your Award of Restricted Share Units is governed by the terms and conditions set forth in:
 - this Notice of Restricted Share Unit Award;
 - the Restricted Share Unit Award Terms attached hereto as Exhibit A;
 - the Appendix attached hereto as Exhibit B, which may include special terms and conditions relating to your country of work and/or residence (the “Appendix”); and
 - the Company’s 2014 Incentive Plan, the receipt of a copy of which you hereby acknowledge.
- Your Award of Restricted Share Units has been made in connection with your employment agreement with the Company or one of its Subsidiaries as a material inducement to your entering into or renewing employment with such entity pursuant to such agreement and is also governed by any applicable terms and conditions set forth in such agreement.
- *Schedule for Vesting*: Except as otherwise provided pursuant to the Restricted Share Unit Award Terms attached hereto as Exhibit A, as supplemented, modified, or replaced by the special terms and conditions, if any, set forth under your country of work and/or residence in the Appendix attached hereto as Exhibit B (together, the “Award Terms”), the Restricted Share Units shall vest as follows, provided you remain continuously employed by the Company or one of its Subsidiaries through the applicable vesting date:

Date of Vesting	No. of Shares Vesting at Vesting Date
December 15, 2022 [for grants made after April 1, 2022, first vesting date will be first anniversary of grant date]	[] (1/3 of total shares granted)
[second anniversary of grant date]	[] (1/3 of total shares granted)
[third anniversary of grant date]	[] (1/3 of total shares granted)

- *Please sign and return to the Company this Notice of Restricted Share Unit Award, which bears an original signature on behalf of the Company. You are urged to do so promptly.*

- ***Please return the signed Notice of Restricted Share Unit Award to the Company at:***

Activision Blizzard, Inc.
2701 Olympic Boulevard Building B,
Santa Monica, CA 90404
Attn: Stock Plan Administration

- Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Award Terms.
- ***By accepting the Award, you agree that the definition of “Cause” set forth in the Award Terms and, if the Appendix for the United States of America is applicable to you and/or your Award, the definition of “Employment Violation” set forth therein, shall supersede any such definitions in the award terms applicable to any other outstanding equity awards granted to you by the Company and shall apply to such awards as if set forth in those award terms.***
- ***By accepting the Award, you agree to be bound by the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms. If you do not accept the Award by the first scheduled vesting date and you do not indicate your intention to decline the Award, your Award will be automatically accepted on your behalf and you will be deemed to have accepted the terms and conditions set forth in the 2014 Incentive Plan, this Notice of Restricted Share Unit Award and the Award Terms.***

You should retain the enclosed duplicate copy of this Notice of Restricted Share Unit Award for your records.

ACTIVISION BLIZZARD, INC.

Julie Hodges
Chief People Officer

Date:

ACCEPTED AND AGREED:

[Name of Grantee]

Date:___

EXHIBIT A

ACTIVISION BLIZZARD, INC. 2014 INCENTIVE PLAN

RESTRICTED SHARE UNIT AWARD TERMS

1. **Definitions.**

(a) For purposes of these Award Terms, the following terms shall have the meanings set forth below:

“Award” means the award described on the Grant Notice.

“Cause” shall have the meaning given to such term in any written employment agreement, service contract or offer letter between the Grantee and the Company or any of its Subsidiaries from time to time or, if the Grantee is not then party to any written employment agreement, service contract or offer letter with the Company Group or any such written employment agreement, service contract or offer letter does not contain a definition of “cause,” “Cause” shall mean a good faith determination by the Company that the Grantee (A) engaged in misconduct or gross negligence in the performance of his or her duties or willfully and continuously failed or refused to perform any duties reasonably requested in the course of his or her employment; (B) engaged in fraud or dishonesty, or any other conduct that causes, or has the potential to cause, harm to any entity in the Company Group or Parent and its Subsidiaries, including its business reputation or financial condition; (C) violated any lawful directives or policies of the Company Group or of Parent and its Subsidiaries, including but not limited to those relating to sexual, gender-based or other harassment or discrimination, or any applicable Laws, rules or regulations; (D) materially breached his or her employment agreement, service contract, proprietary information agreement, restrictive covenant, or confidentiality agreement with any entity in the Company Group; (E) was convicted of, or pled guilty or no contest to, (1) a felony or (2) a misdemeanor involving dishonesty or moral turpitude; or (F) breached his or her fiduciary duties to the Company Group or to Parent and its Subsidiaries. For the avoidance of doubt, a failure to attain any applicable performance goals or financial metrics shall not, in and of itself, constitute Cause. Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Cause unless (x) Parent provides notice to the Grantee of the existence of the condition giving rise to Cause within 60 days following its knowledge of its existence and (y) the Grantee fails to cure such condition within 30 days following the date of such notice.

“Common Shares” means the shares of common stock, par value \$0.000001 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 10 hereof.

“Company” means Activision Blizzard, Inc. and any successor thereto.

“Company Group” means the Company and its Subsidiaries.

“Company-Sponsored Equity Account” means an account that is created with the Equity Account Administrator in connection with the administration of the Company’s equity plans and programs, including the Plan.

“Date of Grant” means the Date of Grant of the Award set forth on the Grant Notice.

“Employer” means the Subsidiary of the Company which employs Grantee.

“Equity Account Administrator” means the brokerage firm utilized by the Company from time to time to create and administer accounts for participants in the Company’s equity plans and programs, including the Plan.

“Exercise Rules and Regulations” means (i) (A) for employees who work and/or reside in the U.S., the Securities Act or any comparable U.S. federal securities law and all applicable state securities laws, and (B) for employees who work and/or reside outside the U.S., any laws applicable to Grantee which subject him or her to insider trading restrictions and/or market abuse laws or otherwise affect his or her ability to accept, acquire, sell, attempt to sell or otherwise dispose of Common Shares, rights to Common Shares (e.g., Restricted Share Units) or rights linked to the value of Common Shares during such times as he or she is considered to have “inside information” regarding the Company, (ii) the requirements of any securities exchange, securities association, market system or quotation system on which Common Shares are then traded or quoted, (iii) any restrictions on transfer imposed by the Company’s certificate of incorporation or bylaws, and (iv) any policy or procedure the Company has adopted with respect to the trading of its securities, in each case as in effect on the date of the intended transaction.

“Good Reason” means, in each case without the prior written consent of the Grantee: [(A) a material diminution in authorities, duties and responsibilities, as measured in the aggregate, as compared to those prior to the Effective Time (as defined in the Merger Agreement) (provided, that the following will not constitute “Good Reason”: (1) the Grantee’s continued employment with substantially the same responsibility with respect to the Company’s business and operations (e.g., the Grantee’s title is revised to reflect the Grantee’s placement within the overall corporate hierarchy or the Grantee provides services to a Subsidiary, business unit or otherwise) or (2) changes resulting solely from the Company ceasing to be a stand-alone public corporation);] [(B)]/[(C)] a material diminution in base salary as in effect immediately prior to the Effective Time (as defined in the Merger Agreement); or [(B)]/[(C)] a relocation of primary office location by more than 50 miles (provided, that requiring the Grantee to return to work in the Grantee’s primary office location after working remotely during the COVID-19 pandemic or continuing to work remotely rather than a primary office location shall not constitute a relocation). Notwithstanding the foregoing, in no event shall the occurrence of any such condition constitute Good Reason unless (x) the Grantee provides notice to Parent of the existence of the condition giving rise to Good Reason within 60 days following the Grantee’s knowledge of its existence and (y) Parent fails to cure such condition within 30 days following the date of such notice, upon which failure to cure the Grantee’s employment shall immediately terminate with Good Reason.

“Grantee” means the recipient of the Award named on the Grant Notice.

“Grant Notice” means the Notice of Restricted Share Unit Award to which these Award Terms are attached.

“Merger” means the transactions contemplated under the Merger Agreement, including the merger of Anchorage Merger Sub Inc. with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent.

“Merger Agreement” means that certain Agreement and Plan of Merger by and among Parent, Anchorage Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent, and the Company.

“Parent” means Microsoft Corporation, a Washington corporation.

“**Plan**” means the Activision Blizzard, Inc. 2014 Incentive Plan, as amended from time to time.

“**Restricted Share Units**” means units subject to the Award, which represent the conditional right to receive Common Shares in accordance with the Grant Notice and these Award Terms, unless and until such units become vested or are forfeited to the Company in accordance with the Grant Notice and these Award Terms.

“**Section 409A**” means Section 409A of the Code and the guidance and regulations promulgated thereunder.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Vested Shares**” means the Common Shares to which the holder of the Restricted Share Units becomes entitled upon vesting thereof in accordance with Section 2 or 3 hereof.

“**U.S.**” means the United States of America.

“**Withholding Taxes**” means any taxes, including, but not limited to, income tax, social insurance (*e.g.*, U.S. social security and Medicare), payroll tax, state and local income taxes, fringe benefits tax, and payment on account, required or permitted under any applicable law to be withheld from amounts otherwise payable to Grantee.

(b) Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

2. Vesting. Except as otherwise set forth in these Award Terms, the Restricted Share Units shall vest in accordance with the “Schedule for Vesting” set forth on the Grant Notice. Each Restricted Share Unit, upon vesting thereof, shall entitle the holder thereof to receive one Common Share (subject to adjustment pursuant to Section 10 hereof).

3. Termination of Employment.

(a) Cause. In the event that Grantee’s employment is terminated by any entity in the Company Group for Cause, as of the date of such termination of employment all Restricted Share Units shall cease to vest and any outstanding Restricted Share Units and Vested Shares that have yet to settle pursuant to Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

(b) Termination Following the Closing of the Merger. In the event that Grantee’s employment is terminated by the Company, Parent or their respective Subsidiaries either (x) by the Company, Parent or their respective Subsidiaries without Cause or (y) by the Grantee for Good Reason, in either case, during the 18-month period following the closing of the Merger, 100% of all outstanding Restricted Share Units subject to the Award that are unvested as of the time of such termination shall immediately vest in full. For the avoidance of doubt, this Section 3(b) is subject to and contingent upon the occurrence of the closing of the Merger. If the closing of the Merger does not occur, this Section 3(b) shall be of no effect and Grantee shall have no rights with respect to the vesting set forth in this Section 3(b).

(c) Other. Unless the Committee determines otherwise, in the event that Grantee’s employment is terminated for any reason other than as described in Sections 3(a) and 3(b) above, as of the date of such termination of employment all Restricted Share Units shall cease to vest and, with the exception of any Vested Shares that have yet to settle pursuant to

Section 8 hereof, shall immediately be forfeited to the Company without payment of consideration by the Company.

4. Tax Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any Withholding Taxes related to Grantee's participation in the Plan and legally applicable to Grantee, Grantee acknowledges that the ultimate liability for all Withholding Taxes is and remains Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (A) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Restricted Share Units, including, without limitation, the grant, vesting or payment of the Award, the subsequent sale of Vested Shares acquired, and the receipt of any dividends; and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Share Units to reduce or eliminate Grantee's liability for Withholding Taxes or achieve any particular tax result. Further, if Grantee is or becomes subject to tax in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction. The Company shall have no obligation to deliver any Vested Shares unless and until all Withholding Taxes contemplated by this Section 4 have been satisfied.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award at the time such Withholding Taxes become due. In this regard, Grantee authorizes the Company and/or the Employer, or their respective agents to satisfy any applicable withholding obligations with regard to all Withholding Taxes by one or a combination of the following: (i) by delivery to the Company of a bank check or certified check or wire transfer of immediately available funds; (ii) through the delivery of irrevocable written instructions, in a form acceptable to the Company, that the Company withhold Vested Shares otherwise then deliverable having a value equal to the aggregate amount of the Withholding Taxes (valued in the same manner used in computing the amount of such Withholding Taxes); (iii) arranging for the sale, on Grantee's behalf, of Vested Shares otherwise then deliverable to Grantee (valued in the same manner used in computing the amount of such Withholding Taxes); or (iv) by any combination of (i), (ii) or (iii) above. Further, any entity in the Company Group shall have the right to require Grantee to satisfy any Withholding Taxes contemplated by this Section 4 by any of the aforementioned methods or by withholding from Grantee's wages or other cash compensation.

(c) The Company Group may withhold or account for Withholding Taxes contemplated by this Section 4 by reference to applicable withholding rates, including minimum or maximum applicable statutory rates in Grantee's jurisdiction(s) of employment and/or residency, and if the Company Group withholds more than the amount necessary to satisfy the liability, Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent Shares. If the Company Group withholds less than the amount necessary to satisfy the liability, Grantee may be required to pay any additional Withholding Taxes directly to the applicable tax authority or to the Company and/or the Employer. If the obligation for Withholding Taxes is satisfied by withholding in Shares, for tax purposes, Grantee will be deemed to have been issued the full number of Vested Shares underlying the Restricted Share Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Withholding Taxes. No fractional Shares will be withheld or issued pursuant to the settlement of the Restricted Share Units and the Withholding Taxes thereunder.

5. **Deemed Agreement.** By accepting the Award, Grantee is deemed to be bound by the terms and conditions set forth in the Plan, the Grant Notice and these Award Terms.

6. **Reservation of Shares.** The Company shall at all times reserve for issuance or delivery upon vesting of the Restricted Share Units such number of Common Shares as shall be required for issuance or delivery upon vesting thereof.

7. **Dividend Equivalents.** The holder of the Restricted Share Units shall not be entitled to receive any payment, payment-in-kind or any equivalent with regard to any cash or other dividends that are declared and paid on Common Shares.

8. **Receipt and Delivery.** As soon as administratively practicable (and, in any event, within 30 days) after any Restricted Share Units vest, the Company shall (a) effect the issuance or transfer of the resulting Vested Shares, (b) cause the issuance or transfer of such Vested Shares to be evidenced on the books and records of the Company, and (c) cause such Vested Shares to be delivered to a Company-Sponsored Equity Account in the name of the person entitled to such Vested Shares (or, with the Company's consent, such other brokerage account as may be requested by such person); provided, however, that, in the event such Vested Shares are subject to a legend as set forth in Section 15 hereof, the Company shall instead cause a certificate evidencing such Vested Shares and bearing such legend to be delivered to the person entitled thereto.

9. **Committee Discretion.** Except as may otherwise be provided in the Plan, the Committee shall have sole discretion to (a) interpret any provision of the Plan, the Grant Notice and these Award Terms, (b) make any determinations necessary or advisable for the administration of the Plan and the Award, and (c) waive any conditions or rights of the Company under the Award, the Grant Notice or these Award Terms. Without intending to limit the generality or effect of the foregoing, any decision or determination to be made by the Committee pursuant to these Award Terms, including whether to grant or withhold any consent, shall be made by the Committee in its sole and absolute discretion, subject only to the terms of the Plan. Subject to the terms of the Plan, the Committee may amend the terms of the Award prospectively or retroactively; however, no such amendment may materially and adversely affect the rights of Grantee taken as a whole without Grantee's consent. Without intending to limit the generality or effect of the foregoing, the Committee may amend the terms of the Award (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 10 hereof) affecting any entity in the Company Group or any of the Company's other affiliates or the financial statements of any entity in the Company Group or any of the Company's other affiliates, (ii) in response to changes in applicable laws, regulations or accounting principles and interpretations thereof, or (iii) to prevent the Award from becoming subject to any adverse consequences under Section 409A.

10. **Adjustments.** Notwithstanding anything to the contrary contained herein, pursuant to Section 12 of the Plan, the Committee will make or provide for such adjustments to the Award as are equitably required to prevent dilution or enlargement of the rights of Grantee that otherwise would result from (a) any stock dividend, extraordinary dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any change of control, merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, or issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for the Award such alternative consideration (including, without limitation, cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of the Award.

11. Registration and Listing. Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to issue or transfer any Restricted Share Units or Vested Shares, and no Restricted Share Units or Vested Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered in any way, unless such transaction is in compliance with all Exercise Rules and Regulations. The Company is under no obligation to register, qualify or list, or maintain the registration, qualification or listing of, Restricted Share Units or Vested Shares with the U.S. Securities and Exchange Commission, any state securities commission or any securities exchange, securities association, market system or quotation system to effect such compliance. Grantee shall make such representations and furnish such information as may be appropriate to permit the Company, in light of the then existence or non-existence of an effective registration statement under the Securities Act relating to Restricted Share Units or Vested Shares, to issue or transfer Restricted Share Units or Vested Shares in compliance with the provisions of that or any comparable federal securities law and all applicable state securities laws. The Company shall have the right, but not the obligation, to register the issuance or transfer of Restricted Share Units or Vested Shares or resale of Restricted Share Units or Vested Shares under the Securities Act or any comparable federal securities law or applicable state securities law.

12. Transferability. Subject to the terms of the Plan, and only with the Company's consent, Grantee may transfer Restricted Share Units for estate planning purposes or pursuant to a domestic relations order (or a comparable order under applicable local law); provided, however, that any transferee shall be bound by all of the terms and conditions of the Plan, the Grant Notice and these Award Terms and shall execute an agreement in form and substance satisfactory to the Company in connection with such transfer; and provided, further that Grantee will remain bound by the terms and conditions of the Plan, the Grant Notice and these Award Terms. Except as otherwise permitted under the Plan or this Section 12, the Restricted Share Units shall not be transferable by Grantee other than by will or the laws of descent and distribution.

13. Compliance with Applicable Laws and Regulations and Company Policies and Procedures.

(a) Grantee is responsible for complying with (i) any federal, state, and local tax, social insurance, national insurance contributions, payroll tax, payment on account or other tax liabilities applicable to Grantee in connection with the Award and (ii) all Exercise Rules and Regulations.

(b) The Award is subject to the terms and conditions of any policy requiring or permitting the Company to recover any gains realized by Grantee in connection with the Award, including, without limitation, the Policy on Recoupment of Performance-Based Compensation Related to Certain Financial Restatements.

(c) If and when Grantee is an "executive officer" of the Company within the meaning of the Executive Stock Ownership Guidelines, the Award will be subject to the terms and conditions of the Executive Stock Ownership Guidelines and the limitations contained therein on the ability of Grantee to transfer any Vested Shares.

14. Section 409A.

(a) Payments contemplated with respect to the Award are intended to comply with Section 409A, and all provisions of the Plan, the Grant Notice and these Award Terms shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, (i) nothing in the Plan, the Grant

Notice and these Award Terms shall guarantee that the Award is not subject to taxes or penalties under Section 409A and (ii) if any provision of the Plan, the Grant Notice or these Award Terms would, in the reasonable, good faith judgment of the Company, result or likely result in the imposition on Grantee or any other person of taxes, interest or penalties under Section 409A, the Committee may, in its sole discretion, modify the terms of the Plan, the Grant Notice or these Award Terms, without the consent of Grantee, in the manner that the Committee may reasonably and in good faith determine to be necessary or advisable to avoid the imposition of such taxes, interest or penalties; provided, however, that this Section 14 does not create an obligation on the part of the Committee or the Company to make any such modification, and in no event shall the Company be liable for the payment of or gross up in connection with any taxes, interest or penalties owed by Grantee pursuant to Section 409A.

(b) Neither Grantee nor any of Grantee's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable with respect to the Award to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Grantee or for Grantee's benefit with respect to the Award may not be reduced by, or offset against, any amount owing by Grantee to the Company.

(c) Notwithstanding anything to the contrary contained herein, if (i) the Committee determines in good faith that the Restricted Share Units do not qualify for the "short-term deferral exception" under Section 409A, (ii) Grantee is a "specified employee" (as defined in Section 409A) and (iii) a delay in the issuance or transfer of Vested Shares to Grantee or his or her estate or beneficiaries hereunder by reason of Grantee's "separation from service" (as defined in Section 409A) with any entity in the Company Group is required to avoid tax penalties under Section 409A but is not already provided for by this Award, the Company shall cause the issuance or transfer of such Vested Shares to Grantee or Grantee's estate or beneficiary upon the earlier of (A) the date that is the first business day following the date that is six months after the date of Grantee's separation from service and (B) Grantee's death.

15. Legend. The Company may, if determined by it based on the advice of counsel to be appropriate, cause any certificate evidencing Vested Shares to bear a legend substantially as follows:

"THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE 'ACT'), OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT."

16. No Right to Employment. Nothing contained in the Grant Notice or these Award Terms shall create a right to employment or be interpreted as forming and employment or service contract with the Company, the Employer or any other entity in the Company Group and shall not interfere with the ability of the Employer to retire, request the resignation of or terminate Grantee's employment or service relationship at any time.

17. No Rights as Stockholder. No holder of Restricted Share Units shall, by virtue of the Grant Notice or these Award Terms, be entitled to any right of a stockholder of the Company, either at law or in equity, and the rights of any such holder are limited to those expressed, and are

not enforceable against the Company except to the extent set forth in the Plan, the Grant Notice or these Award Terms.

18. Severability. In the event that one or more of the provisions of these Award Terms shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

19. Venue and Governing Law.

(a) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Restricted Share Units or these Award Terms, the parties submit and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Los Angeles County, California or the federal courts of the U.S. for the Central District of California and no other courts, regardless of where the grant of the Restricted Share Units is made and/or to be performed; provided, however, that if the parties have entered into another agreement providing for a different venue or forum (e.g., a dispute resolution agreement), then the terms of such agreement will control for purposes of this provision.

(b) To the extent that U.S. federal law does not otherwise control, the validity, interpretation, performance and enforcement of the Grant Notice and these Award Terms shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of laws thereof.

20. Successors and Assigns. The provisions of the Grant Notice and these Award Terms shall be binding upon and inure to the benefit of the Company, its successors and assigns, and Grantee and, to the extent applicable, Grantee's permitted assigns under Section 12 hereof and Grantee's estate or beneficiaries as determined by will or the laws of descent and distribution.

21. Delivery of Notices and Other Documents.

(a) Any notice or other document which Grantee may be required or permitted to deliver to the Company pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to the Company, at its office at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A. Attn: Stock Plan Administration, or such other address as the Company by notice to Grantee may designate in writing from time to time. Notices shall be effective upon delivery.

(b) Any notice or other document which the Company may be required or permitted to deliver to Grantee pursuant to or in connection with the Grant Notice or these Award Terms shall be in writing, and may be delivered personally or by mail, postage prepaid, or overnight courier, addressed to Grantee at the address shown on any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time, or such other address as Grantee by notice to the Company may designate in writing from time to time. The Company may also, in its sole discretion, deliver any such document to Grantee electronically via an e-mail to Grantee at his or her Company-provided email address or through a notice delivered to such e-mail address that such document is available on a website established and maintained on behalf of the Company or a third party designated by the Company, including, without limitation, the Equity Account Administrator. Notices shall be effective upon delivery.

22. Conflict with Plan. In the event of any conflict between the terms the Grant Notice or these Award Terms and the terms of the Plan, the terms of the Plan shall control.

23. Appendix. Notwithstanding anything to the contrary contained herein, the Restricted Share Units shall be subject to any additional terms and conditions set forth in the Appendix for Grantee's country of work and/or residence, both of which constitute a part of these Award Terms. Moreover, if Grantee relocates his or her work and/or residence to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Share Units and on any Common Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable local law or facilitate the administration of the Plan, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Waiver. Grantee acknowledges that a waiver by the Company of a breach of any provision of these Award Terms shall not operate or be construed as a waiver of any other provision of these Award Terms, or of any subsequent breach by Grantee or any other grantee of an equity award from the Company.

EXHIBIT B

APPENDIX

TO

**ACTIVISION BLIZZARD, INC.
2014 INCENTIVE PLAN**

RESTRICTED SHARE UNIT AWARD TERMS

ADDITIONAL TERMS AND CONDITIONS BY COUNTRY

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan or the Award Terms, as the case may be.

TERMS AND CONDITIONS

This Appendix includes special terms and conditions applicable to Grantees who work and/or reside in the countries covered by the Appendix. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Award Terms.

If Grantee is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transferred or transfers employment and/or residency after the Restricted Share Units were granted or is considered a resident of another country for local law purposes (*i.e.*, Grantee is a “mobile employee”), the Company shall have the sole discretion to determine to what extent the special terms and conditions shall apply to Grantee.

NOTIFICATIONS

This Appendix also includes notifications relating to exchange control and other issues of which Grantee should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries to which this Appendix refers as of October 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the notifications herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Grantee vests in the Restricted Share Units or Vested Shares acquired under the Plan are sold.

In addition, the notifications are general in nature and may not apply to the particular situation of Grantee, and the Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a mobile employee, the information contained herein may not be applicable to Grantee in the same manner.

GENERAL PROVISIONS APPLICABLE TO ALL GRANTEES WHO WORK AND/OR RESIDE OUTSIDE THE U.S.

Nature of Grant. By accepting the Award, Grantee acknowledges, understands, and agrees that:

(1) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and/or these Award Terms;

- (2) the grant of the Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of rights to receive Common Shares, or benefits in lieu of rights to receive Common Shares, even if rights to receive Common Shares have been granted in the past;
- (3) all decisions with respect to future grants of rights to receive Common Shares, if any, will be at the sole discretion of the Company;
- (4) Grantee's participation in the Plan is voluntary;
- (5) the grant of the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and are outside the scope of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any;
- (6) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not intended to replace any pension rights or compensation;
- (7) the Restricted Share Units and any Common Shares underlying the Restricted Share Units, and the income in respect of and the value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, the calculation of any severance, resignation, termination, redundancy, dismissal, end of service payment, bonus, long-service award, leave-related payment, holiday pay, pension or retirement or welfare benefit or similar payments;
- (8) the Restricted Share Unit grant and Grantee's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Restricted Share Unit grant will not be interpreted to form an employment agreement or service contract or relationship with any other company in the Company Group;
- (9) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty;
- (10) unless otherwise agreed with the Company, the Restricted Share Units and the Common Shares subject to the Restricted Share Units, and the income and value of same, are not granted as consideration for, or in connection with, the service Grantee may provide as a director of any entity of Company Group;
- (11) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Share Units resulting from termination of Grantee's continuous service with the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any);
- (12) unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of the employment agreement or service contract between Grantee and the Company, the Employer or any other entity in the Company Group, if any), Grantee's right to receive or vest in the

Restricted Share Units under the Plan, if any, will terminate effective as of the date that Grantee is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of “garden leave” or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of Grantee’s Restricted Share Unit grant (including whether Grantee may still be considered actively employed while on a leave of absence);

(13) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee’s participation in the Plan, or Grantee’s acquisition or sale of the underlying Common Shares;

(14) Grantee should consult with Grantee’s own personal tax, legal and financial advisors regarding Grantee’s participation in the Plan before taking any action related to the Plan;

(15) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Share Units and the benefits evidenced by these Award Terms do not create any entitlement to have the Restricted Share Units or any such benefits transferred to, or assumed by, another company, nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Shares; and

(16) neither the Company, the Employer nor any other entity in the Company Group shall be liable for any foreign exchange rate fluctuation between Grantee’s local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to Grantee pursuant to the settlement of the Restricted Share Units or the subsequent sale of any Common Shares acquired upon settlement.

Foreign Asset/Account Reporting Requirements. Grantee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect Grantee’s ability to acquire or hold Common Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Common Shares acquired under the Plan) in a brokerage or bank account outside Grantee’s country of work and/or residence. Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Grantee also may be required to repatriate sale proceeds or other funds received as a result of Grantee participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Grantee acknowledges that it is his or her responsibility to be compliant with such regulations, and Grantee is advised to consult his or her personal legal advisor for any details.

Language. Grantee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of these Award Terms. Furthermore, if the Grant Notice, these Award Terms or any other document related to the Plan has been translated into a language other than English and the meaning of the translated version is different than the English version then, by accepting the Award, Grantee acknowledges that the English version will control.

DATA PRIVACY INFORMATION AND CONSENT

The following provision applies to Grantees who work and/or reside outside the European Economic Area.

Data Collection and Usage. Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in the Grant Notice and these Award Terms by and among, as applicable, the Employer or any other entity in the Company Group for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Data Processing. Grantee understands that the Company and the Employer may hold certain personal information about Grantee, including, without limitation, Grantee's name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any directorships held in any entity in the Company Group, any Common Shares owned, details of all Restricted Share Units or any other entitlement to the Common Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Grantee's favor (the "Data"), for the purpose of implementing, administering and managing the Plan.

Stock Plan Administration, Data Transfer, Retention and Data Subject Rights. Grantee understands that the Data will be transferred to the Equity Account Administrator, which is assisting the Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in Grantee's country of work and/or residence, or elsewhere, and that any recipient's country may have different data privacy laws and protections than Grantee's country of work and/or residence. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative. Grantee authorizes the Company, the Equity Account Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Grantee's consent is that the Company would not be able to grant Restricted Share Units or other equity awards to Grantee or administer or maintain such awards. Therefore, Grantee understands that refusal or withdrawal of consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact Grantee's local human resources representative.

The following provision applies to Grantees who work and/or reside in the European Economic Area (including Switzerland and the United Kingdom).

Data Collection and Usage. Pursuant to applicable data protection laws, Grantee is hereby notified that the Company collects, processes, uses and transfers certain personally-identifiable information about Grantee for the exclusive legitimate purpose of granting Restricted Share Units and implementing, administering and managing Grantee's participation in the Plan. Specifics of the data processing are described below.

Controller. The Company is the controller responsible for the processing of Grantee's personal data in connection with the Plan.

Personal Data Subject to Processing. The Company collects, processes and uses the following types of personal data about Grantee: name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in any entity in the Company Group, details of all Restricted Share Units or any other entitlement to Common Shares awarded, canceled, settled, vested, unvested or outstanding in Grantee's favor, which the Company receives from Grantee or the Employer ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

Purposes and Legal Bases of Processing. The Company processes the Personal Data for the purpose of performing its contractual obligations under the Award Terms, granting Restricted Share Units, implementing, administering and managing Grantee's participation in the Plan and facilitating compliance with applicable tax and securities law. The legal basis for the processing of the Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Award Terms and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.

Stock Plan Administration Service Providers. The Company transfers Personal Data to the Equity Account Administrator, an independent stock plan administrator with operations, relevant to the Company, in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and may share Personal Data with such service providers. Grantee will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Grantee's ability to participate in the Plan. Grantee's Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating Grantee's participation in the Plan. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of Personal Data by contacting Grantee's local human resources representative.

International Data Transfers. The Company and its service providers, including, without limitation, the Equity Account Administrator, operate, relevant to the Company, in the United States, which means that it will be necessary for Personal Data to be transferred to, and processed in the United States, for the performance of the contractual obligations under the Award Terms. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative.

Grantee understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that Grantee's Personal Data may not have an equivalent level of protection as compared to Grantee's country of work and/or residence. To provide appropriate safeguards for the protection of Grantee's Personal Data, the Personal Data is transferred to the Company based on data transfer and processing agreements implementing the EU Standard Contractual Clauses. Grantee may request a copy of the safeguards used to protect his or her Personal Data by contacting the Company at: employeeprivacy@activision.com.

Data Retention. The Company will use the Personal Data only as long as necessary to implement, administer and manage Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond Grantee's termination of employment with the Employer. When the Company no longer needs the Personal Data, the Company will remove it from its systems to the fullest extent reasonably practicable. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

Grantee's Rights. To the extent provided by law, Grantee has the right to (i) inquire whether and what kind of Personal Data the Company holds about Grantee and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of Personal Data in certain situations where Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, (vi) request portability of Personal Data that Grantee has actively or passively provided to the Company, where the processing of such Personal Data is based on consent or a contractual agreement with Grantee and is carried out by automated means, or (vii) lodge a complaint with the competent local data protection authority. To receive additional information regarding Grantee's rights, raise any other questions regarding the practices described in the Award Terms or to exercise his or her rights, Grantee should contact the Company at: employeeprivacy@activision.com.

Contractual Requirement. Grantee's provision of Personal Data and its processing as described above is a contractual requirement and a condition to Grantee's ability to participate in the Plan. Grantee understands that, as a consequence of Grantee's refusing to provide Personal Data, the Company may not be able to allow Grantee to participate in the Plan, grant Restricted Share Units to Grantee or administer or maintain such Restricted Share Units. However, Grantee's participation in the Plan and his or her acceptance of the Award Terms are purely voluntary. While Grantee will not receive Restricted Share Units if he or she decides against participating in the Plan or providing Personal Data as described above, Grantee's career and salary will not be affected in any way. For more information on the consequences of the refusal to provide Personal Data, Grantee may contact the Company at: employeeprivacy@activision.com.

Appendix for Australia
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Australia Offer Document. The grant of Restricted Share Units under the Plan is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Australia Offer Document, which is provided with the Award Terms.

Tax Information. The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions therein).

Appendix for Belgium
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee is required to report any bank accounts opened and maintained outside Belgium on his or her annual tax return. In a separate report, Grantee may be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under *Kredietcentrales / Centrales des crédits* caption. Grantee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

Annual Securities Accounts Tax. If the value of securities held in a Belgian or foreign securities account exceeds EUR 1 million, a new “annual securities accounts tax” applies. Belgian residents should consult with their personal tax advisor regarding the new tax.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will likely apply when Common Shares acquired upon vesting of the Restricted Share Units are sold. Grantee should consult with his or her personal tax advisor for additional details on his or her obligations with respect to the stock exchange tax.

Appendix for Brazil
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Compliance with Law. By accepting the Restricted Share Units, Grantee acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with Grantee's participation in the Plan.

Nature of Company Restricted Share Unit Grants. By accepting the Restricted Share Units, Grantee agrees that (1) he or she is making an investment decision and (2) the value of the underlying Common Shares is not fixed and may increase or decrease in value over time without compensation to Grantee.

NOTIFICATIONS

Exchange Control Notification. If Grantee is resident or domiciled in Brazil, he or she will be required to submit a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000. Assets and rights that must be reported include the Common Shares.

Tax on Financial Transaction (IOF). Payments to foreign countries (including the payment of the exercise price) and repatriation of funds into Brazil and the conversion between BRL and US\$ associated with such fund transfers may be subject to the Tax on Financial Transactions. It is Grantee's responsibility to comply with any applicable Tax on Financial Transactions arising from Grantee's participation in the Plan. Grantee should consult with his or her personal tax advisor for additional details.

Appendix for Canada
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Restricted Share Units Payable Only in Common Shares. The grant of Restricted Share Units does not provide any right for Grantee to receive a cash payment, and the Restricted Share Units are payable in Common Shares only.

Termination of Employment. Notwithstanding anything to the contrary in Section 3(b) of the Award Terms, unless the Committee determines otherwise, in the event of the termination of Grantee's continuous service (for any reason whatsoever, and whether or not later found to be invalid or in breach of employment laws in the jurisdiction in which Grantee is employed or the terms of Grantee's employment agreement or service contract, if any), Grantee's right to receive or vest in the Restricted Share Units under the Plan, if any, will terminate as of the date is the earliest of: (1) the date Grantee's employment or service with the Company Group is terminated, (2) the date Grantee receives notice of termination of employment or service from the Employer or any other entity in the Company Group, and (3) the date Grantee is no longer actively employed or rendering services to the Company Group, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law). In the event the date Grantee is no longer actively employed or rendering services cannot be reasonably determined under the Award Terms and/or the Plan, the Committee shall have the exclusive discretion to determine when Grantee is no longer actively employed for purposes of the Restricted Share Units (including whether Grantee may still be considered actively employed while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Grantee's right to vest in the Restricted Share Units under the Plan, if any, will terminate effective as of the last day of Grantee's minimum statutory notice period, but Grantee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Grantee's statutory notice period, nor will Grantee be entitled to any compensation for lost vesting.

The following provisions will apply to Grantees who are residents of Quebec:

Language Acknowledgment. The parties acknowledge that it is their express wish that the Award Terms, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée: *Les parties reconnaissent avoir exigé la rédaction en anglais de cette annexe, la convention afférente, ainsi que de tous documents, avis donnés et procédures judiciaires exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement aux présentes.*

Data Privacy Notice and Consent. This provision supplements the "Data Privacy Information and Consent for Grantees outside the European Economic Area" Section of the Appendix:

Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Grantee further authorizes the Company Group, Equity Account Administrator and any other broker(s) designated by the Company to disclose and discuss the Plan with their respective advisors. Grantee further authorizes the Company Group to record such information and to keep such information Grantee's employee file.

NOTIFICATIONS

Securities Law Notification. Grantee is permitted to sell Common Shares acquired under the Plan through the Equity Account Administrator, provided that the resale of Common Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Common Shares are listed. The Common Shares are currently listed on the Nasdaq.

Foreign Asset/Account Reporting Notification. Foreign specified property held by Canadian residents must be reported annually on Form T1135 (Foreign Income Verification Statement) if the total value of such foreign specified property exceeds C\$100,000 at any time during the year. Foreign specified property includes Common Shares acquired under the Plan and may include the Restricted Share Units. The Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign specified property Grantee holds. If Common Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Common Shares. The ACB would normally equal the fair market value of the Common Shares at vesting, but if Grantee owns other shares of the Company's common stock, this ACB may have to be averaged with the ACB of those other shares. If due, the form must be filed by April 30th of the following year. Grantee should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

Appendix for China

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Exchange Control Notification. Grantee understands, acknowledges and agrees that certain exchange control restrictions may apply to Grantee's participation in the Plan, including to the remittance of funds into China of any sale proceeds or dividends paid on Common Shares acquired under the Plan. Grantee understands that it is his or her sole responsibility to comply with applicable exchange control restrictions in China.

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Global RSU Grant Award Agreement for Employees (MSFT Retention) (as March 2022)

Appendix for Denmark
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

By participating in the Plan, Grantee acknowledges that he or she understands and agrees that the grant of the Restricted Share Units relates to future services to be performed and is not a bonus or compensation for past services.

Stock Option Act. Grantee acknowledges that he or she has received an “Employer Statement” in Danish which sets forth additional terms of the Restricted Share Units, to the extent that the Danish Stock Option Act applies to the Restricted Share Units.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Danish tax payers that have an account holding Common Shares or an account holding cash outside Denmark must report those accounts to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank.

Appendix for France

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Restricted Share Units Not Tax-Qualified. Grantee understands that these Restricted Share Units are not intended to be French tax-qualified.

Language Consent. By accepting the Award, Grantee confirms that he or she has read and understood the documents relating to the Restricted Share Units (the Grant Notice, the Plan, and the Award Terms, including this Appendix) which were provided in the English language. Grantee accepts the terms of these documents accordingly.

Consentement relatif à la langue utilisée: *En acceptant l'Attribution, le Bénéficiaire confirme qu'il ou qu'elle a lu et compris les documents afférents aux Attributions Gratuites d'Actions (la Notification d'Attribution, le Plan et les Termes de l'Attribution, ainsi que la présente Annexe) qui sont produits en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. If Grantee retains Common Shares acquired under the Plan outside of France or maintains a foreign bank account, Grantee is required to report such to the French tax authorities when filing his or her annual tax return. Further, French residents with foreign account balances exceeding €1,000,000 may have additional monthly reporting obligations.

Appendix for Germany
Additional terms and Conditions of the
Activision Blizzard, Inc.
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NOTIFICATIONS

Exchange Control Notification. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. In case of payments in connection with securities (including proceeds realized upon the sale of Common Shares), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. Grantee is responsible for satisfying the reporting obligation.

Foreign Asset/Account Reporting Information. If Grantee’s acquisition of Common Shares under the Plan leads to a “qualified participation” at any point during the calendar year, Grantee will need to report the acquisition of such shares when Grantee files his or her tax return for the relevant year. A qualified participation is attained if (1) the value of the Common Shares acquired exceeds €150,000 or (2) the Common Shares held exceed 10% of the Company’s total common stock. However, provided the Common Shares are listed on a recognized stock exchange (*e.g.*, the Nasdaq Stock Market) and Grantee owns less than 1% of the Company, this requirement will not apply. Grantee should consult with his or her personal tax advisor to ensure Grantee complies with applicable reporting obligations.

Appendix for Hong Kong
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Sale Restriction. Any Shares received at vesting are accepted as a personal investment. Notwithstanding anything contrary in the Agreement or the Plan, in the event the Restricted Share Units vest and Shares are issued to Grantee or his or her legal representatives or estate within six months of the Date of Grant, Grantee agrees that Grantee or his or her legal representatives or estate will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

Payout of Restricted Share Units in Shares Only. Restricted Share Units granted to Employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

NOTIFICATIONS

Securities Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Grantee is advised to exercise caution in relation to the offer. If Grantee is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. The Restricted Share Units and Shares acquired upon vesting of the Restricted Share Units do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any Subsidiary or Affiliate. The Plan, the Grant Agreement and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The Restricted Share Units are intended only for the personal use of each eligible employee of the Company or any Subsidiary or Affiliate and may not be distributed to any other person.

Appendix for Hungary
Additional terms and Conditions of the
Activision Blizzard, Inc.
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There are no country-specific provisions.

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Global RSU Grant Award Agreement for Employees (MSFT Retention) (as March 2022)

Appendix for Ireland
Additional terms and Conditions of the
Activision Blizzard, Inc.
2014 Incentive Plan
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” of Grant Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that he or she understands and agrees that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

NOTIFICATIONS

Director Notification Requirements. If Grantee is a director, shadow director or secretary of an Irish Subsidiary and Grantee’s aggregate shareholding interest equals or exceeds 1% of the voting rights of the Company, Grantee must notify the Irish Subsidiary in writing within a certain time period of (i) receiving or disposing of an interest in the Company (e.g., Restricted Share Units, Common Shares), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or minor children (whose interests will be attributed to the director, shadow director or secretary, as the case may be). Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Italy

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Plan Document Acknowledgment. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Grant Agreement and has reviewed the Plan and the Grant Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement, including this Appendix B. Grantee acknowledges having read and specifically and expressly approves the following sections of the Grant Agreement: “Vesting Schedule” as described in the Grant Notice, Section 3 (“Termination of Employment”), Section 4 (“Taxes Withholding”), Section 16 (“No Right to Employment”), Section 17 (“No Rights as Stockholder”), Section 19 (“Venue and Governing Law”), and “Data Privacy Information and Consent” and “Language” as described in Exhibit B.

NOTIFICATIONS

Foreign Asset / Account Tax Reporting Notification. Italian residents who, at any time during the fiscal year, hold foreign financial assets (such as cash, Shares) which may generate income taxable in Italy are required to report such assets on their annual tax returns or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad. Grantee is advised to consult his or her personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset Tax Information. Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Appendix for Japan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Grantee will be required to report details of any assets (including any Common Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Grantee should consult with his or her personal tax advisor as to whether the reporting obligation applies to Grantee and whether Grantee will be required to report details of any outstanding Restricted Share Units or Common Shares held by Grantee in the report.

Appendix for Korea

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Foreign Asset/Account Reporting Notification. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). Grantee should consult with his or her personal tax advisor to determine how to value Grantee's foreign accounts for purposes of this reporting requirement and whether Grantee is required to file a report with respect to such accounts.

Appendix for Luxembourg
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There are no country-specific provisions.

B-22

Global RSU Grant Award Agreement for Employees (MSFT Retention) (as March 2022)

Appendix for Malta

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

NOTIFICATIONS

Securities Law Notification. Neither the Company nor the Plan is registered in Malta and no investment services will be carried out in or from within Malta. The Plan will not be marketed in Malta and the Company is exempt from any investment service license requirements.

B-23

Global RSU Grant Award Agreement for Employees (MSFT Retention) (as March 2022)

Appendix for Mexico

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Acknowledgement of the Award Terms. By accepting the Restricted Share Units, Grantee acknowledges that he or she has received a copy of the Plan and the Award Terms, including this Appendix, which he or she has reviewed. Grantee further acknowledges that he or she accepts all the provisions of the Plan and the Award Terms, including this Appendix. Grantee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in “Nature of Grant” Section of the Appendix, which clearly provide as follows:

- (1) Grantee’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and Grantee’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) Grantee’s participation in the Plan is voluntary; and
- (4) The Company and any entity in the Company Group are not responsible for any decrease in the value of any Common Shares acquired upon settlement of the Restricted Share Units.

Labor Law Acknowledgement and Policy Statement. By accepting the Restricted Share Units, Grantee acknowledges that the Company with registered offices at 2701 Olympic Boulevard Building B, Santa Monica, CA 90404, U.S.A., is solely responsible for the administration of the Plan. Grantee further acknowledges that his or her participation in the Plan, the grant of Restricted Share Units and any acquisition of Common Shares under the Plan do not constitute an employment relationship between Grantee and the Company because Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision-Mexico”). Based on the foregoing, Grantee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between Grantee and his or her employer, Activision-Mexico, and do not form part of the employment conditions and/or benefits provided by Activision-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Grantee’s employment.

Grantee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue Grantee’s participation in the Plan at any time, without any liability to Grantee.

Finally, Grantee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, its Subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

SPANISH TRANSLATION

Reconocimiento de los terminos del otorgamiento de acciones. Al aceptar las Unidades de Acciones Restringidas, el Receptor reconoce que ha recibido una copia del Plan y de los Términos del Otorgamiento de acciones, incluyendo este anexo, los cuales ha revisado. El Receptor también reconoce que acepta los términos del Plan y del Otorgamiento de Acciones, incluyendo este anexo. Así mismo el Receptor reconoce que ha leído y expresamente aprueba los términos y condiciones establecidas en la cláusula 1 del los Términos Generales para Receptores fuera de los Estados Unidos, las cuales claramente establecen lo siguiente:

(1) La participación del Receptor en el Plan no constituye un derecho adquirido

(2) El plan y la participación del Receptor en dicho Plan son ofrecidos por la Empresa en forma totalmente discrecional.

(3) La participación del Receptor en el Plan es voluntaria; y

(4) La Empresa y cualquier empresa del Grupo de Empresas no son responsables por la reducción en el valor de las acciones comunes que sean adquiridas en virtud de las Unidades de Acciones Restringidas.

Política de Ley Laboral y Reconocimiento. Al aceptar el otorgamiento de adquisición de acciones y/o Restricted Share Units, el Receptor reconoce que la Empresa, con domicilio ubicado en 2701 Olympic Boulevard Building B, Santa Monica, CA 90404 U.S.A., es el único responsable para la administración de Plan y que su participación en los Plan y adquisición de acciones no constituye una relación de trabajo entre la Empresa y el Receptor, toda vez que su participación en el Plan es totalmente en base a una relación comercial entre mi único patrón Actibliz Mexico S. de RL de CV, Tihuatlan 41,602, San Jerónimo Aculco, Federal District, México (“Activision Mexico”) Derivado de lo anterior, el Receptor expresamente reconoce que el Plan y beneficios que pudieran derivar de su participación en el Plan no establece derechos entre su único patrón Activision Mexico y el suscrito, no forman parte de sus condiciones y/o prestaciones de trabajo otorgadas por Activision Mexico y cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de su relación de trabajo.

Asimismo, el Receptor entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Empresa, por lo tanto la Empresa se reserva el derecho absoluto de modificar y/o discontinuar la participación de usted en cualquier momento y sin responsabilidad alguna frente al Receptor.

Finalmente, en este acto el Receptor declara que no se reserva acción o derecho alguno para presentar cualquier reclamación en contra de la Empresa por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del Plan y, por lo tanto, el Receptor otorga el más amplio y total finiquito a la Empresa, sus afiliadas, sucursales, oficinas de representación, accionistas, funcionarios, agentes o representantes en relación con cualquier reclamación que pudiera surgir.

NOTIFICATIONS

Securities Law Notification. The Restricted Share Units and the Common Shares offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Terms and any other document relating to the Restricted Share Units may not be publicly distributed in Mexico. These materials are addressed to Grantee only because of Grantee's existing relationship with the Company and the Employer and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Activision Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Appendix for the Netherlands
Additional terms and Conditions of the
Activision Blizzard, Inc.
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TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the grant of the Restricted Share Units, Grantee acknowledges that the Restricted Share Units granted under the Plan are intended as an incentive for Grantee to remain employed with the Employer and are not intended as remuneration for labor performed.

Appendix for New Zealand
Additional terms and Conditions of the
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NOTIFICATIONS

Securities Law Notification. Warning: This is an offer of rights to receive Shares upon vesting of the Restricted Share Units subject to the terms of the Plan and the Award Terms. Restricted Share Units give Grantee a stake in the ownership of the Company. Grantee may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Grantee will be paid only after all creditors and holders of preferred shares have been paid. Grantee may lose some or all of their investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Grantee may not be given all the information usually required. Grantee will also have fewer other legal protections for this investment.

Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to participate in the Plan.

In addition, the Holder is hereby notified that the Company's most recent Annual Report on Form 10-K, the Plan and the Plan prospectus are available for review on the Company intranet site at Finance - The Hub (activisionblizzard.com). The Company's most recent Annual Report can also be found at: <https://investor.activision.com/#ir-reports-filings>. And your Award Terms can be found in your E*Trade account at www.etrade.com by navigating to My Account/Plan Elections.

As noted above, Grantee should carefully read the materials provided before making a decision whether to participate in the Plan. Grantee is also encouraged to contact their personal tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

Appendix for Poland
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NOTIFICATIONS

Foreign Asset/Accounting Reporting Notification. Polish residents holding foreign securities (including Common Shares acquired under the Plan) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Notification. If Grantee transfers funds into Poland in excess of a certain threshold (currently €15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply) in connection with the sale of Common Shares under the Plan, the funds must be transferred via a bank account held at a bank in Poland. Grantee is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the tax year in which such transaction occurred.

Appendix for Portugal
Additional terms and Conditions of the
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TERMS AND CONDITIONS

Language Consent. Grantee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Terms.

Consentimento sobre Língua

O Empregado Contratado, pelo presente instrumento, declara expressamente que domina a língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidos no Plano e no Acordo de Atribuição.

NOTIFICATIONS

Exchange Control Notification. If Grantee holds Shares upon vesting of the Restricted Share Units, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Grantee's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Grantee is responsible for submitting the report to the Banco de Portugal.

Appendix for Romania
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Exchange Control Notification. Grantee is generally not required to seek authorization from the National Bank of Romania to participate in the Plan or to open and operate a foreign bank account to receive any proceeds under the Plan. However, if Grantee acquires 10% or more of the registered capital of a non-resident company, Grantee must file a report with the National Bank of Romania (“NBR”) within 30 days from the date such ownership is reached. This is a statutory requirement, but it does not trigger the payment of fees to NBR.

Appendix for Russia
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Securities Law Information. The Employer is not in any way involved in the offer of Restricted Share Units or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the Restricted Share Units described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice and Consent. This section replaces the Data Privacy and Consent provision in Exhibit B.

Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in the Award Terms by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

Grantee understands that the Company, any Affiliate and/or the Employer may hold certain personal data about Grantee, including, but not limited to, Grantee's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Plan.

Grantee understands that Data may be transferred to the Equity Account Administrator or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in Grantee's country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the U.S. human resources representative or stock plan services. Grantee authorizes the Company, the Equity Account Administrator and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Restricted Share Units may be deposited. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan.

Grantee understands that Grantee may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the U.S. human

resources representative. Grantee understands that refusal or withdrawal, rescission or termination of consent may affect his or her ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact the U.S. human resources representative or stock plan services.

U.S. Transaction. Any Shares issued pursuant to the Restricted Share Units shall be delivered to Grantee through a brokerage account in the U.S. Grantee may hold Shares in his or her brokerage account in the U.S.; however, in no event will Shares issued to Grantee and/or Share certificates or other instruments be delivered to Grantee in Russia. Grantee is not permitted to make any public advertising or announcements regarding the Restricted Share Units or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and Grantee is not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. Grantee is permitted to sell Shares only on the Nasdaq Stock Market and only through a U.S. broker.

Settlement of Restricted Share Units and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to Grantee upon vesting of the Restricted Share Units. Grantee agrees that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on his or her behalf pursuant to this authorization) and Grantee expressly authorizes the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, Grantee acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Grantee the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Withholding Tax-related items. Grantee may hold the cash proceeds in the brokerage account in the U.S. for an indefinite period of time (*e.g.*, for subsequent reinvestment). Grantee acknowledges that Grantee is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. Under exchange control regulations in Russia, Grantee may be required to repatriate certain cash amounts that Grantee receives with respect to the Restricted Share Units to Russia as soon as Grantee intends to use those cash amounts for any purpose, including reinvestment. If the repatriation requirements apply, such funds must initially be credited to Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

Under the Directive of the Russian Central Bank (the "CBR") N 5371-U which came into force on April 17, 2020, there are no restrictions on the transfer of cash into and from accounts opened by Russian currency residents with a foreign financial market institution other than a bank. Accordingly, the repatriation requirement in certain cases may not apply with respect to cash amounts received in an account that is considered by the CBR to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, Grantee should inform the Company if Grantee is covered by these laws because Grantee should not hold Shares acquired under the Plan.

Appendix for Singapore
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Sale Restriction. Grantee agrees that any Common Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

NOTIFICATIONS

Securities Law Notification. The grant of the Restricted Share Units is being made pursuant to the “Qualifying Person exemption” under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Common Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Requirements. If Grantee is a director of a Singapore Subsidiary of the Company, Grantee must notify the Singapore Subsidiary in writing within two business days of receiving or disposing of an interest (e.g., Restricted Share Units, Common Shares) in the Company or within two business days of becoming a director if such an interest exists at the time. This notification requirement also applies to an associate director and to a shadow director (i.e., an individual who is not on the board of directors but who has sufficient control so that the board of directors acts in accordance with the “directions and instructions” of the individual) of a Singapore Subsidiary or affiliate of the Company. Grantee may contact Stock Plan Administration to obtain a sample form that can be used to satisfy this notification requirement.

Appendix for Spain

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Nature of Grant. This provision supplements the “Nature of Grant” Section of the Appendix:

In accepting the Restricted Share Units, Grantee consents to participate in the Plan and acknowledges having received and read a copy of the Plan.

Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Share Units under the Plan to individuals who may be employees of the Company or any other entity in the Company Group throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any other entity in the Company Group. Consequently, Grantee understands that the Restricted Share Units are granted on the assumption and condition that such Restricted Share Units and any Common Shares acquired under the Plan shall not become a part of any employment contract (either with the Company or any other entity in the Company Group) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Grantee understands that the Restricted Share Units would not be granted but for the assumptions and conditions referred to above; thus, Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of the Restricted Share Units shall be null and void.

Further, the vesting of the Restricted Share Units is expressly conditioned on Grantee’s active employment, such that if Grantee’s employment or service terminates for any reason whatsoever, the Restricted Share Units cease vesting immediately effective on the date of termination of employment. This will be the case, for example, even if Grantee (1) is considered to be unfairly dismissed without good cause (*i.e.*, subject to a “*despido improcedente*”); (2) is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) terminates service due to a change of work location, duties or any other employment or contractual condition; (4) terminates service due to the Company’s or any entity in the Company Group’s unilateral breach of contract; or (5) is terminated from employment for any other reason whatsoever. Consequently, upon Grantee’s termination of employment for any of the above reasons, Grantee may automatically lose any rights to Restricted Share Units that were unvested on the date of termination.

NOTIFICATIONS

Exchange Control Notification. The acquisition, ownership and sale of Common Shares under the Plan must be declared for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made each January for Common Shares owned as of December 31st of the prior year, by means of a D-6 form; however, if the value of the Common Shares acquired or sold exceeds €1,502,530 (or if Grantee holds 10% or more of the share capital of the Company or such other amount that would entitle Grantee to join the Company’s board of directors), the declaration must be filed also within one month of the acquisition or sale, as applicable.

Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), foreign instruments (including any Common Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Common Shares made to Grantee by the Company), depending on the amount of the transactions during the relevant year or the balances in such accounts as of December 31st of the relevant year. Generally, the report is required on an annual basis (by January 20 of each year). Grantee should consult with his or her personal advisor to ensure that Grantee is properly complying with his or her reporting obligations.

Foreign Asset/Account Reporting Notification. If Grantee holds rights or assets (e.g., Common Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Common Shares, cash, etc.) as of December 31 each year, Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the reporting must be completed by the following March 31. Grantee should consult his or her personal tax advisor for details regarding this requirement.

Securities Law Notification. The Restricted Share Units described in this document do not qualify as securities under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Plan, the Award Terms (including this Appendix), and any other documents evidencing the award of Restricted Share Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and none of those documents constitutes a public offering prospectus.

Appendix for Sweden

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

Authorization to Withhold. This provision supplements Section 4 of the Award Terms:

Without limiting the Company's and the Employer's authority to satisfy their obligations for Withholding Taxes as set forth in Section 4 of the Award Terms, by accepting the Restricted Share Units, Grantee authorizes the Company and/or the Employer to withhold Common Shares or to sell Common Shares otherwise deliverable to Grantee upon vesting of the Restricted Share Units to satisfy any Withholding Taxes, regardless of whether the Company and/or the Employer have an obligation to withhold such Withholding Taxes.

Appendix for Taiwan

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

TERMS AND CONDITIONS

Data Privacy Acknowledgement. Grantee hereby acknowledges that he or she has read and understands the terms regarding collection, processing and transfer of Data contained in the “Data Privacy Information and Consent for Grantees outside the European Economic Area” Section of the Appendix and, by participating in the Plan, Grantee agrees to such terms. In this regard, upon request of the Company or the Employer, Grantee agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Grantee’s country, either now or in the future. Grantee understands that he or she will not be able to participate in the Plan if he or she fails to execute any such consent or agreement.

NOTIFICATIONS

Securities Law Notification. The offer of participation in the Plan is available only for employees of the Company Group. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Notification. Grantee may acquire and remit foreign currency (including proceeds from the sale of Common Shares or the receipt of any dividends paid on such Common Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the bank involved in the transaction. Grantee should consult his or her personal advisor to ensure compliance with any applicable exchange control laws in Taiwan.

Appendix for the United Kingdom
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Tax Withholding and Payment. This section supplements Section 4 of the Award Terms:

Without limitation to Section 4 of the Award Terms, Grantee agrees that Grantee is liable for all Withholding Taxes and hereby covenants to pay all such Withholding Taxes, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). Grantee also agrees to indemnify and keep indemnified the Company and the Employer against any Withholding Taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Grantee's behalf.

Appendix for the United States of America

Additional terms and Conditions of the Activision Blizzard, Inc. 2014 Incentive Plan Restricted Share Unit Award Terms

1. Definitions.

(a) For U.S. Grantees only, the following terms shall have the meanings set forth below:

“Employment Violation” means (1) any material breach by Grantee of his or her employment agreement with any entity in the Company Group for so long as the terms of such employment agreement shall apply to Grantee (with any breach of the post-termination obligations contained therein deemed to be material for purposes of this definition) and (2) a good faith belief by the Company, after investigation, that Grantee has engaged in harassment based on any legally protected category or has retaliated against anyone for reporting a concern or potential misconduct in good faith.

“Look-back Period” means, with respect to any Employment Violation by Grantee, the period beginning on the date which is 12 months prior to the date of such Employment Violation by Grantee and ending on the date of computation of the Recapture Amount with respect to such Employment Violation.

“Recapture Amount” means, with respect to any Employment Violation by Grantee, the gross gain realized or unrealized by Grantee upon all vesting of Restricted Share Units or delivery or transfer of Vested Shares during the Look-back Period with respect to such Employment Violation, which gain shall be calculated as the sum of:

(i) if the Company and/or the Employer has satisfied any Withholding Taxes resulting from the vesting of any Restricted Share Units, the issuance or transfer of any Vested Shares or otherwise in connection with the Award during the Look-back Period by withholding Vested Shares or selling Vested Shares on Grantee’s behalf, the amount of the Withholding Taxes so satisfied; plus

(ii) if Grantee has received Vested Shares during such Look-back Period and sold any such Vested Shares, an amount equal to the sum of the sales price for all such Vested Shares; plus

(iii) if Grantee has received Vested Shares during such Look-back Period and not sold all such Vested Shares, an amount equal to the product of (A) the greatest of the following: (1) the Market Value per Share of Common Shares on the date such Vested Shares were issued or transferred to Grantee, (2) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of the Company’s written notice of its exercise of its rights under Section 3 hereof, or (3) the arithmetic average of the per share closing sales prices of Common Shares as reported on Nasdaq for the 30 trading day period ending on the trading day immediately preceding the date of computation, times (B) the number of such Vested Shares which were not sold; plus

2. Conflict with Employment Agreement or Plan. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Grant Notice or these Award Terms, the terms of the Grant Notice or these Award Terms, as the case may be, shall control. In the event of any conflict between the terms of any employment agreement, service contract or offer letter between Grantee and any entity in the Company Group in effect at the time and the terms of the Plan, the terms of the Plan shall control.

3. Employment Violation. The terms of this Section 3 shall apply to the Restricted Share Units if Grantee is or becomes subject to an employment agreement with any entity in the Company Group. In the event of an Employment Violation, the Company shall have the right to require (a) the forfeiture by Grantee to the Company of any outstanding Restricted Share Units or Vested Shares which have yet to settle pursuant to Section 8 of Exhibit A and (b) payment by Grantee to the Company of the Recapture Amount with respect to such Employment Violation; provided, however, that, in lieu of payment by Grantee to the Company of the Recapture Amount, Grantee, in his or her discretion, may tender to the Company the Vested Shares acquired during the Look-back Period with respect to such Employment Violation (without any consideration from the Company in exchange therefor). Any such forfeiture of Restricted Share Units and payment of the Recapture Amount, as the case may be, shall be in addition to, and not in lieu of, any other right or remedy available to the Company arising out of or in connection with such Employment Violation, including, without limitation, the right to terminate Grantee's employment if not already terminated and to seek injunctive relief and additional monetary damages.

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. Double asterisks denote omissions.

SONY COMPUTER ENTERTAINMENT AMERICA INC. AND
ACTIVISION, INC.

[PLAYSTATION LOGO]

PLAYSTATION(R)2 CD-ROM/DVD-ROM
LICENSED PUBLISHER AGREEMENT

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PLAYSTATION(R) 2
CD-ROM/DVD-ROM
LICENSED PUBLISHER AGREEMENT

This LICENSED PUBLISHER AGREEMENT (the "Agreement" or "LPA"), entered into as of the 1st day of April, 2000 (the "Effective Date"), by and between SONY COMPUTER ENTERTAINMENT AMERICA INC., with offices at 919 E. Hillsdale Boulevard, Foster City, CA 94404 (hereinafter "SCEA"), and ACTIVISION, INC., with offices at 3100 Ocean Park Blvd. Santa Monica, CA 90405 (hereinafter "Publisher").

WHEREAS, SCEA, its parent company, Sony Computer Entertainment Inc., and/or certain of their affiliates and companies within the group of companies of which any of them form a part (collectively referred to herein as: "Sony") are designing and developing, and licensing core components of, a computer entertainment system known as the PlayStation(R)2 computer entertainment system (hereinafter referred to as the "System").

WHEREAS, SCEA has the right to grant licenses to certain SCEA Intellectual Property Rights (as defined below) in connection with the System.

WHEREAS, Publisher desires to be granted a non-exclusive license to publish, develop, have manufactured, market, distribute and sell Licensed Products (as defined below) pursuant to the terms and conditions set forth in this Agreement; and SCEA is willing, on the terms and subject to the conditions of this Agreement, to grant Publisher such a license.

NOW, THEREFORE, in consideration of the representations, warranties and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Publisher and SCEA hereby agree as follows:

1. Definition of Terms.

1.1 "Advertising Materials" means any advertising, marketing, merchandising, promotional, public relations (including press releases) and display materials relating to, or concerning Licensed Products or proposed Licensed Products, or any other advertising, merchandising, promotional, public relations (including press releases) and display materials depicting any of the Licensed Trademarks. For purposes of this Agreement, Advertising Materials include any advertisements in which the System is referred to or used in any way, including but not limited to giving the System away as prizes in contests or sweepstakes and the public display of the System in product placement opportunities.

1.2 "Affiliate of SCEA" means, as applicable, either Sony Computer Entertainment Inc. in Japan, Sony Computer Entertainment Ltd. in the United Kingdom or such other Sony Computer Entertainment entity as may be established from time to time.

1.3 "Designated Manufacturing Facility" means a manufacturing facility or facilities which is designated by SCEA in its sole discretion to manufacture Licensed Products and/or their component parts, which may include manufacturing facilities owned and operated by affiliated companies of SCEA.

1.4 "Development System Agreement" means an agreement entered into between SCEA and a Licensed Publisher, Licensed Developer or other licensee for the sale or license of Development Tools.

1.5 "Development Tools" means the PlayStation 2 development tools sold or licensed by SCEA to a Licensed Publisher or Licensed Developer for use in the development of Executable Software for the System.

1.6 "Executable Software" means software which includes Product Software and any software provided directly or indirectly by SCEA or an Affiliate of SCEA designed for execution exclusively on the System and which has the ability to communicate with the software resident in the System.

1.7 "Fiscal Year" means a year measured from April 1 to March 31.

1.8 "Generic Line" means the generic legal attribution line used on SCEA marketing or other materials, which shall be or be substantially similar to the following: "Product copyright and trademarks are the property of the respective publisher or their licensors".

1.9 "Guidelines" shall mean any guidelines of SCEA or an Affiliate of SCEA with respect to SCEA Intellectual Property Rights, which may be set forth in the SourceBook 2 or in other documentation provided by SCEA or an Affiliate of SCEA to Publisher.

1.10 "Legal Copy" means any legal or contractual information required to be used in connection with a Licensed Product or Product Information, including but not limited to copyright and trademark attributions, contractual credits and developer or distribution credits.

1.11 "Level 1 Rebate" shall have the meaning set forth in Section 8.4 hereto.

1.12 "Level 2 Rebate" shall have the meaning set forth in Section 8.4 hereto.

1.13 "Licensed Developer" means any developer that has signed a valid and then current Licensed Developer Agreement.

1.14 "Licensed Developer Agreement" or "LDA" means a valid and current license agreement for the development of Licensed Products for the System, fully executed between a Licensed Developer and SCEA or an Affiliate of SCEA.

1.15 "Licensed Products" means the Executable Software (which may be combined with Executable Software of other Licensed Publishers or Licensed Developers), which shall consist of one product developed for that System or for the original PlayStation game console per Unit, in final form developed exclusively for the System. Publisher shall have no right to package or bundle more than one product developed for the System or for the original PlayStation game console in a single Unit unless separately agreed with SCEA.

1.16 "Licensed Publisher" means any publisher that has signed a valid and then current Licensed Publisher Agreement.

1.17 "Licensed Publisher Agreement" or "LPA" means a valid and current license agreement for the publication, development, manufacture, marketing, distribution and sale of Licensed Products for the System, fully executed between a Licensed Publisher and SCEA or an Affiliate of SCEA.

1.18 "Licensed Territory" means the United States (including its possessions and territories) and Canada. The Licensed Territory may be modified and/or supplemented by SCEA from time to time pursuant to Section 4.4 below.

1.19 "Licensed Trademarks" means trademarks, service marks, trade dress, logos and other icons or indicia designated by SCEA in the SourceBook 2 or other Guidelines for use on or in connection with Licensed Products. Nothing contained in this Agreement shall in any way grant Publisher the right to use the trademark "Sony" in any manner. SCEA may amend such Licensed Trademarks from time to time in the SourceBook 2 or other Guidelines or upon written notice to Publisher.

1.20 "Manufacturing Specifications" means specifications setting forth terms relating to the manufacture and assembly of PlayStation 2 Format Discs, Packaging, Printed Materials and each of their component parts, which shall be set forth in the SourceBook 2 or other documentation provided by SCEA or a Designated Manufacturing Facility to Publisher and which may be amended from time to time upon reasonable notice to Publisher.

1.21 "Master Disc" means a recordable CD-ROM or DVD-ROM disc in the form requested by SCEA containing final pre-production Executable Software for a Licensed Product.

1.22 "Packaging" means, with respect, to each Licensed Product, the carton, containers, packaging, edge labels, and other proprietary labels, trade dress and wrapping materials, including any jewel case (or other CD-ROM or DVD-ROM container) or parts thereof, but excluding Printed Materials and PlayStation 2 Format Discs.

1.23 "PlayStation 2 Format Discs" means the uniquely marked or colored CD-ROM or DVD-ROM discs formatted for use with the System which, for purposes of this Agreement, are manufactured on behalf of Publisher and contain Licensed Products or SCEA Demo Discs.

1.24 "Printed Materials" means all artwork and mechanicals set forth on the disc label of the PlayStation Disc relating to any of the Licensed Products and on or inside any Packaging for the Licensed Product, and all instructional manuals, liners, inserts, trade dress and other user information to be inserted into the Packaging.

1.25 "Product Information" means any information owned or licensed by Publisher relating in any way to Licensed Products, including but not limited to demos, videos, hints and tips, artwork, depictions of Licensed Product cover art and videotaped interviews.

1.26 "Product Proposal" shall have the meaning set forth in Section 5.2.1 hereto.

1.27 "Product Software" means any software including audio and video material developed by a Licensed Publisher or Licensed Developer, which, either by itself or combined with Product Software of other licensees, when integrated with software provided by SCEA or an Affiliate of SCEA, creates Executable Software. It is understood that Product Software contains no proprietary information of Sony or any other rights of SCEA.

1.28 "Publisher Intellectual Property Rights" means those intellectual property rights, including but not limited to patents and other patent rights, copyrights, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and all other proprietary or intellectual property rights throughout the universe, which pertain to Product Software, Product Information, Printed Materials, Advertising Materials or other rights of Publisher required or necessary under this Agreement.

1.29 "Purchase Order" means a written purchase order processed in accordance with the terms of Section 6.2.2 hereto, the Manufacturing Specifications or other terms provided separately by SCEA or a Designated Manufacturing Facility to Publisher.

1.30 "SCEA Demo Disc" means any demonstration disc developed and distributed by SCEA.

1.31 "SCEA Established Third Party Demo Disc Programs" means (i) any consumer or trade demonstration disc program specified in the SourceBook 2, and
(ii) any other third party demo disc program established by SCEA for Licensed Publishers.

1.32 "SCEA Intellectual Property Rights" means those intellectual property rights, including but not limited to patents and other patent rights, copyrights, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and all other proprietary or intellectual property rights throughout the universe, which are required to ensure compatibility with the System which pertain to the Licensed Trademarks.

1.33 "SCEA Product Code" means the product identification number assigned to each Licensed Product, which shall consist of separate product identification numbers for multiple disc sets (i.e., SLUS-xxxxx). This SCEA Product Code is used on the Packaging and PlayStation Disc relating to each Licensed Product, as well as on most communications between SCEA and Publisher as a mode of identifying the Licensed Product other than by title.

1.34 "Sony Materials" means any data object code, source code, firmware, documentation (or any part(s) of any of the foregoing), related to the System, selected in the sole judgment of SCEA, which are provided or supplied by SCEA, or an Affiliate of SCEA to Publisher or any Licensed Developer and/or other Licensed Publisher. For purposes of this Agreement, Sony Materials shall not include any hardware portions of the Development Tools, but shall include firmware in such hardware.

1.35 "SourceBook 2" means the PlayStation 2 SourceBook (or any other reference guide containing information similar to the SourceBook 2 but designated with a different name) prepared by SCEA, which is provided separately to Publisher. The SourceBook 2 is designed to serve as the first point of reference by Publisher in every phase of the development, approval, manufacture and marketing of Licensed Products.

1.36 "Standard Rebate" shall mean the rebate offered by SCEA on titles of Licensed Products that achieve specified sales volumes as set forth in Section 8.4 of this Agreement.

1.37 "Third Party Demo Disc" means any demo disc developed and marketed by a Licensed Publisher, which complies with the terms of an SCEA Established Third Party Demo Disc Program.

1.38 "Unit" means an individual copy of a Licensed Product title regardless of the number of PlayStation 2 Format Discs constituting such Licensed Product title.

1.39 "Wholesale Prices" or "WSP" shall mean the greater of (i) the first published price of the Licensed Product offered to retailers by Publisher as evidenced by a sell sheet or price list issued by Publisher, or (ii) the actual price paid by retailers upon the first commercial shipment of a Licensed Product without offsets, rebates or deductions from invoices of any kind.

2. License.

2.1 License Grant. SCEA grants to Publisher, and Publisher by accepts, for the term of this Agreement, within the Licensed Territory, under SCEA Intellectual Property Rights owned, controlled or licensed by SCEA, a non-exclusive, non-transferable license, without the right to sublicense (except as specifically provided herein), to publish Licensed Products using Sony Materials, which right shall be limited to the following rights and other rights set forth in, and in accordance with the terms of, this LPA: (i) to produce or develop Licensed Products and to enter into agreements with Licensed Developers and other third parties to develop Licensed Products; (ii) to have such Licensed Products manufactured; (iii) to market, distribute and sell such Licensed Products and to authorize others to do so; (iv) to use the Licensed Trademarks strictly and

only in connection with the development, manufacturing, marketing, packaging, advertising and promotion of the Licensed Products, and subject to SCEA's right of approval as provided herein; and (v) to sublicense to end users the right to use the Licensed Products for noncommercial purposes in conjunction with the System only, and not with other devices or for public performance.

2.2 Separate PlayStation Agreements. Unless specifically set forth in this Agreement, all terms used herein are specific to the System and the third party licensing program related thereto and not to the original PlayStation game console or third party program related thereto. Licenses relating to the original PlayStation game console are subject to separate agreements with SCEA, and any license of rights to Publisher under such separate agreements shall not confer on Publisher any rights under the System and vice versa.

3. Development of Licensed Products.

3.1 Right to Develop. This LPA grants Publisher the right to develop Licensed Products. It also gives Publisher the right to purchase and/or license Development

Tools, as is appropriate, from SCEA or its designated agent, pursuant to a separate Development System Agreement with SCEA, to assist in such development. If developing Executable Software (or portions thereof) Publisher and its agents shall fully comply in all respects with any and all technical specifications which may from time to time be issued by SCEA. In the event that Publisher uses third party tools to develop Executable Software, Publisher shall be responsible for ensuring that it has obtained appropriate licenses for such use.

3.2 Development by Third Parties. Except as otherwise set forth herein, Publisher shall not provide Sony Materials or SCEA's Confidential Information to any third party. Publisher shall be responsible for determining that third parties meet the criteria set forth herein. Publisher may contract with a third party for development of Licensed Products, provided that such third party is (i) a Licensed Publisher, (ii) a Licensed Developer, or (iii) an SCEA-authorized subcontractor in compliance with the provisions of Section 16.6. Publisher shall notify SCEA in writing of the identity of any such third party within thirty (30) days of entering into an agreement or other arrangement with the third party.

4. Limitations on Licenses; Reservation of Rights.

4.1 Reverse Engineering Prohibited. Other than as expressly permitted by SCEA in writing Publisher, shall not directly or indirectly disassemble, decrypt, electronically scan, peel semiconductor components, decompile, or otherwise reverse engineer in any manner or attempt to reverse engineer or derive source code from, all or any portion of the Sony Materials, or permit, assist or encourage any third party to do so. Other than as expressly permitted by SCEA in writing, Publisher shall not use, modify, reproduce, sublicense, distribute, create derivative works from, or otherwise provide to third parties, the Sony Materials, in whole or in part, other than as expressly permitted by SCEA. SCEA shall permit Publisher to study the performance, design and operation of the Development Tools solely for the limited purposes of developing and testing Publisher's software applications, or to build tools to assist Publisher with the development and testing of software applications for Licensed Products. Any tools developed or derived by Publisher resulting from the study of the performance, design or operation of the Development Tools shall be considered as derivative products of the Sony Materials for copyright purposes, but may be treated as trade secrets of Publisher. In no event shall Publisher patent any tools created, developed or derived from Sony Materials. Publisher shall not make available to any third party any tools developed or derived from the study of the Development Tools without the express written permission of SCEA. Use of such tools shall be strictly limited to the creation or testing of Licensed Products and any other use, direct or indirect of such tools is strictly prohibited. Publisher shall be required in all cases to pay royalties in accordance with Section 8 hereto to SCEA on any of Publisher's products utilizing any Sony Materials or derivative works made therefrom. Moreover, Publisher shall bear all risks arising from incompatibility of its Licensed Product and the System resulting from use of Publisher-created tools. The burden of proof under this Section shall be on Publisher, and SCEA reserves the right to require Publisher to furnish evidence satisfactory to SCEA that Publisher has complied with this Section.

4.2 Reservation of SCEA's Rights.

4.2.1 Limitation of Rights to Licenses Granted. The licenses granted in this Agreement extend only to the publication, development, manufacture, marketing, distribution and sale of Licensed Products for use on the System, in such formats as may be designated by SCEA. Without limiting the generality of the foregoing and except as otherwise provided herein, Publisher shall not distribute or transmit the Executable Software or the Licensed Products via electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fiber optic means, telephone lines, microwave and/or radio waves, or over a network of computers or other devices. Notwithstanding this limitation, Publisher may electronically transmit Executable Software from site to site, or from machine to machine over a computer network, for the sole purpose of facilitating development; provided that no right

of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorized interception or retransmission of such transmissions. This Agreement does not grant any right or license, under any SCEA Intellectual Property Rights or otherwise, except as expressly provided herein, and no other right or license is to be implied by or inferred from any provision of this Agreement or the conduct of the parties hereunder.

4.2.2 Other Use of Sony Materials and SCEA Intellectual Property Rights. Publisher shall not make use of any Sony Materials or any SCEA Intellectual Property Rights (or any portion thereof) except as authorized by and in compliance with the provisions of this Agreement. Publisher shall not use the Executable Software, Sony Materials or SCEA's Confidential Information in connection with the development of any software for any emulator or other computer hardware or software system. No right, license or privilege has been granted to Publisher hereunder concerning the development of any collateral product or other use or purpose of any kind whatsoever which displays or depicts any of the Licensed Trademarks. The rights set forth in Section 2.1(v) hereto are limited to the right to sublicense such rights to end users for non-commercial use; any public performance relating to the Licensed Product or the System is prohibited unless expressly authorized in writing by SCEA.

4.3 Reservation of Publisher's Rights. Separate and apart from Sony Materials and other rights licensed to Publisher by SCEA hereunder, as between Publisher and SCEA, Publisher retains all rights, title and interest in and to the Product Software, and the Product Proposals and Product Information related thereto, including without limitation Publisher Intellectual Property Rights therein, as well as Publisher's rights in any source code and other underlying material such as artwork and music related thereto and any names used as titles for Licensed Products and other trademarks used by Publisher. Nothing in this Agreement shall be construed to restrict the right of Publisher to develop, distribute or transmit products incorporating the Product Software and such underlying material (separate and apart from the Sony Materials) for any hardware platform or service other than the System, or to use Printed Materials or Advertising Materials approved by SCEA as provided herein (provided that such Printed Materials and/or Advertising Materials do not contain any Licensed Trademarks) as Publisher determines for such other platforms. SCEA shall not do or cause to be done any act or thing in any way impairing or tending to impair or dilute any of Publisher's rights, title or interests hereunder. Notwithstanding the foregoing, Publisher shall not distribute or transmit Product Software which is intended to be used with the System via electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fiber optic means, telephone lines, microwave and/or radio waves, or other a network of computers or other devices, except as otherwise permitted in Section 4.2.1 hereto.

4.4 Additions to and Deletions from Licensed Territory. SCEA may, from time to time, add one or more countries to the Licensed Territory by providing written notice of such addition to Publisher. SCEA shall also have the right to delete, and intends to delete any countries from the Licensed Territory if, in SCEA's reasonable judgment, the laws or enforcement of such laws in such countries do not protect SCEA Intellectual Property Rights. In the event a country is deleted from the Licensed Territory, SCEA shall deliver to Publisher a notice stating the number of days within which Publisher shall cease distributing Licensed Products, and retrieve any Development Tools, directly or through subcontractors, by the end of the period stated in such notice.

4.5 SourceBook 2 Requirement. Publisher shall be required to comply with all the provisions of the SourceBook 2, including without limitation the Technical Requirements Checklist therein, when published, or within a commercially reasonable time following its publication to incorporate such provisions, as if such provisions were set forth in this Agreement.

5. Quality Standards for the Licensed Products.

5.1 Quality Assurance Generally. The Licensed Products (and all portions thereof) and Publisher's use of any Licensed Trademarks shall be subject to SCEA's prior written approval, which shall not be unreasonably withheld or delayed and which shall be within SCEA's sole discretion as to acceptable standards of quality. SCEA shall have the right at any stage of the development of a Licensed Product to review such Licensed Product to ensure that it meets SCEA's quality assurance standards. All Licensed Products will be developed to substantially utilize the particular capabilities of the System's proprietary hardware, software and graphics. No approval by SCEA of any element or stage of development of any Licensed Product shall be deemed an approval of any other element or stage of such Licensed Product, nor shall any such approval be deemed to constitute a waiver of any of SCEA's rights under this Agreement. In addition, SCEA's approval of any element or any stage of development of any Licensed Product shall not release Publisher from any of its representations and warranties in Section 9.2 hereunder.

5.2 Product Proposals.

5.2.1 Submission of Product Proposal. Publisher shall submit to SCEA for SCEA's written approval or disapproval, which shall not be unreasonably withheld or delayed, a written proposal (the "Product Proposal"). Such Product Proposal must contain all information specified in the SourceBook 2, as well as any additional information that SCEA may deem to be useful in evaluating the proposed Licensed Product.

5.2.2 Approval of Product Proposal. After SCEA's review of Publisher's Product Proposal, Publisher will receive written notice from SCEA of the status of the Product Proposal, which may range from "Approved" to "Not Approved." Such conditions shall have the meanings ascribed to them in the SourceBook 2, and may be changed from time to time by SCEA. If a Product Proposal is "Not Approved", then neither Publisher nor any other Licensed Developer or Licensed Publisher may re-submit such Product Proposal without significant, substantive revisions. SCEA shall have no obligation to approve any Product Proposal submitted by Publisher. Any development conducted by or at the direction of Publisher and any legal commitment relating to development work shall be at Publisher's own financial and commercial risk. Publisher shall not construe approval of a Product Proposal as a commitment by SCEA, to grant final approval to such Licensed Product. Nothing herein shall restrict SCEA from commercially exploiting any coincidentally similar concept(s) and/or product(s), which have been independently developed by SCEA, an Affiliate of SCEA or any third party.

5.2.3 Changes to Product Proposal. Publisher shall notify SCEA promptly in writing in the event of any material proposed change in any portion of

the Product Proposal. SCEA's approval of a Product Proposal shall not obligate Publisher to continue with development or production of the proposed Licensed Product, provided that Publisher must immediately notify SCEA in writing if it discontinues, cancels or otherwise delays past the original scheduled delivery date development of any proposed Licensed Product. In the event that Publisher licenses a proposed Licensed Product from another Licensed Publisher or a Licensed Developer, it shall immediately notify SCEA of such change and must re-submit such Licensed Product to SCEA for approval in accordance with the provisions of Section 5.2.1 above.

5.3 Work-in-Progress.

5.3.1 Submission and Review of Work in Progress. SCEA shall require Publisher to submit to SCEA work-in-progress on Licensed Products at certain intervals throughout their development and, upon written notice to Publisher, at any time during the development process. Upon approval of the Product Proposal, Publisher must within the time frame indicated in the approval letter communicate with SCEA and mutually agree on a framework for the review of such Licensed Product throughout the development process ("Review Process"). Once the Review Process has begun, Publisher shall be responsible for submitting work-in-progress to SCEA in accordance with such Review Process. Failure to submit work-in-progress in accordance with any stage of the Review Process may, at SCEA's discretion, result in revocation of approval of such Product Proposal.

5.3.2 Approval of Work in Progress. SCEA shall have the right to approve, reject or require additional information with respect to each stage of the Review Process. SCEA shall specify in writing the reasons for any such rejection or request for additional information and shall state what corrections and/or improvements are necessary. If any stage of the Review Process is not provided to SCEA or is not successfully met after a reasonable cure period agreed to between SCEA and Publisher, SCEA shall have the right to revoke the approval of Publisher's Product Proposal.

5.3.3 Cancellation or Delay; Conditions of Approval. Licensed Products which are canceled by Publisher or are late in meeting the final Executable Software delivery date by more than three (3) months (without agreeing with SCEA on a modified final delivery date) shall be subject to termination provisions set forth in Section 14.3 hereto. In addition, failure to make changes required by SCEA to the Licensed Product at any stage of the Review Process, or making material changes to the Licensed Product without SCEA's approval, may subject Publisher to the termination provisions set forth in Section 14.3 hereto:

5.4 Approval of Executable Software. On or before the date specified in the Product Proposal or as determined by SCEA pursuant to the Review Process, Publisher shall deliver to SCEA for its inspection and evaluation, a final version of the Executable Software for the proposed Licensed Product. SCEA will evaluate such Executable Software and notify Publisher in writing of its approval or disapproval, which shall not be unreasonably withheld or delayed. If such Executable Software is disapproved, SCEA shall specify in writing the reasons for such disapproval and state what corrections and improvements are necessary. After making the necessary corrections and improvements, Publisher shall submit a new version of such Executable Software for SCEA's approval. SCEA shall have the right to disapprove Executable Software if it fails to comply with SCEA's corrections or improvements or one or more conditions as set forth in the SourceBook 2 with no obligation to review all elements of any version of Executable Software. All final versions of Executable Software shall be submitted in the format prescribed by SCEA and shall include such number of Master Discs as SCEA may require from time to time. Publisher hereby (i) warrants that all final versions of Executable Software are fully

tested; (ii) shall use its best efforts to ensure such Executable Software is fully to submission to SCEA; and (iii) warrants that all versions of Executable Software comply or will comply with standards set forth in the SourceBook 2 or other documentation provided by SCEA to Publisher. In addition, prior to manufacture of Executable Software, Publisher must sign an accountability form stating that (x) Publisher approves the release of such Executable Software for manufacture in its current form and (y) Publisher shall be fully responsible for any problems related to such Executable Software.

5.5 Printed Materials.

5.5.1 Compliance with Guidelines. For each proposed Licensed Product, Publisher shall be responsible, at Publisher's expense, for creating and developing Printed Materials. All Printed Materials shall comply with the Guidelines, which may be amended from time to time, provided that Publisher shall, except as otherwise provided herein, only be required to implement amended Guidelines in subsequent orders of Printed Materials and shall not be required to recall or destroy previously manufactured Printed Materials, unless such Printed Materials do not comply with the original requirements in the Guidelines or unless explicitly required to do so in writing by SCEA.

5.5.2 Submission and Approval of Printed Materials. No later than submission of final Executable Software for a proposed Licensed Product, Publisher shall also deliver to SCEA, for review and evaluation, the proposed final Printed Materials and a form of limited warranty for the proposed Licensed Product. Failure to meet any scheduled release dates for a Licensed Product is solely the risk and responsibility of Publisher, and SCEA assumes no responsibility for Publisher failing to meet such scheduled release dates due to this submission process. The

quality of such Printed Materials shall be of the same quality as that associated with other commercially available high quality software products. If any of the Printed Materials are disapproved, SCEA shall specify the reasons for such disapproval and state what corrections are necessary. SCEA shall have no liability to Publisher for costs incurred or irrevocably committed to by Publisher for production of Printed Materials that are disapproved by SCEA. After making the necessary corrections to any disapproved Printed Materials, Publisher must submit new Printed Materials for approval by SCEA. SCEA shall not unreasonably withhold or delay its review of Printed Materials.

5.6 Advertising Materials.

5.6.1 Submission and Approval of Advertising Materials. Pre-production samples of all Advertising Materials shall be submitted by Publisher to SCEA, at Publisher's expense, prior to any actual production, use or distribution of any such items by Publisher or on its behalf. SCEA shall evaluate and approve such Advertising Materials, which approval shall not be unreasonably withheld or delayed, as to the following standards: (i) the content, quality, and style of the overall advertisement; (ii) the quality, style, appearance and usage of any of the Licensed Trademarks; (iii) appropriate references of any required notices; and (iv) compliance with the Guidelines. If any of the Advertising Materials are disapproved, SCEA shall specify the real means for such disapproval and state what corrections are necessary. SCEA may require Publisher to immediately withdraw and reprint any Advertising Materials that have been published but have not received the written approval of SCEA. SCEA shall have no liability to Publisher for costs incurred or irrevocably committed to by Publisher for production of Advertising Materials that are disapproved by SCEA. For each Licensed Product, Publisher shall be required to deliver to SCEA an accountability form stating that all Advertising Materials for such Licensed Product comply or will comply with the Guidelines for use of the Licensed Trademarks. After making the necessary corrections to any disapproved Advertising Materials, Publisher must submit new proposed Advertising Materials for approval by SCEA.

5.6.2 Failure to Comply; Three Strikes Program. Publishers who fail to obtain SCEA's approval of Advertising Materials prior to broadcast or publication shall be subject to the provisions of the "Three Strikes" program outlined in the SourceBook 2. Failure to obtain SCEA's approval of Advertising Materials could result in termination of this LPA or termination of approval of the Licensed Product, or could subject Publisher to the provisions of Section 14.4 hereto. Failure to meet any scheduled release dates for Advertising Materials is solely the risk and responsibility of Publisher, and SCEA assumes no responsibility for Publisher failing to meet such scheduled release dates due to approval requirement as set forth in this Section.

5.6.3 SCEA Materials. Subject in each instance to the prior written approval of SCEA, Publisher may use advertising materials owned by SCEA pertaining to the System or to the Licensed Trademarks on such Advertising Materials as may, in Publisher's judgment, promote the sale of Licensed Products.

5.7 Rating Requirements. If required by SCEA or any governmental entity, Publisher shall submit each Licensed Product to a consumer advisory ratings system designated by SCEA and/or such governmental entity for the purpose of obtaining rating code(s) for each Licensed Product. Any and all costs and expenses

incurred in connection with obtaining such rating code(s) shall be borne solely by Publisher. Any required consumer advisory rating code(s) procured hereby shall be displayed on the Licensed Product and in the associated Printed materials and Advertising Materials, at Publisher's cost and expense, in accordance with the SourceBook 2 or other documentation provided by SCEA to Publisher.

5.8 Publisher's Additional Quality Assurance Obligations. If at any time or times subsequent to the approval of Executable Software and Printed Materials, SCEA identifies any material defects (such materiality to be determined by SCEA in its sole discretion) with respect to the Licensed Product, or in the event that SCEA identifies any improper use of its Licensed Trademarks or Sony Materials with respect to the Licensed Product, or any such material defects or improper use are brought to the attention of SCEA, Publisher shall, at no cost to SCEA, promptly correct any such material defects, or improper use of Licensed Trademarks or Sony Materials, to SCEA's commercially reasonable satisfaction, which may include, if necessary in SCEA's judgment, the recall and re-release of such Licensed Product. In the event any Units of Licensed Products create any risk of loss or damage to any property or injury to any person, Publisher shall immediately take effective steps, at Publisher's sole liability and expense, to recall and/or to remove such defective Units from any affected channels of distribution, provided, however, that if Publisher is not acting as the distributor and/or seller for the Licensed Products, its obligation hereunder shall be to use its best efforts to arrange removal of such Licensed Product from channels of distribution. Publisher shall provide all end-user support for the Licensed Products and SCEA expressly disclaims any obligation to provide end-user support on Publisher's Licensed Products.

6. Manufacture of the Licensed Products.

6.1 Manufacture of Units. Upon approval of Executable Software and associated Printed Materials pursuant to Section 5, and subject to Sections 6.1.2, 6.1.3 and 6.1.4 below, the Designated Manufacturing Facility

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will, in accordance with the terms and conditions set forth in this Section 6, and at Publisher's expense (a) manufacture PlayStation 2 Format Discs for Publisher, (b) manufacture Publisher's Packaging and/or Printed Materials; and/or (c) assemble the PlayStation 2 Format Discs with the Printed Materials and the Packaging Publisher shall comply with all Manufacturing Specifications related to the particular terms set forth herein. SCEA reserves the right to insert or require the Publisher to insert certain Printed Materials relating to the System or Licensed Trademarks into each Unit.

6.1.1 Manufacture of PlayStation 2 Format Discs.

6.1.1.1 Designated Manufacturing Facilities. To insure compatibility of the PlayStation 2 Format Discs with the System, consistent quality of the Licensed Product and incorporation of anti-piracy security systems, SCEA shall designate and license a Designated Manufacturing Facility to reproduce PlayStation 2 Format Discs. Publisher shall purchase all of its requirements for PlayStation 2 Format Discs from such Designated Manufacturing Facility during the term of the Agreement. Any Designated Manufacturing Facility shall be a third party beneficiary of this Agreement.

6.1.1.2 Creation of Master CD-ROM or DVD-ROM. Pursuant to Section 5.4 in connection with final testing of Executable Software, Publisher shall provide SCEA with the number of Master Discs specified in the SourceBook 2. A Designated Manufacturing facility shall create from one of the fully approved Master Discs provided by Publisher the original master CD-ROM or DVD-ROM, from which all other copies of the Licensed Product are to be replicated. Publisher shall be responsible for the costs, as determined by the Designated Manufacturing Facility, of producing such original master. In order to insure against loss or damage to the copies of the Executable Software furnished to SCEA, Publisher will retain duplicates of all Master Discs, and neither SCEA nor any Designated Manufacturing Facility shall be liable for loss of or damage to any Master Discs or Executable Software.

6.1.2 Manufacture of Printed Materials.

6.1.2.1 Manufacture by Designated Manufacturing Facility. If Publisher elects to obtain Printed Materials from a Designated Manufacturing Facility, Publisher shall deliver all SCEA-approved Printed Materials to that Designated Manufacturing Facility, at Publisher's sole risk and expense, and the Designated Manufacturing Facility will manufacture such Printed Materials in accordance with this Section 6. In order to insure against loss or damage to the copies of the Printed Materials furnished to SCEA, Publisher will retain duplicates of all Printed Materials, and neither SCEA nor any Designated Manufacturing Facility shall be liable for loss of or damage to any such Printed Materials.

6.1.2.2 Manufacture by Alternate Source. Subject to SCEA's approval as provided in Section 5.5.2 hereto and in this Section, Publisher may elect to be responsible for manufacturing its own Printed Materials (other than any Artwork which may be placed directly upon the PlayStation Disc, which Publisher will supply to

the Designated Manufacturing Facility for placement), at Publisher's sole risk and expense. Prior to production of each order, Publisher shall be required to supply SCEA with samples of any Printed Materials not produced or supplied by a Designated Manufacturing Facility, at no charge to SCEA or Designated Manufacturing Facility, for SCEA's approval with respect to the quality thereof. SCEA shall have the right to disapprove any Printed Materials that do not comply with the Manufacturing Specifications. Manufacturing Specifications for Printed Materials shall be comparable to manufacturing specifications applied by SCEA to its own software products for the System. If Publisher elects to supply its own Printed Materials, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delays arising from use of Publisher's own Printed Materials.

6.1.3 Manufacture of Packaging

6.1.3.1 Manufacture by Designated Manufacturing Facility. To ensure consistent quality of the Licensed Products, SCEA may designate and license a Designated Manufacturing Facility to reproduce proprietary Packaging for the System. If SCEA creates proprietary Packaging for the System, then Publisher shall purchase [**] of its requirements for such proprietary Packaging from a Designated Manufacturing Facility during the term of the Agreement, and the Designated Manufacturing Facility will manufacture such Packaging in accordance with this Section 6.

6.1.3.2 Manufacture by Alternate Source. If SCEA elects to use standard, non-proprietary Packaging for the System, then Publisher may elect to be responsible for manufacturing its own Packaging (other than any proprietary labels and any portion of a container containing Licensed Trademarks, which Publisher must purchase from a Designated Manufacturing Facility). Publisher shall assume all responsibility for the creation of such Packaging at Publisher's sole risk and expense. Publisher shall be responsible for encoding and printing proprietary edge labels provided by a Designated Manufacturing Facility with information reasonably specified by SCEA from time to time and will apply such labels to each Unit of the Licensed Product as reasonably specified by SCEA. Prior to production of each order, Publisher shall be required to supply SCEA with samples of any Packaging not produced or supplied by a Designated Manufacturing Facility, at no charge to SCEA or Designated Manufacturing Facility, for SCEA's approval with respect to the quality thereof. SCEA

shall have the right to disapprove any Packaging that does not comply with the Manufacturing Specifications. Manufacturing Specifications for Packaging shall be comparable to manufacturing specifications applied by SCEA to its own software products for the System. If Publisher procures Packaging from an alternate source, then it must also procure assembly services from an alternate source. If Publisher elects to supply its own Packaging, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delay arising from use of Publisher's own Packaging.

6.1.4 Assembly Services. Publisher may either procure assembly services from a Designated Manufacturing Facility or from an alternate source. If Publisher elects to be responsible for assembling the Licensed Products, then the Designated Manufacturing Facility shall ship the component parts of the Licensed Product to a destination provided by Publisher, at Publisher's sole risk and expense. SCEA shall have the right to inspect any assembly facilities utilized by Publisher in order to determine if the component parts of the Licensed Products are being assembled in accordance with SCEA's quality standards. SCEA may require that Publisher recall any Licensed Products that do not contain proprietary labels or other material component parts or that otherwise fail to comply with the Manufacturing Specifications. If Publisher elects to use alternate assembly facilities, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delays or missing component parts arising from use of alternate assembly facilities.

6.2 Price, Payment and Terms.

6.2.1 Price. The applicable price for manufacture of any Units of Licensed Products ordered hereunder shall be provided to Publisher by the Designated Manufacturing Facility. Purchase shall be subject to the terms and conditions set out in any purchase order form supplied to Publisher by the Designated Manufacturing Facility.

6.2.2 Orders. Publisher shall issue to a Designated Manufacturing Facility a written Purchase Order(s) in the form set forth and containing the information required in the Manufacturing Specifications, with a copy to SCEA. All orders shall be subject to approval by SCEA, which shall not be unreasonably withheld or delayed. Purchase Orders issued by Publisher to a Designated Manufacturing Facility for each Licensed Product approved by SCEA shall be non-cancelable and be subject to the order requirements of the Designated Manufacturing Facility.

6.2.3 Payment Terms. Purchase Orders will be invoiced as soon as reasonably practical after receipt, and such invoice will include both manufacturing price and royalties payable pursuant to Section 8.1 or 8.2

hereto for each Unit of Licensed Products ordered. Each invoice will be payable either on a cash-in-advance basis or pursuant to a letter of credit, or, at SCEA's sole discretion, on credit terms. Terms for cash-in-advance and letter of credit payments shall be as set forth in the SourceBook 2. All amounts hereunder shall be payable in United States dollars. All associated banking charges with respect to payments of manufacturing costs and royalties shall be borne solely by Publisher.

6.2.3.1 Credit Terms. SCEA may at its sole discretion extend credit terms and limits to Publisher. SCEA may also revoke such credit limits at its sole discretion. If Publisher qualifies for credit terms, then orders will be invoiced upon shipment of Licensed Products and each invoice will be payable within thirty (30) days of the date of the invoice. [**]. Publisher shall be additionally liable for all costs and expenses of collection, including, without limitation, reasonable fees for attorneys and court costs.

6.2.3.2 General Terms. No deduction may be made from remittances unless an approved credit memo has been issued by a Designated Manufacturing Facility. Neither SCEA nor a Designated Manufacturing Facility shall be responsible for shortage or breakage with respect to any order if component parts and/or assembly services are obtained from alternate sources. Each shipment to Publisher shall constitute a separate sale, whether said shipment be whole or partial fulfillment of any order. Nothing in this Agreement shall excuse or be construed as a waiver of Publisher's obligation to timely provide any and all payments owed to SCEA and Designated Manufacturing Facility.

6.3 Delivery of Licensed Products. Neither SCEA nor any Designated Manufacturing Facility shall have an obligation to store completed Units of Licensed Products. Publisher may either specify a mode of delivery or allow Designated Manufacturing Facility to select a mode of delivery.

6.4 Ownership of Master Discs. Due to the proprietary nature of the mastering process, neither SCEA nor a Designated Manufacturing Facility shall under any circumstances release any original master CD-ROM, Master Discs or other in-process materials to Publisher. All such materials shall be and remain the sole property of SCEA or Designated Manufacturing Facility. Notwithstanding the foregoing, Publisher Intellectual Property Rights contained in Product Software that is contained in such in-process materials is, as between SCEA and Publisher, the sole and exclusive property of Publisher or its licensors (other than SCEA and/or its affiliates).

7. Marketing and Distribution.

7.1 Marketing Generally. In accordance with the provisions of this Agreement and at no expense to SCEA Publisher shall, and shall direct its distributors to diligently market, sell and distribute the Licensed Products, and shall use commercially reasonable efforts to stimulate demand for such Licensed Products in the Licensed Territory and to supply any resulting demand. Publisher shall use its reasonable best efforts to protect the Licensed Products from and against illegal reproduction and/or copying by end users or by any other persons or entities.

7.2 Samples. Publisher shall provide to SCEA, no additional cost, for SCEA's internal use, [**] sample copies of each Licensed Product. Publisher shall pay any manufacturing costs to the Designated Manufacturing Facility in accordance with Section 6.2, but shall not be obligated to pay royalties, in connection with such sample Units. In the event the Publisher assembles any Licensed Product using an alternate source, Publisher shall be responsible for shipping such sample Units to SCEA at Publisher's cost and expense. SCEA shall not directly or indirectly resell any such sample copies of the Licensed Products without Publisher's prior written consent. SCEA may give sample copies to its employees, provided that it uses its reasonable efforts to ensure that such copies are not sold into the retail market. In addition, subject to availability, Publisher shall sell to SCEA additional quantities of Licensed Products at the Wholesale Price for such Licensed Product. Any changes to SCEA's policy regarding sample Units shall be set forth in the SourceBook 2.

7.3 Marketing Programs of SCEA. From time to time, SCEA may invite Publisher to participate in promotional or advertising opportunities that may feature one or more Licensed Products from one or more Licensed Publishers. Participation shall be voluntary and subject to terms to be determined at the time of the opportunity. In the event Publisher elects to participate, all materials submitted by Publisher to SCEA shall be submitted subject to Section 10.2 hereunder and delivery of such materials to SCEA shall constitute acceptance by Publisher of the terms of the offer. Moreover, SCEA may use the Generic Line on all multi-product marketing materials, unless otherwise agreed in writing.

7.4 Demonstration Disc Programs. SCEA may, from time to time, provide opportunities for Publisher to participate in SCEA Demo Disc programs. In addition, SCEA may, from time to time grant to Publisher the right to create Third Party Demo Discs pursuant to SCEA Established Third Party Demo Disc Programs. The specifications with respect to the approval, creation, manufacture, marketing, distribution and sale of any such demo disc programs shall be set forth in the SourceBook 2 or in other documentation to be provided by SCEA to Publisher. Except as otherwise specifically set forth herein, in the SourceBook 2 or in other documentation,

Third Party Demo Discs shall be considered "Licensed Products" and shall be subject in all respects to the terms and conditions of this Agreement pertaining to Licensed Products. In addition, the following procedures shall also apply to SCEA Demo Discs and Third Party Demo Discs:

7.4.1 SCEA Demo Discs.

7.4.1.1 License. SCEA may, but shall not be obligated to, invite Licensed Publishers to participate in any SCEA Demo Disc program. Participation by Publisher in an SCEA Demo Disc program shall be optional. If Publisher elects to participate in an SCEA Demo Disc program and provides Product Information to SCEA in connection thereto, Publisher shall thereby grant to SCEA a royalty-free license during the term of this Agreement in the Licensed Territory to manufacture, use, sell, distribute, market, advertise and otherwise promote Publisher's Product Information as part of such SCEA Demo Disc program. In addition, Publisher shall grant SCEA the right to feature Publisher and Licensed Product names in SCEA Demo Disc Advertising Materials and to use copies of screen displays generated by the code, representative video samples or other Product Information in such SCEA Demo Disc Advertising Materials. All decisions relating to the selection of first and third party Product Information and all other aspects of SCEA Demo Discs shall be in the sole discretion of SCEA.

7.4.1.2 Submission and Approval of Product Information. Upon receipt of written notice that SCEA has tentatively chosen Publisher's Product Information for inclusion in an SCEA Demo Disc, Publisher shall deliver to SCEA such requested Product Information by no later than the deadline set forth in such notice. Separate notice will be sent for each SCEA Demo Disc, and Publisher must sign each notice prior to inclusion in such SCEA Demo Disc. Publisher shall include its own Legal Copy on the title screen or elsewhere in the Product Information submitted to SCEA. SCEA shall only provide the Generic Line on the SCEA Demo Disc title screen and packaging. Publisher's Product Information shall comply with SCEA's technical specifications provided to Publisher. SCEA reserves the right to review and test the Product Information provided and request revisions prior to inclusion on the SCEA Demo Disc. If SCEA requests changes to the Product Information and Publisher elects to continue to participate in such Demo Disc, Publisher shall make such changes as soon as possible after receipt of written notice of such requested changes from SCEA, but not later than the deadline for receipt of Product Information. Failure to make such changes and provide the modified Product Information to SCEA by the deadline shall result in the Product Information being removed from the SCEA Demo Disc. Costs associated with preparation of Product Information supplied to SCEA shall be borne solely by Publisher. Except as otherwise provided in this Section, SCEA shall not edit or modify Product Information provided to SCEA by Publisher without Publisher's consent not to be unreasonably withheld. SCEA shall have the right to use subcontractors to assist in the development of any SCEA Demo Disc. With respect to Product Information provided by Publisher in demo form, the demo delivered to SCEA shall not constitute the complete Licensed Product and shall be, at a minimum, an amount sufficient to demonstrate the Licensed Product's core features and value, without providing too much information so as to give consumers a disincentive to purchase the complete Licensed Product.

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7.4.1.3 No Obligation to Publish. Acceptance of Product Information for test and review shall not be deemed confirmation that SCEA shall include the Product Information on an SCEA Demo Disc, nor shall it constitute approval of any other element of the Licensed Product. SCEA reserves the right to choose from products submitted from other Licensed Publishers and first party products to determine the products to be included in SCEA Demo Discs, and Publisher's Licensed Products will not be guaranteed prominence or preferential treatment on any SCEA Demo Disc. Nothing herein shall be construed as creating an obligation of SCEA to publish Product Information submitted by Publisher in any SCEA Demo Disc, nor shall SCEA be obligated to publish, advertise or promote any SCEA Demo Disc.

7.4.1.4 SCEA Demo Discs Sold at Retail. Publisher is aware and acknowledges that certain SCEA Demo Discs may be distributed and sold by SCEA in the retail market. If Publisher elects to participate in any SCEA Demo Disc program which is sold in the retail market, as notified by SCEA to Publisher, Publisher acknowledges prior to participation in any such SCEA Demo Disc that it is aware of no limitations regarding Product Information provided to SCEA pursuant to the terms of this Agreement which would in any way restrict SCEA's ability to distribute or sell such SCEA Demo Disc at retail, nor does Publisher or its licensors (other than SCEA and/or its affiliates) have any anticipation of receiving any compensation from such retail sales. In the event that SCEA institutes a SCEA Demo Disc in which a fee and/or royalty is charged to Publisher, SCEA and Publisher will enter into a separate agreement regarding such SCEA Demo Disc.

7.4.2 Third Party Demo Discs.

7.4.2.1 License. Publisher may participate in any SCEA Established Third Party Demo Disc Program. Publisher shall notify SCEA of its intention to participate in any such program, and upon receipt of such notice, SCEA shall grant to Publisher the right and license to use Licensed Products in Third Party Demo Discs and to use, distribute, market, advertise and otherwise promote (and, if permitted in accordance with the terms of any

SCEA Established Third Party Program or otherwise permitted by SCEA, to sell) such Third Party Demo Discs in accordance with the SourceBook 2, which may be modified from time to time at the sole discretion of SCEA. Unless separately agreed in writing with SCEA, Third Party Demo Discs shall not be used, distributed, promoted, bundled or sold in conjunction with other products. In addition, SCEA hereby consents to the use of the Licensed Trademarks in connection with Third Party Demo Discs, subject to the approval procedures set forth in this Agreement. If any SCEA Established Third Party Demo Disc Program is specified by SCEA to be for promotional use only and not for resale, and such Third Party Demo Disc is subsequently discovered to be for sale, Publisher's right to produce Third Party Demo Discs shall thereupon be automatically revoked, and SCEA shall have the right to terminate any related Third Party Demo Discs in accordance with the terms of Section 14.3 or 14.4 thereto.

7.4.2.2 Submission and Approval of Third Party Demo Discs. Publisher shall deliver to SCEA, for SCEA's prior approval, a final version of each Third Party Demo Disc in a format prescribed by SCEA. Such Third Party Demo Disc shall comply with all requirements provided to Publisher by SCEA in the SourceBook 2 or otherwise. In addition, SCEA shall evaluate the Third Party Demo Disc in accordance with the approval provisions for Executable Software and Printed Materials set forth in Section 5.4 and 5.5, respectively. Furthermore, Publisher shall obtain the approval of SCEA in connection with any Advertising Materials relating to the Third Party Demo Discs in accordance with the approval provisions set forth in Section 5.6. Costs associated with Third Party Demo Discs shall be borne solely by Publisher. No approval by SCEA of any element of any Third Party Demo Disc shall be deemed an approval of any other element thereto, nor does any such approval constitute final approval for the related Licensed Product. Unless otherwise permitted by SCEA, Publisher shall clearly and conspicuously state on all Third Party Demo Disc Packaging and Printed Materials that the Third Party Demo Disc is for promotional purposes only and not for resale.

7.4.2.3 Manufacture and Royalty of Third Party Demo Discs. Publisher shall comply with all Manufacturing Specifications with respect to the manufacture and payment for manufacturing costs of Third Party Demo Discs, and Publisher shall also comply with all terms and conditions of Section 6 hereto. No costs incurred in the development, manufacture, licensing, production, marketing and/or distribution (and if permitted by SCEA, sale) of the Third Party Demo Disc shall be deducted from any amounts payable to SCEA hereunder. Royalties on Third Party Demo Discs shall be as provided in Section 8.2.

7.5 Contests and Sweepstakes of Publisher. SCEA acknowledges that, from time to time, Publisher may conduct contests and sweepstakes to promote Licensed Products. SCEA shall permit Publisher to include contest or sweepstakes materials in Printed

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Materials and Advertising Materials, subject to compliance with the approval provisions of Section 5.5 and 5.6 hereunder, compliance with the provisions of Section 9.2 and 10.2 hereunder, and subject to the following additional terms and conditions:

(i) Publisher represents that it has retained the services of a fulfillment house to administer the contest or sweepstakes and if it has not retained the services of a fulfillment house, Publisher represents and warrants that it has the expertise to conduct such contests or sweepstakes, and in any event, Publisher shall assume full responsibility for all aspects of such contest or sweepstakes;

(ii) Publisher warrants that each contest, sweepstakes, and promotion, comply with local, state and federal laws or regulations;

(iii) Publisher represents and warrants that it has obtained the consent of all holders of intellectual property rights required to be obtained in connection with each contest or sweepstakes including, but not limited to, the consent of any holder of copyrights or trademarks relating to any Advertising Materials publicizing the contest or sweepstakes, or the prizes being awarded to winners of the contest or sweepstakes; and

(iv) Publisher shall make available to SCEA all contest and sweepstakes material prior to publication in accordance with the approval process set forth in Section 5.5 or 5.6.

Approval by SCEA of contest or sweepstakes materials for use in the Printed Materials or Advertising Materials (or any use of the System or Licensed Products as prizes in such contest or sweepstakes) shall not constitute an endorsement by SCEA of such contest or sweepstakes, nor shall such acceptance be construed as SCEA having reviewed and approved such materials for compliance with any federal or state law, statute, regulations, order or the like, which shall be Publisher's sole responsibility.

7.6 PlayStation Website. All Licensed Publishers shall be required to provide Product Information for a web page for each of its Licensed Products for display on the PlayStation promotional website, or other website or websites as may be operated by SCEA from time to time in connection with the promotion of the PlayStation brand. Specifications for Product Information for such web pages shall be as provided in the SourceBook 2. Publisher shall provide SCEA with such Product Information for each Licensed Product upon

submission of Printed Materials to SCEA for approval in accordance with Section 5.5.2 hereto. Publisher shall also provide updates to such web page in a timely manner as required by SCEA in updates to the SourceBook 2.

7.7 Distribution.

7.7.1 Distribution Channels. Publisher may use such distribution channels as Publisher deems appropriate, including the use of third party distributors, resellers, dealers and sales representatives. In the event that Publisher elects to have one of its Licensed Products distributed and sold by another Licensed Publisher, Publisher must provide SCEA with advance written notice of such election, the name of the Licensed Publisher and any additional information requested by SCEA regarding the nature of the distribution services provided by such Licensed Publisher prior to manufacture of such Licensed Product.

7.7.2 Limitations on Distribution. Notwithstanding any other provisions in this Agreement, Publisher shall not, directly or indirectly, solicit orders from or sell any Units of the Licensed Products to any person or entity outside of the Licensed Territory. In addition, Publisher shall not directly or indirectly solicit orders for or sell any Units of the Licensed Products in any situation where Publisher knows or reasonably should know that such Licensed Products may be exported or resold outside of the Licensed Territory.

8. Royalties.

8.1 Applicable Royalties on Licensed Products

8.1.1 Initial Orders. Publisher shall pay SCEA, either directly or indirectly or through its designee, a per title royalty in United States dollars for each Unit of the Licensed Products manufactured based on the initial Wholesale Price of the Licensed Product, as follows:

		Wholesale Price	Per Title Royalty
Band	1	[**] to [**]	[**]
Band	2	[**] to [**]	[**]
Band	3	[**] to [**]	[**]
Band	4	[**] to [**]	[**]

In the absence of satisfactory evidence to support the WSP, the royalty rate, that shall apply will be [**] per Unit.

8.1.2 Reorders and. Other Programs. Royalties on additional orders to manufacture a specific Licensed Product shall be the royalty determined by the initial Wholesale Price as reported by Publisher for that licensed Product regardless of the wholesale price of the Licensed Product at the time of reorder, except in the event that the Wholesale Price increases for such Licensed Product, in which case the royalty shall be adjusted upwards to reflect the higher Wholesale Price. Licensed

8.2 Third Party Demo Disc Program Royalties. Publisher shall pay SCEA a per Unit royalty in United States dollars of [**] for each Third Party Demo Disc Unit manufactured. The quantity of Units ordered shall comply with the terms of such. SCEA Established Third Party Demo Disc Program.

8.4 Rebate Programs. Publisher shall be eligible to participate in one of three rebate programs offered by SCEA: the Standard Rebate program, the Level 1 Rebate program, or the Level 2 Rebate program. If Publisher qualifies for such rebates as set forth herein, rebates shall be credited to Publisher's account as provided below:

[illegible]

8.4.1 Standard Rebate Program. All Publishers qualify for the Standard Rebate program. Rebates will be offered on an individual title basis. Rebates will be given to any individual Licensed Product that exceeds the above numbers of Units during the first year after first commercial shipment of such Licensed Product. The rebate in effect at the end of such year for the Licensed Product will remain in effect for as long as Publisher continues to sell such Licensed Product, but Publisher will not receive further rebates if sales of such Licensed Product hit additional thresholds as specified above after such year. The Standard Rebate may not be used in conjunction with a Third Party Demo Disc program or any promotional program of SCEA, with Licensed Products that qualify for any "Greatest Hits" program of SCEA or with Licensed Products that qualify for the [**].

8.4.2 Level 1 Rebate Program: To be eligible for the Level 1 Rebate program, Publisher must ship over [**] Units of certain Licensed Products in a single Fiscal Year. Level 1 Rebates shall be credited to Publisher on an individual title basis. Other terms of the Level 1 Rebate are as follows:

(i) Only Publisher's titles (as determined below) that meet the following conditions shall count toward the [**] Unit threshold: Publisher must order at least [**] Units of the

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Licensed Product both within the first year of commercial release of such Licensed Product and during the qualifying Fiscal Year.

(ii) Any Licensed Products, including "Greatest Hits" titles and products for the original PlayStation game console, but excluding all demo discs, shall count toward the [**] threshold (provided they meet the conditions set forth in Section 8.4.2(i) above. For purposes of determining Level 1 Rebate thresholds and the conditions set forth in Section 8.4.2(i), full priced Licensed Products and "Greatest Hits" Licensed Products shall be considered separate Licensed Products, with separate Unit minimums and release dates.

(iii) Level 1 Rebates shall apply only to Licensed Products (not including "Greatest Hits" titles, Licensed Products qualifying for the [**] and products for the original PlayStation game console) ordered in the Fiscal Year following the Fiscal Year in which the [**] Unit threshold is met. Units of Licensed Products that qualified Publisher for inclusion in the Level 1 Rebate program in the previous Fiscal Year shall not be entitled to receive the Level 1 rebate.

(iv) Publisher must re-qualify for the Level 1 Rebate Program each Fiscal Year. If a Publisher fails to requalify for any Fiscal Year, then the Standard Rebate shall apply in such Fiscal Year. The first Fiscal Year for which Publisher may qualify for the Level 1 Rebate shall be the Fiscal Year ending [**], and if the Publisher qualifies for the Level 1 Rebate, it will apply to Licensed Products ordered in the Fiscal Year commencing [**].

(v) Licensed Products eligible for the Level 1 Rebate program shall not be eligible for Standard Rebates, and Level 1 Rebates shall supersede Standard Rebates with respect to any individual Licensed Product, if a Licensed Product qualifies for the Standard Rebate in one Fiscal Year, and Publisher qualifies for the Level 1 Rebate in the next Fiscal Year, Units of such Licensed Product ordered in the next Fiscal Year will receive the Level 1 Rebate commencing on April 1 of the next Fiscal Year going forward, but such Level 1 Rebate will not be credited retroactively to Units of the Licensed Product ordered in the previous Fiscal Year. For example, Publisher orders [**] Units of Product X Fiscal Year 2001, receiving a Standard Rebate of [**]. Publisher qualifies for the Level 1 Rebate in Fiscal Year 2002. Publisher will receive the Level 1 Rebate of [**] commencing with Units ordered on [**], but will not receive a retroactive credit for Units order prior to [**]. When Publisher reaches the [**] Unit threshold, it will receive a retroactive credit of [**] on all Level 1 Rebate Units ordered, as well as a retroactive credit of [**] on Standard Rebate Units ordered in the previous Fiscal Year, and Publisher will receive the Level 1 Rebate of [**] going forward.

8.4.3 Level 2 Rebate Program: To be eligible for the Level 2 Rebate program, Publisher must ship over [**] Units of certain Licensed Products in any Fiscal Year. Level 2 Rebates shall be credited to Publisher on an individual title basis. Other terms of the Level 2 Rebate are as follows:

(i) Only Publisher's titles (as, determined below) that meet the following conditions shall count toward the [**] threshold: Publisher must order at least [**] Units of the Licensed Product both within the first year of commercial release of such Licensed Product and during the qualifying Fiscal Year.

(ii) Any Licensed Products, including "Greatest Hits" titles and products for the original PlayStation game console, but excluding all demo discs, shall count toward the [**] Unit threshold (provided they meet the conditions set forth in Section 8.4.3(i) above). For purposes of determining Level 2 Rebate thresholds and the conditions set forth in Section 8.4.2(i), full priced Licensed Products and "Greatest Hits" Licensed Products shall be considered separate Licensed Products, with separate Unit minimums and release dates.

(iii) Level 2 Rebates shall apply only to Licensed Products (not including "Greatest Hits" titles, Licensed Products qualifying for the [**] and products for the original PlayStation game console) ordered in the Fiscal Year following the Fiscal Year in which the [**] Unit threshold is met. Units of Licensed Products that qualified Publisher for inclusion in the Level 2 Rebate program in the previous Fiscal Year shall not be entitled to receive the Level 2 Rebate.

(iv) Publisher must-re-qualify for the Level 2 Rebate Program each Fiscal Year. If Publisher fails to requalify for any Fiscal Year then the Standard Rebate or Level 1 Rebate, as the case may be, shall apply in such Fiscal Year. The first Fiscal Year for which a Publisher may qualify for the Level 2 Rebate shall be the Fiscal Year ending [**], and if the Publisher qualifies for the Level 2 Rebate, it will apply to Licensed Products ordered in the Fiscal Year commencing [**].

(v) Licensed Products eligible for the Level 2 Rebate program shall not be eligible for Standard Rebates or Level 1 Rebates, and Level 2 Rebates shall supersede Standard Rebates and Level 1 Rebates with respect to any individual Licensed Product. If a Licensed Product qualifies for the Standard Rebate or Level 1 Rebate in one Fiscal Year, and Publisher qualifies for the Level 2 Rebate in the next Fiscal Year, Units of such Licensed Product ordered in the next Fiscal Year will receive the Level 2 Rebate going forward, but such Level 2 Rebate will not be credited retroactively to Units of the Licensed Product ordered in the previous Fiscal Year. See Section 8.4.2(v) for an example.

8.5 Calculation and Use of Rebates. Rebate percentages for all rebate programs shall be credited against royalties owed SCEA and shall have no other monetary value. All rebates, whether under the Standard Rebate, Level 1 Rebate or Level 2 Rebate Programs shall be issued by SCEA as a credit to Publisher for use against future royalty payments. It is Publisher's responsibility to inform SCEA when it reaches any rebate threshold. In no event shall Publisher take a deduction off royalties owed SCEA or deduction off an invoice payable to SCEA on current production unless and until SCEA issues a credit to Publisher in writing or unless otherwise agreed in writing. From time to time SCEA may allow Publisher to use credits in other manners on terms and conditions to be determined by SCEA. Publisher may use rebate credits to procure Development Tools. Units of Licensed Products shall be considered "ordered" when Units first begin to ship from a Designated Manufacturing Facility.

8.6 Rebate Credits. Subject to Sections 8.4.2(v) and 8.4.3(y), all rebate programs are [**], such that Publisher receives a credit for each rebate percentage against [**] Units when it reaches the Unit threshold for the next rebate percentage. SCEA shall credit Publisher's account with respect to [**] rebates as follows: (A) if Publisher's initial order for a Licensed Product is less than any rebate threshold provided above, then SCEA shall [**] credit Publisher's account [**] following the date that Publisher notifies SCEA that orders of a Licensed Product exceed any rebate threshold, subject to SCEA's right to confirm such information; and (B) if Publisher's initial order for a Licensed Product reaches or exceeds any rebate threshold provided above, then Publisher may credit the rebate amount set forth above as a separate line item on the Purchase Order with respect to such Licensed Product, subject to SCEA's confirmation right.

9. Representations and Warranties.

9.1 Representation and Warranties of SCEA. SCEA represents and warrants solely for the benefit of Publisher that SCEA has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

9.2 Representations and Warranties of Publisher. Publisher. Publisher represents and warrants that:

(i) There is no threatened or pending action, suit, claim or proceeding alleging that the use by Publisher of all or any part of the Product Software, Product Proposals, Product Information, Printed Materials, Advertising Materials or any underlying work or content embodied therein, or any name, designation or trademark used in conjunction with the Licensed Products infringes or otherwise violates any Intellectual Property Right or other right or interest of any kind whatsoever of any third party, or otherwise contesting any right, title or interest of Publisher in or to the Product Software, Product Proposals, Product Information, Printed Materials, Advertising Materials or any underlying work or content embodied therein, or any name, designation or trademark used in conjunction with the Licensed Products;

(ii) The Product Software, Product Proposals, Product Information, Printed Materials and Advertising Materials and their contemplated use under this Agreement do not and shall not infringe any person's or entity's rights including without limitation, patents, copyrights (including rights in a joint work), trademarks, trade dress, trade secret, rights of publicity, privacy, performance, moral rights, literary rights and any other third party right;

(iii) Publisher has the right, power and authority to enter into this Agreement, to grant SCEA the rights granted hereunder and to fully perform its obligations hereunder;

(iv) The making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person or entity, and, throughout the term of this Agreement, Publisher shall not make any separate agreement with any person or entity that is inconsistent with any of the provisions of this Agreement;

(v) Publisher has not sold, assigned, leased, licensed or in any other way disposed of or encumbered the rights granted to Publisher hereunder, and Publisher will not sell, assign, lease, license or in any other way dispose of or encumber any of such rights except as expressly permitted hereunder or as consented to by SCEA in writing;

(vi) Publisher has obtained the consent of all holders of intellectual property rights required to be obtained in connection with use of any Product Information by SCEA as licensed hereunder, and Product Information when provided to SCEA in accordance with the terms of this Agreement may be published, marketed, distributed and sold by SCEA in accordance with the terms and conditions of this Agreement and without SCEA incurring any royalty, residual, union, guild or other fees;

(vii) Publisher shall not make any representation or give any warranty to any person or entity expressly or implicitly on SCEA's behalf, or to the effect that the Licensed Products are connected in any way with SCEA (other than that the Executable Software and/or Licensed Products have been developed, marketed, sold and/or distributed under license from SCEA);

(viii) In the event that Executable Software is delivered to other Licensed Publishers or Licensed Developers by Publisher in source code form, Publisher will take all precautions consistent with the protection of

valuable trade secrets by companies in high technology industries to ensure the confidentiality of such source code;

(ix) The Executable Software and any Product Information delivered to SCEA shall be in a commercially acceptable form, free of significant bugs, defects, time bombs or viruses which could disrupt, delay, destroy the Executable Software or System or render either of them less than fully useful and shall be fully compatible with the System and any peripherals listed on the Printed Materials as compatible with the Licensed Product;

(x) Each of the Licensed Products, Executable Software, Printed Materials and Advertising Materials shall be developed, marketed, sold and distributed by or at the direction of Publisher in an ethical manner and in full compliance with all applicable federal, state, provincial, local and foreign laws and any regulations and standards promulgated thereunder (including but not limited to federal and state lottery laws as currently interpreted and enforced) and will not contain any obscene or defamatory matter;

(xi) Publisher's policies and practices with respect to the development, marketing, sale, and/or distribution of the Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of SCEA;

(xii) Publisher has, or will contract with a Licensed Developer for, the technical expertise and resources necessary to fulfill its obligations under this Agreement; and

(xiii) Publisher shall make no false, misleading or inconsistent representations or claims with respect to any Licensed Products, the System or SCEA.

10. Indemnities; Limited Liability.

10.1 Indemnification by SCEA. SCEA shall indemnify and hold Publisher harmless from and against any and all third party claims, losses, liabilities, damages, expenses and costs, including, without limitation, reasonable fees for attorneys, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim which result from or are in connection with a breach of any of the representations or warranties provided by SCEA herein; provided, however, that Publisher shall give prompt written notice to SCEA of the assertion of any such claim, and provided, further, that SCEA shall have the right

to select, counsel and control the defense and settlement thereof. SCEA shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to such matters as shall be deemed appropriate by SCEA. Publisher shall provide SCEA, at no expense to Publisher, reasonable assistance and cooperation concerning any such matter; and Publisher shall not agree to the settlement of any such claim, action or proceeding without SCEA's prior written consent.

10.2 Indemnification By Publisher. Publisher shall indemnify and hold SCEA harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including, without limitation, reasonable fees for attorneys, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with (i) a breach of any of the provisions of this Agreement; or (ii) infringement of a third party's intellectual property rights by Publisher; or (iii) any claims of or in connection with any personal or bodily injury (including death) or property damage, by whomever such claim is made, arising out of, in whole or in part, the development, marketing, sale, distribution and/or use of any of the Licensed Products (or portions thereof) unless due directly to the breach of SCEA in performing any of the specific duties and/or providing any of the specific services required of it hereunder; or (iv) any federal, state or foreign civil or criminal actions relating to the development, marketing, sale and/or distribution of Licensed Products. SCEA shall give prompt written notice to Publisher of the assertion of any such indemnified claim, and, with respect to third party claims, actions or proceedings against SCEA, SCEA shall have the right to select counsel for SCEA and reasonably control the defense and/or settlement thereof. Subject to the above, Publisher shall have the right, at its discretion, to select its own counsel, to commence and prosecute at its own expense any lawsuit, to reasonably control the defense and/or settlement thereof or to take such other action with respect to claims, actions or proceedings by or against Publisher. SCEA shall retain the right to approve any settlement. SCEA shall provide Publisher, at no expense to SCEA, reasonable assistance and cooperation concerning any such matter; and SCEA shall not agree to the settlement of any such claim, action or proceeding (other than third party claims, actions or proceedings against SCEA) without Publisher's prior written consent.

10.3 LIMITATION OF LIABILITY.

10.3.1 LIMITATION OF SCEA'S LIABILITY. IN NO EVENT SHALL SCEA OR OTHER SONY AFFILIATES AND THEIR SUPPLIERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS BE LIABLE FOR LOSS OF PROFITS, OR ANY SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE BREACH OF THIS AGREEMENT BY SCEA, THE MANUFACTURE OF THE LICENSED PRODUCTS AND THE USE OF THE LICENSED PRODUCTS, EXECUTABLE SOFTWARE AND/OR THE SYSTEM BY PUBLISHER OR ANY END-USER, WHETHER UNDER THEORY OF CONTRACT, TORT

(INCLUDING NEGLIGENCE), INDEMNITY, PRODUCT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SCEA'S LIABILITY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY LIABILITY FOR DIRECT OR INDIRECT DAMAGES, AND INCLUDING WITHOUT LIMITATION ANY LIABILITY UNDER SECTION 10.1 HERETO, [**]. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER SCEA NOR ANY SONY AFFILIATE, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BEAR ANY RISK, OR HAVE ANY RESPONSIBILITY OR LIABILITY, OF ANY KIND TO PUBLISHER OR TO ANY THIRD PARTIES WITH RESPECT TO THE QUALITY, OPERATION AND/OR PERFORMANCE OF ANY PORTION OF THE SONY MATERIALS, THE SYSTEM OR ANY LICENSED PRODUCT.

10.3.2 LIMITATION OF PUBLISHER'S LIABILITY. IN NO EVENT SHALL PUBLISHER OR ITS AFFILIATED COMPANIES AND THEIR SUPPLIERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS BE LIABLE TO SCEA FOR ANY LOSS OF PROFITS, OR ANY SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF, RELATED TO OR IN CONNECTION WITH (i) THIS AGREEMENT OR (ii) THE USE OR DISTRIBUTION IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT OF ANY CODE PROVIDED BY SCEA, IN WHOLE OR IN PART, WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE),

INDEMNITY, PRODUCT LIABILITY OR OTHERWISE, PROVIDED THAT SUCH LIMITATIONS SHALL NOT APPLY TO DAMAGES RESULTING FROM PUBLISHER'S BREACH OF SECTIONS 4, 10.2, 11 OR 13 OF THIS AGREEMENT, AND PROVIDED FURTHER THAT SUCH LIMITATIONS SHALL NOT APPLY TO AMOUNTS WHICH PUBLISHER MAY BE REQUIRED TO PAY TO THIRD PARTIES UNDER SECTIONS 10.2 OR 16.10.

10.4 [**]

11. SCEA Intellectual Property Rights.

11.1 Licensed Trademarks. The Licensed Trademarks and the goodwill associated therewith are and shall be the exclusive property of SCEA or Affiliates of SCEA. Nothing herein shall give Publisher any right, title or interest in or to any of the Licensed Trademarks or any other trademarks of SCEA, other than the non-exclusive license provided herein. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair or dilute any of SCEA's rights, title or interests in or to any of the Licensed Trademarks or any other trademarks of SCEA, nor shall Publisher register any other trademarks in its own name or in the name of any other person or entity, or obtain rights to employ Internet domain names or addresses, which are similar to or are likely to be confused with any of the Licensed Trademarks or any other trademarks of SCEA.

11.2 License of Sony Materials and System. All rights with respect to the Sony Materials and System, including, without limitation, all of SCEA Intellectual Property Rights therein, are and shall be the exclusive property of SCEA or Affiliates of SCEA. Nothing herein shall give Publisher any right, title or interest in or to the Sony Materials or the System (or any portion thereof), other than the non-exclusive license provided herein. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair any of SCEA's rights, title or interests in or to the Sony Materials or the System (or any portion thereof).

12. Infringement of SCEA Intellectual Property Rights By Third Parties.

In the event that Publisher discovers or otherwise becomes aware that any of the SCEA Intellectual Property Rights have been or are being infringed upon by any third party, then Publisher shall promptly notify SCEA. SCEA shall have the sole right, in its discretion, to institute and prosecute lawsuits against third parties for such infringement of SCEA Intellectual Property Rights. Any lawsuit shall be prosecuted solely at the cost and expense of SCEA and all sums recovered in any such lawsuits, whether by judgment, settlement or otherwise shall belong solely to SCEA. Upon request of SCEA, Publisher shall execute all papers, testify on all matters and otherwise cooperate in every way necessary and desirable for the prosecution of any such lawsuit. SCEA shall reimburse Publisher for the reasonable expenses incurred as a result of such cooperation, but unless authorized by other provisions of this Agreement, not costs and expenses attributable to the conduct of a cross-claim or third party action.

13. Confidentiality.

13.1 SCEA's Confidential Information.

13.1.1 Definition of SCEA's Confidential Information. "SCEA's Confidential Information" shall mean:

- (i) the System, Sony Materials and Development Tools;
- (ii) other documents and materials developed, owned, licensed or under the control of Sony, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how, including without limitation the SourceBook and SCEA Intellectual Property Rights relating to the System, Sony Materials or Development Tools; and
- (iii) information and documents regarding SCEA's finances, business, marketing and technical plans, business methods and production plans.

SCEA's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, including information apprised to Publisher and reduced to tangible or written form at any time during the term of this Agreement. In addition, the existence of a relationship between Publisher and SCEA for the purposes set forth herein shall be deemed to be SCEA's Confidential Information unless otherwise agreed to in writing by the parties or until publicly announced by SCEA.

13.1.2 Term of Protection of SCEA's Confidential Information. The term for the protection of SCEA's Confidential Information shall commence on the Effective Date first above written and shall continue in full force and effect as long as any of SCEA's Confidential Information continues to be maintained as confidential and proprietary by SCEA and/or Sony. During such term, Publisher shall, pursuant to Section 13.1.3 below,

safeguard and hold in trust and confidence and not disclose or use (except for the purposes herein specified) any and all of SCEA's Confidential Information.

13.1.3 Preservation of SCEA's Confidential Information. Publisher shall, with respect to SCEA's Confidential Information:

(i) not disclose SCEA's Confidential Information to any person or entity other than those employees or directors of the Publisher whose duties justify a "need to know" and who have executed a confidentiality agreement in which employees or directors have agreed not to disclose and to hold confidential all confidential information and materials (inclusive of those of third parties) which may be disclosed to them or to which they may have access during the course of their duties. At SCEA's request, Publisher shall provide SCEA with a copy of such confidentiality agreement between Publisher and its employees or directors, and shall also provide SCEA with a list of employee and, director signatories. Publisher shall not disclose any of SCEA's Confidential Information to third parties, including without limitation to consultants or agents. Any employees or directors who obtain access to SCEA's Confidential Information shall be advised by Publisher of the confidential nature of SCEA's Confidential Information, and Publisher shall be responsible for any breach of this Agreement by its employees or directors.

(ii) take all measures necessary to safeguard SCEA's Confidential Information in order to avoid disclosure, publication, or dissemination, using as high a degree of care and scrutiny, but at least reasonable care, as is consistent with the protection of valuable trade secrets by companies in high technology industries.

(iii) ensure that all written materials relating to or containing SCEA's Confidential Information be maintained in a restricted access area and plainly marked to indicate the secret and confidential nature thereof.

(iv) at SCEA's request return promptly to SCEA any and all portions of SCEA's Confidential Information, together with all copies thereof.

(v) not use, modify, reproduce, sublicense, copy, distribute, create derivative works from, or otherwise provide to third parties, SCEA's Confidential information, or any portion thereof, except as provided herein, nor shall Publisher remove any proprietary legend set forth on or contained within any of SCEA's Confidential Information.

13.1.4 Exceptions. The foregoing restrictions shall not apply to any portion of SCEA's Confidential Information which

- (i) was previously known to Publisher without restriction on disclosure or use, as proven by written documentation of Publisher; or
- (ii) is or legitimately becomes part of the public domain through no fault of Publisher or its employees; or
- (iii) is independently developed by Publisher's employees who have not had access to SCEA's Confidential Information, as proven by written documentation of Publisher; or
- (iv) is required to be disclosed by administrative or judicial action; provided that Publisher must attempt to maintain the confidentiality of SCEA's Confidential Information by asserting in such action the restrictions set forth in this Agreement, and, immediately after receiving notice of such action or any notice of any threatened action, Publisher must notify SCEA to give SCEA the maximum opportunity to seek any other legal remedies to maintain such SCEA's Confidential Information in confidence as herein provided; or
- (v) is approved for release by written authorization of SCEA.

13.1.5 No Obligation to License. Disclosure of SCEA's Confidential Information to Publisher shall not constitute any option, grant or license from SCEA to Publisher under any patent or other SCEA Intellectual Property Rights now or hereinafter held by SCEA. The disclosure by SCEA to Publisher of SCEA Confidential Information hereunder shall not result in any obligation on the part of SCEA to approve any materials of Publisher hereunder or otherwise, nor shall such disclosure by SCEA give Publisher any right to, directly or indirectly, develop, manufacture or sell any product derived from or which uses any of SCEA's Confidential Information, other than as expressly set forth in this Agreement.

13.1.6 Publisher's Obligations Upon Unauthorized Disclosure. If at any time Publisher becomes aware of any unauthorized duplication, access, use, possession or knowledge of any SCEA's Confidential Information, it shall notify SCEA as soon as reasonably practicable, and shall promptly act to recover any such information and prevent any further breach of the confidentiality obligations herein. Publisher shall provide any and all reasonable assistance to SCEA to protect SCEA's proprietary rights in any of SCEA's Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available, and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, including but not limited to enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the disclosing party) of legal action, and reimbursement for all reasonable attorneys' fees, costs and expenses incurred by SCEA to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of SCEA's Confidential Information. In addition, SCEA shall have the right to pursue any actions at law or in equity, including without limitation the remedies set forth in Section 16.10 hereto.

13.2 Publisher's Confidential Information.

13.2.1 Definition of Publisher's Confidential Information. "Publisher's Confidential Information" shall mean:

- (i) any Product Software as provided to SCEA pursuant to this Agreement and all documentation and information relating thereto, including Product Proposals, Printed Materials and Advertising Materials (other than documentation and information intended for use by and release to end users, the general public or the Trade);
- (ii) other documents and materials developed, owned, licensed or under the control of Publisher, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how; and
- (iii) information and documents regarding Publisher's finances, business, marketing and technical plans, business methods and production plans.

Publisher's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, including information apprised to SCEA and reduced to tangible or written form at any time during the term of this Agreement.

13.2.2 Term of Protection of Publisher's Confidential Information. The term for the protection of Publisher's Confidential Information shall commence on the Effective Date first above written and shall continue in full force and effect as long as any of Publisher's Confidential Information continues to be maintained as confidential and proprietary by Publisher.

13.2.3 Preservation of Confidential Information of Publisher. SCEA shall, with respect to Publisher's Confidential Information:

(i) hold all Publisher's Confidential Information in confidence, and shall take all reasonable steps to preserve the confidentiality of Publisher's Confidential Information, and to prevent it from falling into the public domain or into

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the possession of persons other than those persons to whom disclosure is authorized hereunder.

(ii) not disclose Publisher's Confidential Information to any person other than an SCEA employee or subcontractor who needs to know or have access to such Confidential Information for the purposes of this Agreement, and only to the extent necessary for such purposes.

(iii) ensure that all written materials relating to or containing Publisher's Confidential Information be maintained in a secure area and plainly marked to indicate the secret and confidential nature thereof.

(iv) at Publisher's request, return promptly to Publisher any and all portions of Publisher's Confidential Information, together with all copies thereof.

(v) not use Publisher's Confidential Information, or any portion thereof, except as provided herein, nor shall SCEA remove any proprietary legend set forth on or contained within any of Publisher's Confidential Information.

13.2.4 Exceptions. The foregoing restrictions will not apply to any portion of Publisher's Confidential Information which:

(i) was previously known to SCEA without restriction on disclosure or use, as proven by written documentation of SCEA; or

(ii) is or legitimately becomes part of information in the public domain through no fault of SCEA, its employees or its subcontractors; or

(iii) is independently developed by SCEA's employees or affiliates who have not had access to Publisher's Confidential Information, as proven by written documentation of SCEA; or

(iv) is required to be disclosed by administrative or judicial action; provided that SCEA attempted to maintain the confidentiality of Publisher's Confidential Information by asserting in such action the restrictions set forth in this Agreement, and immediately after receiving notice of such action, notified Publisher of such action to give Publisher the opportunity to seek any other legal remedies to maintain such Publisher's Confidential Information in confidence as herein provided; or

(vi) is approved for release by written authorization of Publisher.

13.2.5 SCEA's Obligations Upon Unauthorized Disclosure. If at any time SCEA becomes aware of any unauthorized duplication, access, use, possession or knowledge of any of Publisher's Confidential Information, it shall notify Publisher as soon as is reasonably practicable. SCEA shall provide any and all reasonable assistance to Publisher to protect Publisher's proprietary rights in any of Publisher's Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available and that may be duplicated, accessed, used, possessed or known in any manner or for a purpose not expressly authorized by this Agreement including but not limited to enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the disclosing party) of legal action, and reimbursement for all reasonable attorneys' fees, costs and expenses incurred by Publisher to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information.

13.3 Confidentiality of Agreement. The terms and conditions of this Agreement shall be treated as SCEA's Confidential Information and Publisher's Confidential Information; provided that each party may disclose the terms and conditions of this Agreement:

(i) to legal counsel;

(ii) in confidence, to accountants, banks, and financing sources and their advisors;

(iii) in confidence, in connection with the enforcement of this Agreement or rights arising under or relating to this Agreement;
and

(iv) if required, in the opinion of counsel, to file publicly or otherwise disclose the terms of this Agreement under applicable federal and/or state securities or other laws, the disclosing party shall be required to promptly notify the other party such that the other party has a reasonable opportunity to contest or limit the scope of such required disclosure, and the disclosing party shall request, and shall use its best efforts to obtain, confidential treatment for such sections of this Agreement as the other party may designate.

14. Term and Termination.

14.1 Effective Date; Term. This Agreement shall not be binding on the parties until it has been signed by each party, in which event it shall be effective from the Effective Date until March 31, 2003, unless earlier terminated pursuant to Section 14.2. The term shall be automatically extended for additional one-year terms thereafter, unless either party provides the other with written notice of its election not to so extend on or before January 31 of the applicable year. Notwithstanding the foregoing the term for the protection of SCEA's Confidential Information and Publisher's Confidential Information shall be as set forth in Sections 13.1.2 and 13.2.2 respectively.

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14.2 Termination by SCEA. SCEA shall have the right to terminate this Agreement immediately, by providing written notice of such election to Publisher, upon the occurrence of any of the following:

(i) If Publisher breaches (A) any of its obligations hereunder, or (B) any other agreement entered into between SCEA or Affiliates of SCEA and Publisher.

(ii) The Liquidation or dissolution of Publisher or a statement of intent by Publisher to no longer exercise any of the rights granted by SCEA to Publisher hereunder.

(iii) If during the term of this Agreement, a controlling interest in Publisher or in an entity which directly or indirectly has a controlling interest in Publisher is transferred to a party that (A) is in breach of any agreement with SCEA or an Affiliate of SCEA; (B) directly or indirectly holds or acquires a controlling interest in a third party which develops any interactive device or product which is directly or indirectly competitive with the System; or (C) is in litigation with SCEA or Affiliates of SCEA concerning any proprietary technology, trade secrets or other SCEA Intellectual Property Rights or SCEA's Confidential Information. As used in this Section 14.2, "controlling interest" means, with respect to any form of entity, sufficient power to control the decisions of such entity.

(iv) If during the term of this Agreement Publisher or an entity that directly or indirectly has a controlling interest in Publisher enters into a business relationship with a third party with whom Publisher materially contributes to develop core components to an interactive device or product which is directly or indirectly competitive with the System.

Publisher shall immediately notify SCEA in writing in the event that any of the event or circumstances specified in this Section occur.

14.3 Product-by-product Termination by SCEA. In addition to the events of termination described in Section 14.2, above, SCEA, at its option, shall be entitled to terminate, on a product-by-product basis, the licenses and related rights herein granted to Publisher in the event that (a) Publisher fails to notify SCEA promptly in writing of any material change to any materials previously approved by SCEA in accordance with Section 5 or Section 6.1 hereto, and such breach is not corrected or cured within thirty (30) days after receipt of written notice of such breach; (b) Publisher uses a third party that fails to comply with the requirements of Section 3 in connection with the development of any Licensed Product; (c) any third party with whom Publisher has contracted for the development of Executable Software breaches any of its material obligations to SCEA pursuant to such third party's agreement with SCEA with respect to such Licensed Product; or (d) Publisher cancels a Licensed Product or fails to provide SCEA in accordance with the provisions of Section 5 above, with the final version of the Executable Software for any Licensed Product within three (3) months of the scheduled release date according to the Product Proposal (unless a modified final delivery date has been agreed to by the parties), or fails to provide work in progress to SCEA in strict accordance with the Review Process in Section 5.3.

14.4 Options of SCEA in Lieu of Termination. As alternatives to terminating Agreement or a particular Licensed Product as set forth in Sections 14.2 and 14.3 above, SCEA may, at its option and upon written notice to Publisher, take the following actions in lieu of terminating this agreement. In the event that SCEA elects either of these options, Publisher may terminate this Agreement upon written notice to SCEA rather than allowing SCEA to exercise these options. Election of these options by SCEA shall not constitute a waiver of or compromise with respect to any of SCEA's rights under this Agreement and SCEA may elect to terminate this Agreement with respect to any breach.

14.4.1 Suspension of Agreement. SCEA may suspend this Agreement, entirely or with respect to a particular Licensed Product or program, for a set period of time which shall be specified in writing to Publisher upon the occurrence of any breach of this Agreement.

14.4.2 Liquidated Damages. Whereas a minor breach of any of the events set out below may not warrant termination of this Agreement, but will cause SCEA damages in amounts difficult to quantify, SCEA may require Publisher to pay liquidated damages of [**] as follows:

- (i) Failure to submit Advertising Materials to SCEA for approval (including any required resubmissions);
- (ii) Broadcasting or publishing Advertising Materials without receiving the final approval or consent of SCEA;
- (iii) Failure to make SCEA's requested revisions to Advertising Materials; or
- (iv) Failure to comply with the SourceBook 2, Manufacturing Specifications or Guidelines which relates in any way to use of Licensed Trademarks.

Liquidated damages shall be invoiced separately or on Publisher's next invoice for Licensed Products. SCEA reserves the right to terminate this Agreement for breach in lieu of seeking liquidated damages or in the event that liquidated damages are unpaid.

14.5 No Refunds. In the event of the termination of this Agreement in accordance with any of the provisions of Sections 14.2 through 14.4 above, no portion of any payments of any kind whatsoever previously provided to SCEA hereunder shall be owed or be repayable to Publisher.

15. Effect of Expiration or Termination.

15.1 Inventory Statement. Within thirty (30) days of the date of expiration or the effective date of termination with respect to any or all Licensed Products or this Agreement, Publisher shall provide SCEA with an itemized statement, certified to be accurate by an officer of Publisher, specifying the number of unsold Units of the Licensed Products as to which such termination applies, on a title-by-title basis, which remain in its inventory and/or under its control at the time of expiration or the effective date of termination. SCEA shall be entitled to conduct at its expense a physical inspection of Publisher's inventory and work in process upon reasonable written notice during normal business hours in order to ascertain or verify such inventory and inventory statement.

15.2 Reversion of Rights. Upon expiration or, termination and subject to Section 15.3 below, the licenses and related rights herein granted to Publisher shall immediately revert to SCEA, and Publisher shall cease from any further use of SCEA's Confidential Information Licensed Trademarks and Sony Materials and any SCEA Intellectual Property Rights therein, and, subject to the provisions of Section 15.3 below, Publisher shall have no further right to continue the development, publication, manufacture, marketing, sale or distribution of any Units of the Licensed Products, or to continue to use any Licensed Trademarks; provided, however, that for a period of one year after termination, and subject to all the terms of Section 13, and provided this Agreement is not terminated due to a breach or default of Publisher, Publisher may retain such portions of Sony Materials and SCEA's Confidential Information as SCEA in its sole discretion agrees are required to support end users of Licensed Products but must return these materials at the end of such one year period. Upon expiration or termination, the licenses and related rights herein granted to SCEA by Publisher shall immediately revert to Publisher, and SCEA shall cease from any further use of Product Information and any Publisher Intellectual Property Rights therein; provided that SCEA may continue the manufacture, marketing, sale or distribution of any SCEA Demo Discs containing Publisher's Product information which Publisher had approved prior to termination.

15.3 Disposal of Unsold Units. Provided that this Agreement is not terminated due to a breach or default of Publisher, Publisher may, upon expiration or termination of this Agreement, sell off existing inventories of Licensed Products, on a non-exclusive basis, for a period of [**] from the date of expiration or termination of this Agreement, and provided such inventories have not been manufactured solely or principally for sale during such period. Subsequent to the expiration of such [**] period, or in the event this Agreement is terminated as a result of any breach or default of Publisher, any and all Units of the Licensed Products remaining in Publisher's inventory shall be destroyed by Publisher within [**] of such expiration or termination. Within [**] after such destruction, Publisher shall provide SCEA with an itemized statement, certified to be accurate by an officer of Publisher, indicating the number of Units of the Licensed Products which have been destroyed (on a title-by-title basis), the location and date of such destruction and the disposition of the remains of such destroyed materials.

15.4 Return of Sony Materials and Confidential Information. Upon the expiration or earlier termination of this Agreement, Publisher shall immediately deliver to SCEA, or if and to the extent requested by SCEA

destroy, all Sony Materials and any and all copies thereof, and Publisher and SCEA shall, upon the request of the other party, immediately deliver to the other party, or if and to the extent requested by such party destroy, all copies thereof, which the other party previously furnished to it in furtherance of this Agreement. Within five

(5) working days after any such destruction, Publisher and/or SCEA, as appropriate, shall provide the other party with an affidavit of destruction and an itemized statement, each certified to be accurate by an officer of Publisher, indicating the number of copies and/or units of the Sony Materials and/or Confidential Information which have been destroyed, the location and date of such destruction and the disposition of the remains of such destroyed materials. In the event that Publisher fails to return the Sony Materials or Confidential Information and SCEA must resort to legal means (including without limitation any use of attorneys) to recover the Sony Materials or Confidential Information or the value thereof, all costs, including SCEA's reasonable attorney's fees, shall be borne by Publisher, and SCEA may, in addition to SCEA's other remedies, withhold such amounts from any payment otherwise due from SCEA to Publisher under any agreement between SCEA, and Publisher.

15.5 Extension of this Agreement; Termination Without Prejudice. SCEA shall be under no obligation to extend this Agreement notwithstanding any actions taken by either of the parties prior to the expiration of this Agreement. Upon the expiration of this Agreement, neither party shall be liable to the other for any damages (whether direct, indirect, consequential or incidental, and including, without limitation, any expenditures, loss of profits or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration. The expiration or termination of this Agreement shall be without prejudice to any rights or remedies which one party may otherwise have against the other party, and shall not excuse either party from any such expiration or termination.

16. Miscellaneous Provisions.

16.1 Notices. All notices or other communications required or desired to be sent to either of the parties shall be in writing and shall be sent by registered or certified mail, postage prepaid, or sent by recognized international courier service, telegram or facsimile, with charges prepaid. The address for all notices or other communications required to be sent to SCEA or Publisher, respectively, shall be the mailing address stated in the preamble hereof, or such other address as may be provided by written notice from one party to the other on at least ten (10) days' prior written notice. Any such notice shall be effective upon the date of actual or tendered delivery, as confirmed by the sending party.

16.2 Audit Provisions. Publisher shall keep full, complete, and accurate books of account and records covering all transactions relating to this Agreement. Publisher shall preserve such books of account, records, documents, and material for a period of [**] after the expiration or earlier termination of this Agreement. Acceptance by SCEA of an accounting statement, purchase order, or payment hereunder will not preclude SCEA from challenging or questioning the accuracy thereof at a later time. In the event that SCEA reasonably believes that the Wholesale Price provided by Publisher with respect to any Licensed Product is not accurate, SCEA shall be entitled to request additional documentation from Publisher to support the listed Wholesale Price for such Licensed Product. In addition, during the Term and for a period of [**] thereafter and upon the giving of reasonable written notice to Publisher, representatives of SCEA shall have access to, and the right to make copies and summaries of, such portions of all of Publisher's books and records as pertain to the Licensed Products and any payments due or credits received hereunder. In the event that such inspection reveals an under-reporting of any payment due or to SCEA, Publisher shall immediately pay SCEA such amount. In the event that any audit conducted by SCEA reveals that Publisher has under-reported any payment due to SCEA hereunder by [**] or more for that audit period, then in addition to the payment of the appropriate amount due to SCEA Publisher shall reimburse SCEA for all reasonable audit costs for that audit and any and all collection costs to recover the unpaid amount.

16.3 Force Majeure. Neither SCEA nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform or failure to cure any of its obligations under this Agreement results from any event or circumstance beyond its reasonable control, including, without limitation, any natural disaster, fire, flood, earthquake or other Act of God; shortage of equipment, materials, supplies or transportation facilities; strike or other industrial dispute; war or rebellion; shutdown or delay in power, telephone or other essential service due to the failure of computer or communications equipment or otherwise; provided, however, that the party interfered with gives the other party written notice thereof promptly, and, in any event, within fifteen (15) business days of discovery of any such Force Majeure condition. If notice of the existence of any Force Majeure condition is provided within such period, the time for performance or cure shall be extended for a period equal to the duration of the Force Majeure event or circumstance described in such notice, except that any such cause shall excuse the payment of any sums owed to SCEA prior to, during or after any such Force Majeure condition. In the event that the Force Majeure condition continues for more than sixty (60) days, SCEA may terminate this Agreement for cause by providing written notice to Publisher to such effect.

16.4 No Agency, Partnership or Joint Venture. The relationship between SCEA and Publisher, respectively is that of licensor and licensee. Both parties are independent contractors and are not the legal representative agent, joint venturer, partner or employee of the other party for any purpose whatsoever. Neither party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other party, whether express or implied or to bind the other party in any respect whatsoever.

16.5 Assignment. SCEA has entered into this Agreement based upon the particular reputation, capabilities and experience of Publisher and its officers, directors and employees. Accordingly, Publisher may not assign this Agreement or any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of SCEA shall first be obtained. This Agreement shall not be assigned in contravention of Section 14.2 (iii). Any attempted or purported assignment, delegation or other such transfer, directly or indirectly, without the required consent of SCEA shall be void. Subject to the foregoing, this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns (other than under the conditions set forth in Section 14.2 (iii)). SCEA shall have the right to assign any and all of its rights and obligations hereunder to any Sony affiliate(s).

16.6 Subcontractors. Publisher shall not sell, assign, delegate, subcontract, sublicense or otherwise transfer or encumber all or any portion of the licenses herein granted without the prior written approval of SCEA, provided, however, that Publisher may retain those subcontractors who provide services which do not require access to Sony Materials or SCEA's Confidential Information without such prior approval. Publisher may retain those subcontractor(s) to assist with the development, publication and marketing of Licensed

Products (or portions thereof) which have signed (i) an LPA or LDA with SCEA (the "PlayStation 2 Agreement") in full force and effect throughout the term of such development and marketing; or (ii) an SCEA approved subcontractor agreement ("Subcontractor Agreement"); and SCEA has approved such subcontractor in writing, which approval shall be in SCEA's sole discretion. Such Subcontractor Agreement shall provide that SCEA is a third-party beneficiary of such Subcontractor Agreement and has the full right to bring any actions against such subcontractors to comply in all respects with the terms and conditions of this Agreement. Publisher shall provide a copy of any such Subcontractor Agreement to SCEA prior to and following execution thereof. Publisher shall not disclose to any subcontractor any of SCEA's Confidential Information, including, without limitation, any Sony Materials, unless and until either a PlayStation 2 Agreement or a Subcontractor Agreement has been executed and approved by SCEA. Notwithstanding any consent which may be granted by SCEA for Publisher to employ any such permitted subcontractor(s), or any such separate agreement(s) that may be entered into by Publisher with any such permitted subcontractor, Publisher shall remain fully liable for its compliance with all of the provisions of this Agreement and for the compliance of any and all permitted subcontractors with the provisions of any agreements entered into by such subcontractors in accordance with this Section. Publisher shall use its best efforts to cause its subcontractors retained in furtherance of this Agreement to comply in all respects with the terms and conditions of this Agreement, and hereby unconditionally guarantees all obligations of its subcontractors. SCEA may subcontract any of its rights or obligations hereunder.

16.7 Compliance with Applicable Laws. The parties shall at all times comply with all applicable regulations and orders of their respective countries and other controlling jurisdictions and all conventions and treaties to which their countries are a party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement. Each party, at its own expense, shall negotiate and obtain any approval, license or permit required in the performance of its obligations, and shall declare, record or take such steps to render this Agreement binding, including, without limitation, the recording of this Agreement with any appropriate governmental authorities (if required).

16.8 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, excluding that body of law related to choice of laws, and of the United States of America. Any action or proceeding brought to enforce the terms of this Agreement or to adjudicate any dispute arising hereunder shall be brought in the Superior Court of the County of San Mateo, State of California or the United States District Court for the Northern District of California. Each of the parties hereby submits itself to the exclusive jurisdiction and venue of such courts for purposes of any such action and agrees that any service of process may be effected by delivery of the summons in the manner provided in the delivery of notices set forth in Section 16.1 above. In addition, each party hereby waives the right to a jury trial in any action or proceeding related to this Agreement.

16.9 Legal Costs and Expenses. In the event it is necessary for either party to retain the services of an attorney or attorneys to enforce the terms of this Agreement or to file or defend any action arising out of this Agreement, then the prevailing party in any such action shall be entitled, in addition to any other rights and remedies available to it at law or in equity to recover from the other party its reasonable fees for attorneys and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction. The term "prevailing party" for the purposes of this Section shall include a defendant who has a motion,

judgment, verdict or dismissal by the court, successfully defended against any claim that has been asserted against it.

16.10. Remedies. Unless expressly set forth to the contrary, either party's election of any remedies provided for in this Agreement shall not be exclusive of any other remedies, and all such remedies shall be deemed to be cumulative. Any breach of Sections 3, 4, 5, 6, 11 and 13 of this Agreement would cause significant and irreparable harm to SCEA, the extent of which would be difficult to ascertain. Accordingly, in addition to any other remedies including without limitation equitable relief to which SCEA may be entitled, in the event of a breach by Publisher or any of its employees or permitted subcontractors of any such Sections of this Agreement, SCEA shall be entitled to immediate issuance without bond of ex parte injunctive relief or, if a bond is required under applicable law, on the posting of a bond in an amount not to exceed [**], enjoining any breach or threatened breach of any or all of such provisions. In addition, if Publisher fails to comply with any of its obligations as set forth herein, SCEA shall be entitled to an accounting and repayment of all forms of compensation, commissions, remuneration or benefits which Publisher directly or indirectly realizes as a result of or arising in connection with any such failure to comply. Such remedy shall be in addition to and not in limitation of any injunctive relief or other remedies to which SCEA may be entitled under this Agreement or otherwise at law or in equity. In addition, Publisher shall indemnify SCEA for all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and all reasonable related costs) which SCEA may sustain or incur as a result of any breach under this Agreement.

16.11. Severability. In the event that any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision (or portion thereof) shall be enforced to the extent possible

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consistent with the stated intention of the parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

16.12. Sections Surviving Expiration or Termination. The following sections shall survive the expiration or earlier termination of this Agreement for any reason: 4, 5.8, 6.2, 6.4, 8, 9, 10, 11, 13, 14.5, 15 and 16.

16.13. Waiver. No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision respecting any future event or circumstance.

16.14. Modification and Amendment. No modification or amendment of any provision of this Agreement shall be effective unless in writing and signed by both of the parties. Notwithstanding the foregoing, SCEA reserves the right to modify the SouceBook 2 from time to time upon reasonable notice to Publisher.

16.15. Headings. The section headings used in this Agreement are intended primarily for reference and shall not by themselves determine the construction or interpretation of this Agreement or any portion hereof.

16.16. Integration. This Agreement, together with the SourceBook 2, constitutes the entire agreement between SCEA and Publisher and supersedes all prior or contemporaneous agreements, proposals, understandings and communications between SCEA and Publisher, whether oral or written, with respect to the subject matter hereof including any PlayStation 2 Confidentiality and Nondisclosure Agreement and Materials Loan Agreement between SCEA and Publisher.

16.17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and together shall constitute one and the same instrument.

16.18. Construction. This Agreement shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first written above.

SONY COMPUTER ENTERTAINMENT AMERICA

By: /s/ Phil Harrison
Phil Harrison
Vice President
Third Party Relations and Research and Development
May 15, 2000

NOT A VALID AGREEMENT UNTIL EXECUTED BY BOTH PARTIES

ACTIVISION, INC.

By: /s/ Ron Doornink
Ron Doornink
President & COO

5/9/00

PLAYSTATION 2(R) LICENSED PUBLISHER AGREEMENT

THIS AGREEMENT RELATES TO THE PUBLISHING OF APPLICATION SOFTWARE FOR THE PLAYSTATION(R)2 COMPUTER ENTERTAINMENT SYSTEM. ALL TERMS USED HEREIN ARE SPECIFIC TO THE PLAYSTATION(R)2 SYSTEM AND NOT TO SONY'S PREDECESSOR "PLAYSTATION" VIDEO ENTERTAINMENT SYSTEM. PUBLISHING RIGHTS FOR SUCH PREDECESSOR SYSTEM ARE SUBJECT TO SEPARATE AGREEMENTS WITH SCEE, AND ANY LICENSE OF RIGHTS TO PUBLISHER UNDER SUCH SEPARATE AGREEMENTS SHALL NOT CONFER ON PUBLISHER ANY RIGHTS IN RELATION TO THE PLAYSTATION(R)2 SYSTEM, OR VICE VERSA.

This Agreement is entered into the 23 day of March 2001 by and between

SONY COMPUTER ENTERTAINMENT EUROPE LIMITED
of 30 Golden Square, London W1F 9LD
(hereinafter referred to as "SCEE")

-and-

ACTIVISION UK LIMITED
of Gemini House. 133 High Street, Yiewsley, West Drayton, Middlesex UB7 7QL
(hereinafter referred to as "Publisher")
PUBLISHER AUTHORISATION #: 56

Whereas

- (A) SCEE, its parent company Sony Computer Entertainment Inc., and/or certain of their affiliates and companies within the group of companies of which any of them form part (hereinafter jointly and severally referred to as "Sony") have developed, and are licensing core components of, a computer entertainment system known and hereinafter referred to as "PlayStation 2", and are the owners of, or have the right to grant licences of, certain proprietary information and intellectual property rights pertaining to PlayStation 2.
- (B) Publisher desires to be granted a non-exclusive licence to market, distribute and sell Licensed Products (as defined below), and for such Licensed Products and associated materials to be manufactured by an authorised manufacturing facility licensed by SCEE, on the terms and subject to the conditions set forth in this Agreement.
- (C) SCEE is willing, on the terms and subject to the conditions of this Agreement, to grant Publisher the desired non-exclusive licence.

Now therefore, in consideration of the undertakings, representations and warranties given herein, and of other good and valuable consideration the receipt and sufficiency of which is acknowledged, Publisher and SCEE hereby agree as follows:

1. Definitions

- 1.1 "Licensed Products" means PlayStation 2 format Software product(s) in uniquely marked or coloured CD-ROM or DVD-ROM format software discs (hereinafter referred to as "PlayStation 2 Discs").
- 1.2 "Licensed Territory" means the countries specified in Schedule 1.

- 1.3 "Sony Intellectual Property Rights" means all current and future patents worldwide, pending patent applications and other patent rights (under licence or otherwise), copyrights, trademarks, service marks, trade names, semi-conductor topography rights, trade secret rights, technical information and know-how (and the equivalents of each of the foregoing under the laws of any jurisdiction) of Sony pertaining to Sony Materials and/or PlayStation2, and all other proprietary or intellectual property rights worldwide (including, without limitation, all applications and registrations with respect thereto) of Sony pertaining to Sony Materials and/or PlayStation2, and all renewals and extensions thereof.
- 1.4 "PlayStation 2 format Software" means Publisher's object code software, which includes Licensed Developer Software and any software (whether in object code or source code form) which is provided by SCEE and intended to be combined with Licensed Developer Software for execution on PlayStation 2 and has the ability to communicate with the software resident in PlayStation 2.
- 1.5 "Term" means the period from the date hereof until 31 March 2003 and continuing thereafter unless and until terminated by not less than 1 (one) month's notice on either side given to expire on such date or any subsequent 31 March.
- 1.6 "Affiliate of SCEE" means, as applicable, either Sony Computer Entertainment Inc in Japan, Sony Computer Entertainment America Inc in the USA or such other Sony Computer Entertainment entity as may be established by Sony from time to time.
- 1.7 "LDA 2" means the PlayStation 2 Licensed Developer Agreement between Licensed Developer of the applicable PlayStation 2 format Software and SCEE (or an equivalent such agreement between Licensed Developer and an Affiliate of SCEE).
- 1.8 "Licensed Trademarks" means the "PS" family logo and PlayStation 2 logotype and such other trademarks, service marks, trade dress, logos and other icons or indicia as shall be specified in the Specifications or otherwise designated by SCEE from time to time. SCEE may amend such Licensed Trademarks upon reasonable notice to Publisher.

Publisher is not authorised to use the PlayStation, PSone or PlayStation.com logos and/or logotypes, or the "PS2" or PlayStation Shapes devices, other than as expressly permitted by separate agreement. Nothing contained in this Agreement shall in any way grant Publisher the right to use the trademark "Sony" in any manner as (or as part of) a trademark, trade name, service mark or logo or otherwise howsoever.

- 1.9 "Licensed Developer" means Publisher or such other third party as shall have developed Licensed Developer Software and PlayStation 2 format Software pursuant to a then current LDA2.
- 1.10 "Sony Materials" means any hardware, data, object code, source code, documentation (or any part(s) of any of the foregoing) and related peripheral items provided to the Licensed Developer of any PlayStation 2 format Software pursuant to the LDA 2 applicable for such PlayStation 2 format Software.
- 1.11 "Licensed Developer Software" means Licensed Developer's application source code and data (including audio and visual material) developed by Licensed Developer in accordance with its LDA 2 which, when integrated with any software (whether in object code or source code form) provided by SCEE, creates PlayStation2 format Software.
- 1.12 "Printed Materials" means all artwork and mechanicals to be set forth on the Licensed Product itself, and on the PlayStation2 box (or other container) and, if applicable, the box (or other) packaging for the Licensed Product and all instruction manuals, inlays, inserts, stickers and other user information and/or materials to be inserted in or affixed to such PlayStation2 box and/or packaging.
- 1.13 "Advertising Materials" means all advertising, merchandising, promotional and display materials of or concerning the Licensed Products.

- 1.14 "Manufactured Materials" means all units of the Licensed Products, of the Printed Materials to be set forth on the Licensed Products themselves and of the PlayStation 2 boxes for such Licensed Products (which expression shall include any alternative form of container for Licensed Products subsequently introduced by SCEE).
- 1.15 "Specifications" means such specifications relating to the content and/or manufacture of Licensed Products, Printed Materials, Advertising Materials and/or related matters or materials as may be issued by Sony, which specifications (and/or procedures relating to the testing or verification of all such materials for conformity to the Specifications and/or relating to the ordering and manufacture of Licensed Products and associated materials) may be amended from time to time upon reasonable notice to Publisher.
- 1.16 "CNDA" means the Confidentiality & Non-Disclosure (or similar) Agreement between Publisher and SCEE or an Affiliate of SCEE relating to PlayStation 2 and to Confidential Information of Sony and/or of Publisher thereunder.
- 1.17 "Confidential Information of Sony" means the content of this Agreement (including the Schedules hereto and the Specifications) and all confidential and/or proprietary information, documents and related materials of whatever nature (including, without limitation all processes, hardware, software, inventions, trade secrets, ideas, designs, research, know-how, business methods, production plans and marketing plans) concerning PlayStation 2 developed or owned by, licensed to or under the control of Sony and, without limitation, information otherwise related to Sony's technology, know-how, products, potential products, research projects, promotional advertising and marketing plans, schedules and budgets, licensing terms and pricing, customer lists and details, commercial relationships or negotiations, services, financial models and other business information, whether relating to PlayStation 2 or otherwise including, unless covered by a separate Non-Disclosure Agreement between Publisher and SCEE, relating to Sony's "PlayStation" predecessor video entertainment system disclosed by whatever means, whether directly or indirectly, by or on behalf of Sony to Publisher at any time, whether disclosed orally, in writing or in machine-readable or other form, or otherwise discovered by Publisher as a result of any information or materials provided (whether directly or indirectly) by or on behalf of Sony to Publisher.
- 1.18 "Confidential Information of Publisher" means any and all confidential and/or proprietary information, documents and related materials of whatever nature (including, without limitation all processes, hardware, software, inventions, trade secrets, ideas, designs, research, know-how, business methods, production plans and marketing plans) concerning PlayStation 2 format Software developed or owned by, licensed to or under the control of Publisher and, without limitation, information, otherwise related to Publisher's technology, know-how, products, potential products, research projects, promotional advertising and marketing plans, schedules and budgets, licensing terms and pricing, customer lists and details, commercial relationships or negotiations, services, financial models and other business information, whether relating to PlayStation 2 or otherwise disclosed by whatever means, whether directly or indirectly, by or on behalf of Publisher to SCEE at any time, whether disclosed orally, in writing or in machine-readable or other form, or otherwise discovered by SCEE as a result of any information or materials provided (whether directly or indirectly) by or on behalf of Publisher to SCEE, which information is designated by Publisher as, or becomes known to SCEE under circumstances indicating that such information is, confidential or proprietary.
- 1.19 "Third Party Intellectual Property Rights" means all current and future patents worldwide, pending patent applications and other patent rights (under licence or otherwise), copyrights, trademarks, service marks, trade names, semi-conductor topography rights, trade secret rights, technical information and know-how (and the equivalents of each of the foregoing under the laws of any jurisdiction) of any third party other than Publisher or Sony and all other proprietary or intellectual property rights worldwide (including, without limitation, all applications and registrations with respect thereto), and all renewals and extensions thereof.

1.20 "Article 6" means Article 6 of Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programmes.

2. Grant of Licence

SCEE hereby grants to Publisher, and Publisher hereby accepts, within the Licensed Territory only and under the Sony Intellectual Property Rights, a non-exclusive non-transferable licence, without the right to sub-license (except as specifically provided herein), to publish PlayStation 2 format Software in such genres or categories as SCEE shall from time to time designate in the Specifications, and the right and obligation to use the Licensed Trademarks, in the form and manner prescribed in the Specifications, strictly, only and directly in connection with such publication. For these purposes, to "publish" shall mean any or all of the following: (i) produce Advertising Materials and Printed Materials; (ii) to issue to SCEE purchase orders for Manufactured Materials as prescribed in Clause 6; (iii) to market, distribute and sell Licensed Products (and to authorise others so to do); and (iv) to sub-license to end users the right to use Licensed Products for non-commercial purposes only and not for public performance.

3. Limitations

3.1 Subject always to Article 6, Publisher shall publish PlayStation 2 format Software only if developed by a Licensed Developer strictly in accordance with all the terms and conditions of such Licensed Developer's LDA 2 and shall not publish or attempt to publish any other software whatsoever intended for or capable of execution on PlayStation 2. The onus of evidencing that PlayStation 2 format Software satisfies the foregoing criteria shall rest on Publisher and SCEE reserves the right to require Publisher to furnish evidence satisfactory to SCEE that the foregoing criteria are satisfied.

3.2 Publisher shall not publish outside the Licensed Territory PlayStation 2 format Software unless and until Publisher shall be authorised and licensed so to do pursuant to a current licence agreement with the applicable Affiliate of SCEE. Further, Publisher shall not sub-publish such PlayStation 2 format Software through a third party either within or outside the Licensed Territory unless and until such sub-publisher shall be authorised and licensed so to do either pursuant to a current PlayStation 2 Licensed Publisher Agreement with SCEE or a current PlayStation 2 licence agreement with the applicable Affiliate of SCEE.

3.3 The licence granted in this Agreement extends only to the publication, marketing, distribution and sale of Licensed Products in such formats as may be designated by SCEE. Without limiting the generality of the foregoing and except as otherwise provided herein, Publisher and, if applicable, its sub-publishers shall at all times and in all territories be strictly prohibited from undertaking or authorising the distribution or transmission of PlayStation 2 format Software or Licensed Products through electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fiber optic means, telephone lines, microwave and/or radio waves, or over a network of interconnected computers or other devices. Notwithstanding this limitation, Publisher may electronically transmit PlayStation 2 format Software from site to site, or from machine to machine over a computer network, for the sole purpose of facilitating development; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorised interception or retransmission of such transmissions.

For the avoidance of doubt, the foregoing shall apply only to PlayStation 2 format Software and to Licensed Products and shall not apply to Licensed Developer Software which does not utilise Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony.

3.4 Subject only to Article 6, Publisher and, if applicable, its sub-publishers shall at all times be strictly prohibited from disassembling or decompiling software, peeling semiconductor components or otherwise reverse engineering or attempting to reverse engineer or derive source code or create derivative works from PlayStation 2 format Software, from permitting or encouraging any third party so to do, and from acquiring or using any

materials from any third party who does so. Publisher shall in all cases be primarily liable for the payment of Platform Charge to SCEE in accordance with Clause 7 hereof in respect of any product published by Publisher, or, if applicable, any of its sub-publishers, which utilises Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony. The onus of evidencing that any such product is not so published shall rest on Publisher and SCEE reserves the right to require Publisher to furnish evidence satisfactory to SCEE that the applicable of the foregoing criteria are satisfied.

3.5 Publisher shall inform all such sub-publishers of the obligations imposed by this Agreement and shall obtain their commitment to abide by the same.

3.6 Any breach of the provisions of this Clause 3 shall be a material breach of this Agreement not capable of remedy.

4. Reservations

4.1 This Agreement does not grant any right or licence, under any Sony Intellectual Property Rights or otherwise, except as expressly provided herein, and no other right or licence is to be implied by or inferred from any provision of this Agreement or the conduct of the parties hereunder. Subject only to the rights of Publisher under this Agreement, all right, title and interest in and to the Sony Materials and the Sony Intellectual Property Rights are and shall be the exclusive property of Sony, and Publisher shall not make use of, or do or cause to be done any act or thing contesting or in any way impairing or tending to impair any of Sony's right, title or interest in or to, any of the Sony Materials, Sony Intellectual Property Rights, PlayStation 2 and/or Sony's "PlayStation" predecessor video entertainment system except as authorised by and in compliance with the provisions of this Agreement or as may otherwise expressly be authorised in writing by Sony; provided however that the foregoing shall not be taken to preclude Publisher from challenging the validity of any Sony Intellectual Property Rights. No right, licence or privilege has been granted to Publisher hereunder concerning the development of any collateral product or other use or purpose of any kind whatsoever which displays or depicts any of the Licensed Trademarks. No promotional or novelty items or premium products (including, by way of illustration but without limitation, T-shirts, posters, stickers, etc) displaying or depicting any of the Licensed Trademarks shall be developed, manufactured, marketed, sold and/or distributed by, with the authority of or on behalf of, Publisher without the prior written consent and authorisation of SCEE in each case.

4.2 The Licensed Trademarks and the goodwill associated therewith are and shall be the exclusive property of Sony. Nothing herein shall give Publisher any right, title or interest in or to any of the Licensed Trademarks, other than the non-exclusive licence and privilege to display and use the Licensed Trademarks solely in accordance with the provisions of this Agreement. Publisher shall not do or cause to be done any act or thing contesting or in any way impairing or tending to impair any of Sony's right, title or interest in or to any of the Licensed Trademarks, nor shall Publisher register or apply to register any trademark in its own name or in the name of any other person or entity, or obtain or seek to obtain rights to employ Internet domain name(s) or address(es), which is or are similar to or is or are likely to be confused with any of the Licensed Trademarks; provided however that the foregoing shall not be taken to preclude Publisher from challenging the validity of any Licensed Trademarks.

4.3 Publisher or Licensed Developer (as applicable) retains all right, title and interest in and to Licensed Developer Software, including Licensed Developer's intellectual property rights therein and any names or other designations used as titles therefor, and nothing in this Agreement shall be construed to restrict the right of Licensed Developer to develop and/or the right of Publisher to publish products incorporating Licensed Developer Software (separate and apart from Sony Materials), and/or under such names or other designations, for any hardware platform or service other than PlayStation 2 .

- 4.4 Subject to the proviso to Clauses 4.1 and 4.2 above, Publisher shall, at the expense of SCEE, take all such steps as SCEE may reasonably require, including the execution of licences and registrations, to assist SCEE in maintaining the validity and enforceability of Sony Intellectual Property Rights.
- 4.5 Without prejudice to Clause 11, Publisher or SCEE (as applicable) shall promptly and fully notify the other in writing in the event that it discovers or otherwise becomes aware of any actual, threatened or suspected infringement of any of the intellectual property or trademark rights of the other embodied in any of the Licensed Products, and of any claim of infringement or alleged infringement by the other of any Third Party Intellectual Property Rights, and shall at the request and expense of the other do all such things as may reasonably be required to assist the other in taking or resisting any proceedings in relation to any such infringement or claim.
5. Quality Standards
- 5.1 Publisher shall provide SCEE with a Product Planning Notification for each Licensed Product in accordance with the Specifications.
- Each Licensed Product, including without limitation the title and content thereof, and/or Publisher's use of any of the Licensed Trademarks, shall be required to conform to the Specifications and shall not, except as specifically authorised in writing by SCEE in each case, incorporate (in whole or in part) more than 1 (one) game product.
- TESTING OR VERIFICATION FOR CONFORMITY TO THE SPECIFICATIONS SHALL BE CONDUCTED BY SCEE OR, AT PUBLISHER'S ELECTION, BY AN INDEPENDENT EXTERNAL TESTING SERVICE (IF AND WHEN SUCH SERVICE BECOMES AVAILABLE).
- 5.2 Publisher shall submit for testing for conformity to the Specifications such information and materials relating to the PlayStation 2 format Software for each Licensed Product as shall be specified in the Specifications. Such Specifications shall be comparable with the specifications applied by Sony with respect to its own PlayStation 2 format Software products. SCEE acknowledges and agrees that such Specifications shall be of prospective application only and shall not be applied to any inventory units of the Licensed Products manufactured prior to, or in the active process of manufacture at the date of, the promulgation thereof by SCEE.
- 5.3 For each Licensed Product, Publisher shall be responsible, at Publisher's expense, for the origination of all Printed Materials, and for the manufacture and delivery to the manufacturer of such Licensed Product of all Printed Materials other than those to be set forth on the Licensed Product itself, all of which Printed Materials shall: (i) conform in all material respects to the Specifications; and (ii) include such other materials (including by way of illustration but not limitation, consumer health warnings in relation to epilepsy) and such consumer advisory rating code(s) as may from time to time be required by any governmental entity or in compliance with any voluntary code of practice operated by members of the interactive software development and publishing community. The Specifications referred to in (i) above shall be comparable with the specifications applied by Sony with respect to its own PlayStation 2 format Software products. SCEE acknowledges and agrees that such Specifications shall be of prospective application only and shall not be applied to any inventory units of the Licensed Products manufactured prior to, or in the active process of manufacture at the date of, the promulgation thereof. All materials to be submitted pursuant to this Clause 5.3 shall be delivered by such means and in such form as shall be prescribed in the Specifications and at Publisher's sole risk and expense. Publisher undertakes that the quality of such Printed Materials shall be of the same quality as that associated with high quality consumer products.
- 5.4 Where applicable, SCEE (or, where applicable, an independent external testing service as aforesaid) will test or verify for conformity to the Specifications (as the case may be) all materials submitted by Publisher pursuant to Clause 5.2 and Clause 5.3. Where such testing or verification is conducted by SCEE, SCEE shall advise Publisher of the results of such testing or verification within the applicable of the timeframes specified

in the Specifications. Where such testing or verification is conducted by such independent external testing service, such service shall advise Publisher of the results of such testing or verification within timeframes agreed between such service and Publisher (and SCEE shall have no responsibility or liability whatsoever arising from a failure by such service to meet such timeframes). If any of such materials (or any element(s) thereof) fail to conform to the Specifications, SCEE (or, where applicable, such independent external testing service) shall specify the reasons for such failure and state what revisions are required. After making the required revisions, Publisher may resubmit such materials in such revised form for re-testing or re-verification by SCEE (or, where applicable, such independent external testing service). The procedures described in this Clause 5.4 shall if necessary be repeated until all such materials for each Licensed Product shall expressly have been certified as conforming to the Specifications, such certification to be validly given only if in writing and signed by the duly authorised representative(s) of SCEE as specified in the Specifications (or, where applicable, by the duly authorised representative(s) of such independent external testing service). SCEE shall have no liability to Publisher for the accuracy or content (including translations and localisations) of Printed Materials (except only items required to be included in accordance with the Specifications) or in respect of costs incurred or irrevocably committed by Publisher as a result of any failure to conform to Specifications (even where certified for conformity) or in relation to, or to the use of, Printed Materials which shall not have been given a certificate of conformity by SCEE (or, where applicable, by such independent external testing service). No production units of any Licensed Product shall be manufactured, marketed, distributed or sold by, with the authority of or on behalf of, Publisher unless and until such a certificate of conformity of such Licensed Product shall first have been given by SCEE (or, where applicable, by such independent external testing service). No certificate of conformity from SCEE (or, where applicable, from such independent external testing service) of any element of the materials so submitted or resubmitted shall be deemed a certificate of conformity of any other element of such materials, nor shall any such certificate of conformity be deemed to constitute a waiver of any of SCEE's rights under this Agreement.

The generality of the foregoing notwithstanding, in the event that Publisher wishes to contest a finding by SCEE of non-conformity to the Specifications, and as an alternate to making required revisions and resubmissions as above, Publisher may have recourse to the appeals process specified in the Specifications.

- 5.5 Publisher shall not change in any material respect any of the materials for which a certificate of conformity shall have been given by SCEE (or, where applicable, by an independent external testing service) pursuant to Clause 5.4 (or, if applicable, pursuant to Clause 5.6) (or, alternately, which shall have been held to conform to the Specifications following recourse by Publisher to the appeals process specified in the Specifications). If any of the Licensed Products and/or related materials published by, with the authority of or on behalf of, Publisher fail to conform to the Specifications and the materials for which SCEE (or, where applicable, such independent external testing service) shall from time to time have given a certificate of conformity, then the provisions of Clause 13.2 shall apply.
- 5.6 SCEE reserves the right to require that pre-production samples of all Advertising Materials shall be submitted by Publisher to SCEE or, at Publisher's election, to an independent external testing service (if and when such service becomes available), free of charge and in accordance with the procedure specified in the Specifications, for verification for conformity to the Specifications (including specifically, but without limitation, in relation to the usage of any of the Licensed Trademarks), prior to any actual production, use or distribution of any such items by, with the authority or on behalf of, Publisher. No such proposed Advertising Materials shall be produced, used or distributed directly or indirectly by Publisher without first obtaining a certificate of conformity to the Specifications. Where such verification is conducted by SCEE, SCEE shall advise Publisher of the results of such verification within the applicable of the timeframes specified in the Specifications. Where such verification is conducted by such independent external testing service, such service shall advise Publisher of the results of such verification within

timeframes agreed between such service and Publisher (and SCEE shall have no responsibility or liability whatsoever arising from a failure by such service to meet such timeframes). If any such Advertising Materials (or any element(s) thereof) fail to conform to the Specifications, SCEE (or, where applicable, such independent external testing service) shall specify the reasons for such failure and state what revisions are required. After making the required revisions, Publisher may resubmit such materials in such revised form for re-verification by SCEE (or, where applicable, by such independent external testing service). The procedures described in this Clause 5.6 shall if necessary be repeated until all such Advertising Materials for each Licensed Product shall expressly have been certified as conforming to the Specifications, such certification to be validly given only if in writing and signed by the duly authorised representative(s) of SCEE as specified in the Specifications (or, where applicable, by the duly authorised representative(s) of such independent external testing service). SCEE shall have no liability to Publisher in respect of costs incurred or irrevocably committed by Publisher in relation to, or to the use of, Advertising Materials which shall not have been given a certificate of conformity by SCEE (or, where applicable, by such independent external testing service). No certificate of conformity from SCEE (or, where applicable, from such independent external testing service) of any element of Advertising Materials so submitted or resubmitted shall be deemed a certificate of conformity of any other element of such Advertising Materials, nor shall any such certificate of conformity be deemed to constitute a waiver of any of SCEE's rights under this Agreement.

The generality of the foregoing notwithstanding, in the event that Publisher wishes to contest a finding of non-conformity to the Specifications by SCEE, and as an alternate to making required revisions and resubmissions as above, Publisher may have recourse to the appeals process specified in the Specifications.

Subject in each instance to the prior written consent of SCEE, Publisher may use such textual and/or pictorial advertising matter (if any) as may be created by, with the authority or on behalf of, Sony pertaining to the Sony Materials and/or to the Licensed Trademarks on such Advertising Materials as may, in Publisher's judgment, promote the sale of Licensed Products within the Licensed Territory. Sony shall have the right to use Licensed Products and/or other materials relating to Publisher's PlayStation 2 format Software titles in any advertising or promotion for PlayStation 2 at Sony's expense, subject to giving Publisher reasonable prior notice of such advertisement or promotion. Sony shall confer with Publisher regarding the text of any such advertisement. If required by Sony and/or any governmental entity or in compliance with any voluntary code of practice operated by members of the interactive software development and publishing community, Publisher shall, at Publisher's cost and expense, also include consumer advisory rating code(s) and, if required, other materials (including by way of illustration but not limitation, consumer health warnings in relation to epilepsy) on any and all Advertising Materials used in connection with Licensed Products. Such consumer advisory rating code(s) shall be procured in accordance with the provisions of Clause 5.7.

- 5.7 Publisher agrees that, if required by SCEE or any governmental entity, it shall submit each Licensed Product to a consumer advisory ratings system designated by SCEE and/or such governmental entity for the purpose of obtaining rating code(s) for each Licensed Product. Any and all costs and expenses incurred in connection with obtaining such rating code(s) shall be borne solely by Publisher. Any required consumer advisory rating code(s) thereby procured shall be displayed on Licensed Products and associated Printed Materials in accordance with the Specifications, at Publisher's cost and expense.
- 5.8 In the event Publisher fails to comply with its obligations in relation thereto as specified in Clause 5.7, SCEE reserves the right in its sole discretion, at Publisher's sole cost and expense: (i) to display, or to require the display, on Licensed Products and/or associated Printed Materials and/or associated Advertising Materials (as may be required) materials (including by way of illustration but not limitation, consumer health warnings in relation to epilepsy) and/or to procure and to display, or to require the display of, consumer advisory rating code(s); or (ii) to

require non-complying Licensed Products and/or associated Printed Materials and/or associated Advertising Materials forthwith to be withdrawn from the market.

6. Manufacture of Licensed Products & Associated Materials

- 6.1 Subject only to Article 6, Publisher acknowledges and agrees that it shall purchase Manufactured Materials only from an authorised manufacturing facility licensed by SCEE. SCEE shall have the right, but no obligation, to subcontract the whole or any part or phase of the production of any or all of the Manufactured Materials or any part(s) thereof.
- 6.2 Subject always to Article 6, promptly following the giving by SCEE (or, where applicable, by an independent external testing service as aforesaid) of a certificate of conformity to the Specifications (or, alternately, a holding of conformity to the Specifications following recourse by Publisher to the appeals process specified in the Specifications) for each Licensed Product pursuant to Clause 5.2, SCEE shall create (from one of the CD copies of the finally approved version of the PlayStation 2 format Software as submitted by Publisher pursuant to Clause 5.2) the original master PlayStation 2 Disc ("Master PlayStation 2 Disc") from which all other copies of the Licensed Product are to be replicated in compliance with the Specifications effective at the time of replication. Where such certificate of conformity shall have been given by such an independent external testing service, then the CD copy of the finally approved version of the PlayStation 2 format Software as submitted by Publisher pursuant to Clause 5.2 from which the Master PlayStation 2 Disc is to be created shall be furnished SCEE by such service. Publisher shall be responsible for the costs, as set forth in Schedule 2, of creating such Master PlayStation 2 Disc. Publisher will retain duplicates of all such PlayStation2 format Software. SCEE shall not be liable for loss of or damage to any copies of the PlayStation 2 format Software furnished SCEE hereunder. There will be no technology exchange between Sony and Publisher under this Agreement. The mastering process being of a proprietary and commercially confidential nature, neither SCEE nor any manufacturing subcontractor of SCEE will under any circumstances release any Master PlayStation 2 Discs or other in-process materials to Publisher. All such physical materials shall be and remain the sole property of Sony.
- 6.3 Subject always to Article 6, Publisher shall be solely responsible for the delivery, direct to an authorised manufacturing facility licensed by SCEE and in accordance with Clause 6.4, [**] of the number of sets of the Printed Materials (other than those set forth on the applicable Licensed Product itself) required to fulfill Publisher's purchase order for Manufactured Materials of each PlayStation 2 format Software title, which Printed Materials shall be in strict compliance with the Specifications. SCEE shall, at Publisher's request, give Publisher all reasonable assistance in arranging the manufacture of Printed Materials to be used in conjunction with Licensed Products not manufactured in reliance on Article 6 through SCEE's authorised manufacturing facility (if a Sony company), but SCEE shall have no responsibility with respect to pricing, delivery or any other related matter whatsoever in connection with such manufacture.
- 6.4 Subject to the giving by SCEE of a certificate of conformity to the Specifications (or, alternately, a holding of conformity following recourse by Publisher to the appeals process specified in the Specifications) for the applicable PlayStation 2 format Software and Printed Materials pursuant to Clause 5, and to the delivery to an authorised manufacturing facility licensed by SCEE of the materials to be delivered under Clause 6.3, SCEE will, at Publisher's expense and as applicable, manufacture, assemble, package and deliver the Manufactured Materials and the Printed Materials in accordance with the terms and conditions set forth in this Clause 6. The delivery of the materials specified in Clause 6.3 shall be made in accordance with the timetable for such delivery specified in the Specifications.
- 6.5 Subject always to Article 6, Publisher shall issue to SCEE purchase order(s) via SCEE's Electronic Order System (or otherwise as specified by SCEE from time to time) in accordance with, and in compliance with the timetable specified in, the Specifications. No such order shall be issued unless and until all necessary certificates of conformity shall have been given (or, alternately, there shall have been a holding of conformity

following recourse by Publisher to the appeals process specified in the Specifications) pursuant to Clause 5. Each such order shall reference Publisher authorisation number and purchase order reference number, specify quantities of PlayStation 2 format Software by title by pack sku (in multiples of the minimum box shipment detailed in the Specifications), state requested ex-factory delivery date and all packaging information together with such other information as SCEE shall reasonably require and shall be for not less than the applicable minimum order quantity as specified in Schedule 2 hereto. All such purchase orders shall be subject to acceptance by SCEE, which acceptance will be advised to Publisher not more than 3 (three) working days following delivery in accordance with Clause 6.4 of the materials required to be delivered under Clauses 6.2 and 6.3. SCEE shall use all reasonable endeavours, subject to available manufacturing capacity, to fulfil Publisher's purchase orders by Publisher's requested ex-factory delivery date but does not in any event guarantee so to do. Publisher shall have no right to cancel or reschedule any purchase order or reorder (or any portion thereof) for any Licensed Product unless the parties shall first have reached mutual agreement as to Publisher's financial liability with respect to any desired cancellation or rescheduling of any such purchase order or reorder (or any portion thereof).

- 6.6 Subject only to the provisions of Clause 6.5 in relation to Printed Materials, neither SCEE nor any manufacturing subcontractor of SCEE shall be under any obligation to store finished units of Manufactured Materials or of associated Printed Materials beyond the actual ex-factory delivery date thereof. Delivery of Manufactured Materials shall be made ex-factory the applicable authorised manufacturing facility licensed by SCEE in the Licensed Territory. All risk of loss or damage in transit to any and all Manufactured Materials manufactured by SCEE pursuant to Publisher's orders shall pass to Publisher forthwith upon first handling by Publisher's carrier.
- 6.7 Publisher may inspect and test any units of Manufactured Materials not manufactured in reliance on Article 6 at Publisher's receiving destination. Any finished units of such Manufactured Materials which fail to conform to the Specifications and/or any description(s) contained in this Agreement may be rejected by Publisher by providing written notice of rejection to SCEE within 30 (thirty) days of receipt of such units of such Manufactured Materials at Publisher's receiving destination. In such event, the provisions of Clause 10.2 shall apply with respect to any such rejected units of Manufactured Materials. Notwithstanding the provisions of Clause 10.2, if Publisher fails to reject any units of such Manufactured Materials in the manner and within the 30 (thirty) day period prescribed above, such units of Manufactured Materials shall irrevocably be deemed accepted by Publisher and shall not subsequently be rejected.
- 6.8 In no circumstances shall SCEE or its authorised manufacturing facility treat any of Publisher's Licensed Products in any way more or less favourably, in terms of production turnaround times or otherwise, than the Licensed Products of any other Licensed Publisher of SCEE or than PlayStation2 format Software products published by SCEE itself.
7. Platform Charge
- 7.1 The all-in Platform Charge for finished units of Manufactured Materials in respect of which SCEE accepts Publisher's purchase order in accordance with Clause 6.5 shall be as specified in Schedule 2 (but subject to adjustment as therein provided). Such Platform Charge shall be subject to change by SCEE at any time upon reasonable notice to Publisher; provided, however, that such Platform Charge shall not be changed with respect to any units of Manufactured Materials which are the subject of an effective purchase order or reorder but which have not yet been delivered by SCEE. Such Platform Charge for finished units of Manufactured Materials is exclusive of any value-added or similar sales tax, customs and excise duties and other similar taxes or duties, which SCEE may be required to collect or pay as a consequence of the sale or delivery of finished units of Manufactured Materials. Publisher shall be solely responsible for the payment or reimbursement of any such taxes or duties, and other such charges or assessments applicable to the sale and/or purchase of finished units of Manufactured Materials.

The Platform Charge for products developed utilising Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony, but manufactured in reliance on Article 6, shall be the otherwise applicable Platform Charge less only such sum as represents from time to time the costs of raw materials and for production services (including for utilisation of Sony's proprietary Disc Mastering technology) for the products concerned which SCEE would otherwise have been invoiced for by SCEE's authorised manufacturing facility ("the Article 6 Platform Charge"). If Publisher has products so manufactured in reliance on Article 6, then Publisher shall furnish SCEE, within 28 (twenty eight) days following the close of each calendar month: (i) a written reporting of the number of inventory units (by product title) of products so manufactured during such calendar month; (ii) an external auditor's certificate (or similar independent certificate reasonably acceptable to SCEE) confirming the completeness and accuracy of such reporting; (iii) Publisher's remittance for the Article 6 Platform Charge multiplied by the number of inventory units reflected in such reporting. Any failure fully and promptly to comply with the foregoing reporting and payment obligations shall constitute a breach of this Agreement not capable of remedy, entitling SCEE forthwith to terminate the Term pursuant to Clause 13.1(i); and upon termination by SCEE for such cause, the provisions of Clause 14.2 shall come into effect. SCEE shall upon reasonable written request provide Publisher details of the aforementioned costs of raw materials and production services if Publisher has legitimately exercised its rights under Article 6 or genuinely intends to exercise and rely upon such rights. However, SCEE reserves the right to require Publisher to execute a separate Non-Disclosure Agreement before making such information available.

- 7.2 No costs incurred in the development, manufacture, marketing, sale and/or distribution of Licensed Products and/or associated materials shall be deducted from any Platform Charge payable to SCEE hereunder. Similarly, there shall be no deduction from the Platform Charge otherwise payable to SCEE hereunder as a result of any uncollectable accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third party customer in respect of any units of Licensed Products and/or associated materials, or for any taxes, fees, assessments, or expenses of any kind which may be incurred by Publisher in connection with its sale and/or distribution of any units of Licensed Products and/or associated materials, and/or arising with respect to the payment of Platform Charge hereunder. Publisher shall furnish SCEE official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate the fact of the deduction of any withholding taxes and/or other such assessments which may be imposed by any governmental authority with respect to such payments of Platform Charge hereunder and the amount of each such deduction.
- 7.3 Publisher shall effect payment for the Platform Charge specified in Clause 7.1 for the finished units of Manufactured Materials the subject matter of each purchase order issued pursuant to Clause 6.5 in accordance with the Specifications. Each delivery of Manufactured Materials to Publisher shall constitute a separate sale obligating Publisher to pay therefor, whether said delivery be whole or partial fulfilment of any order. No claim for credit due to shortage of Manufactured Materials as delivered to carrier will be allowed unless it is made within 5 (five) working days from the date of receipt at Publisher's receiving destination. Title to Manufactured Materials the subject of each such purchase order shall pass to Publisher only upon payment in full of the Platform Charge due in respect thereof. The receipt and deposit by SCEE of any payment of Platform Charge tendered by or on behalf of Publisher as aforesaid shall be without prejudice to any rights or remedies of SCEE and shall not restrict or prevent SCEE from thereafter successfully challenging the basis for calculation and/or the accuracy of such payment. SCEE reserves the right, upon reasonable notice to Publisher, to require that such payments of Platform Charge shall be made to such other Sony entity as SCEE may designate from time to time.

8. Marketing & Distribution

Publisher shall, at no expense to SCEE, diligently market, distribute and sell Licensed Products throughout (but only in) the Licensed Territory, and shall use all reasonable efforts consistent with its best business judgment to stimulate demand therefor in the Licensed Territory and to supply any resulting demand. Publisher shall not market, distribute or sell Licensed Products outside the Licensed Territory or to any person, firm, corporation or entity having its place of business, or to any purchasing agency located, outside the Licensed Territory. Publisher shall use all reasonable efforts consistent with its best business judgment to protect Licensed Products from and against illegal reproduction and/or copying by end users or by any other persons or entities. Such methods of protection may include, without limitation, markings or insignia providing identification of authenticity and packaging seals as may be specified in the Specifications. SCEE shall be entitled, at SCEE's sole cost and expense, to manufacture up to [**] additional units of Manufactured Materials (or such greater number of additional units as shall be agreed by Publisher, such agreement not unreasonably to be withheld or delayed) for each PlayStation

2 format Software title (and to purchase from Publisher, at a price equal to the actual cost thereof to Publisher, a corresponding number of units of Printed Materials for each such PlayStation 2 format Software title), for the purposes of or in connection with the marketing and promotion of PlayStation 2; provided however that SCEE shall not directly or indirectly resell any such units of Manufactured Materials (and, if applicable, of Printed Materials) within the Licensed Territory without Publisher's prior written consent. Further, SCEE shall be entitled to utilise Publisher's name and/or logo and the audio-visual content of, and/or the Printed Materials for, PlayStation 2 format Software titles (not to exclude the likenesses of any recognisable talent) for the purposes of or in connection with such marketing and promotion.

9. Confidentiality

9.1 All the terms and provisions of the CNDA shall apply to Confidential Information of Sony and, if and to the extent applicable, Confidential Information of Publisher.

9.2 Where Confidential Information of Publisher is not protected by the CNDA, SCEE shall hold the same in confidence and shall take all reasonable steps necessary to preserve such confidentiality. Except as may expressly be authorised by Publisher, SCEE shall not at any time, directly or indirectly: (i) disclose any Confidential Information of Publisher to any person other than a Sony employee who needs to know or have access to such information for the purposes of this Agreement, and only to the extent necessary for such purposes; (ii) except for the purposes of this Agreement, duplicate or use the Confidential Information of Publisher for any other purpose whatsoever; or (iii) remove any copyright notice, trademark notice and/or other proprietary legend set forth on or contained within any of the Confidential Information of Publisher.

9.3 The provisions of Clause 9.2 hereof shall not apply to any Confidential Information of Publisher which: (i) has become part of information in the public domain through no fault of SCEE; (ii) was known to SCEE prior to the disclosure thereof by Publisher; (iii) properly comes into the possession of SCEE from a third party which is not under any obligation to maintain the confidentiality of such information. SCEE may disclose Confidential Information of Publisher pursuant to a judicial or governmental order provided that SCEE promptly advises Publisher in writing prior to any such disclosure so that Publisher may seek other legal remedies to maintain the confidentiality of such Confidential Information of Publisher, and SCEE shall comply with any applicable protective order or equivalent.

9.4 Unless and until a public announcement regarding this Agreement shall have been made by Sony (or SCEE shall otherwise have agreed in writing), the fact that the parties have entered into this Agreement shall be Confidential Information of Sony and shall be treated in all respects accordingly. The content of, and the timing and method of the making of, any such public announcement shall be determined by SCEE in its best business judgement. However, SCEE will give reasonable consideration to any notice from Publisher requesting that no such public announcement be made, at or prior to a particular time or at all.

10. Warranties

- 10.1 SCEE represents and warrants solely for the benefit of Publisher that SCEE has the right, power and authority to enter into, and fully to perform its obligations under, this Agreement.
- 10.2 SCEE warrants that units of PlayStation 2 Discs comprising Licensed Products manufactured by SCEE for Publisher pursuant to Clause 6 hereof shall be free from defects in materials and workmanship under normal use and service at time of delivery in accordance with Clause 6.6. The sole obligation of SCEE under this warranty shall be, for a period of 90 (ninety) days from the date of delivery of such discs in accordance with Clause 6.6, at SCEE's election, either (i) to replace such defective discs or (ii) to issue credit for, or to refund to Publisher the Platform Charge of such defective discs (excluding PlayStation 2 Disc mastering charge) and to reimburse Publisher its reasonable return shipping costs. Such warranty is the only warranty applicable to Licensed Products manufactured by SCEE for Publisher pursuant to Clause 6. This warranty shall not apply to damage resulting from accident, fair wear and tear, wilful damage, alteration, negligence, abnormal conditions of use, failure to follow directions for use (whether given in instruction manuals or otherwise howsoever) or misuse of Licensed Products, or to discs comprising less than 1% (one percent) [or, if greater, 100 (one hundred) units] in the aggregate of the total number of Licensed Products manufactured by SCEE for Publisher per purchase order of any PlayStation 2 format Software title. If, during such 90 (ninety) day period, defects appear as aforesaid, Publisher shall notify SCEE and, upon request by SCEE (but not otherwise), return such defective discs, with a written description of the defect claimed, to such location as SCEE shall designate. SCEE shall not accept for replacement, credit or refund as aforesaid any Licensed Products except factory defective discs (i.e. discs that are not free from defects in materials and workmanship under normal use and service). All returns of defective discs shall be subject to prior written authorisation by SCEE, not unreasonably to be withheld. If no defect exists or the defect is not such as to be covered under the above warranty, Publisher shall reimburse SCEE for expenses incurred in processing and analysing the discs.
- 10.3 Publisher represents, warrants, covenants and agrees that: (i) Publisher has the right, power and authority to enter into, and fully to perform its obligations under, this Agreement; (ii) the making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person, firm, corporation or entity, and, throughout the Term, Publisher shall not make any separate agreement with any person or entity which is inconsistent with any of the provisions hereof; (iii) both Licensed Developer Software and PlayStation 2 format Software, and any name, designation or title used in conjunction therewith, shall be free from any valid third party claim of infringement of any Third Party Intellectual Property Rights; (iv) there is no litigation, proceeding or claim pending or threatened against Publisher or any subsidiary or affiliate of Publisher which may materially affect Publisher's rights in and to Licensed Developer Software, the names, designations or titles used in conjunction therewith, the works and performances embodied therein and/or the copyrights pertaining thereto; (v) Publisher shall have made or shall make any and all payments required to be made to any person, firm, corporation or other entity, or to any body or group representing authors or participants in the production of the works or performances embodied in Licensed Developer Software and PlayStation 2 format Software, or to publishers or other persons having legal or contractual rights of any kind to participate in any income arising in respect of the exploitation of such works or performances; (vi) neither Publisher nor any subsidiary or affiliate of Publisher shall make any representation or give any warranty to any person or entity expressly or impliedly on Sony's behalf, or to the effect that Licensed Products are connected in any way with Sony (other than that Licensed Products have been developed, marketed, manufactured, sold and/or distributed under licence from Sony); (vii) PlayStation 2 format Software shall be distributed by Publisher solely in the form of Licensed Product; (viii) each Licensed Product shall be marketed, sold and distributed in an ethical manner and in accordance with all applicable laws and regulations; and (ix) Publisher's

policies and practices with respect to the marketing, sale and/or distribution of Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of Sony.

- 10.4 Further, Publisher represents, warrants, covenants and agrees that neither Publisher nor any parent company, subsidiary or affiliate of Publisher shall during the Term, whether for itself or for the benefit of any other person, firm, corporation or entity, whether by itself or by its officers, employees or agents, directly or indirectly, induce or seek to induce, on an individually targeted basis, the employment of, or the engagement of the services of, any Relevant Employee. For these purposes "Relevant Employee" shall mean and include any employee of (i) SCEE, (ii) Psygnosis Limited or (iii) PlayStation.com (Europe) Limited (or any of their subsidiaries or branch offices outside the United Kingdom), the services of which employee are (a) specifically engaged in product development (or directly related) functions or (b) otherwise reasonably deemed by his/her employer to be of material importance to the protection of its legitimate business interests, and with which employee Publisher (or any parent company, subsidiary or affiliate of Publisher) shall have had contact or dealings during the Term. The foregoing provisions shall continue to apply for a period of 12 (twelve) months following expiry or earlier termination of the Term and are hereby deemed substituted for any corresponding provisions in any agreement(s) previously entered into between the parties hereto in relation to PlayStation 2 and/or to Sony's "PlayStation" predecessor video entertainment system.
11. Indemnities
- 11.1 SCEE shall indemnify and hold Publisher harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with a breach of any of the warranties provided by SCEE herein; provided however that Publisher shall give prompt written notice to SCEE of the assertion of any such claim, and provided further that SCEE shall have the right to select counsel and control the defence and/or settlement thereof, subject to the right of Publisher to participate in any such action or proceeding at its own expense with counsel of its own choosing. SCEE shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to such matters as shall be deemed appropriate by SCEE. Publisher shall provide SCEE, at no expense to Publisher, reasonable assistance and cooperation concerning any such matter. Publisher shall not agree to the compromise, settlement or abandonment of any such claim, action or proceeding without SCEE's prior written consent.
- 11.2 Publisher shall indemnify and hold SCEE harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with a breach of any of the warranties provided by Publisher herein or any breach of Publisher's confidentiality obligations as referred to in Clause 9.1 hereof, or (ii) any claim of infringement or alleged infringement of any Third Party Intellectual Property Rights with respect to Licensed Developer Software, or (iii) any claim of or in connection with any injury (including death) or property damage, by whomsoever such claim is made, arising (in whole or in part) out of the manufacture, sale and/or use of any of the Manufactured Materials unless resulting from the proven negligence of Sony; provided however that SCEE shall give prompt written notice to Publisher of the assertion of any such claim, and provided further that Publisher shall have the right to select counsel and control the defence and/or settlement thereof, subject to the right of SCEE to participate in any such action or proceeding at its own expense with counsel of its own choosing. Publisher shall have the exclusive right, at its discretion, to commence and/or prosecute at its own expense any lawsuit or to take such other action with respect to such matter as shall be deemed appropriate by Publisher. SCEE shall provide Publisher, at no expense to SCEE, reasonable assistance and cooperation concerning any such matter. SCEE shall not agree to the compromise, settlement or abandonment of any such claim, action or proceeding without Publisher's prior written consent.

12. Limitations of Liability

- 12.1 IN NO EVENT SHALL SONY OR ITS SUPPLIERS BE LIABLE FOR PROSPECTIVE PROFITS, OR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT (INCLUDING WITHOUT LIMITATION THE BREACH OF THIS AGREEMENT BY SCEE), WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), INDEMNITY, PRODUCT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SONY'S LIABILITY ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY LIABILITY FOR DIRECT DAMAGES, AND INCLUDING WITHOUT LIMITATION ANY LIABILITY UNDER CLAUSE 11.1, EXCEED THE PLATFORM CHARGE PAID BY PUBLISHER TO SCEE UNDER CLAUSE 7 WITHIN THE 2 (TWO) YEARS PRIOR TO THE DATE OF THE FIRST OCCURRENCE OF THE EVENT OR CIRCUMSTANCES GIVING RISE TO SUCH LIABILITY. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NO SONY ENTITY, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BEAR ANY RISK, OR HAVE ANY RESPONSIBILITY OR LIABILITY, OF ANY KIND TO PUBLISHER OR TO ANY THIRD PARTIES WITH RESPECT TO THE FUNCTIONALITY AND/OR PERFORMANCE OF LICENSED PRODUCTS.
- 12.2 IN NO EVENT SHALL PUBLISHER BE LIABLE TO SCEE FOR PROSPECTIVE PROFITS, OR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT (INCLUDING WITHOUT LIMITATION THE BREACH OF THIS AGREEMENT BY PUBLISHER), WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), INDEMNITY, PRODUCT LIABILITY OR OTHERWISE, PROVIDED THAT PUBLISHER EXPRESSLY AGREES THAT SUCH LIMITATIONS SHALL NOT APPLY TO DAMAGES RESULTING FROM PUBLISHER'S BREACH OF CLAUSES 2, 3, 4, 9 OR 11.2 OF THIS AGREEMENT.
- 12.3 SUBJECT AS EXPRESSLY PROVIDED IN CLAUSES 10.1 AND 10.2, NO SONY ENTITY NOR ITS SUPPLIERS MAKE, NOR DOES PUBLISHER RECEIVE, ANY WARRANTIES (EXPRESS, IMPLIED OR STATUTORY) REGARDING THE SONY MATERIALS AND/OR UNITS OF MANUFACTURED MATERIALS MANUFACTURED HEREUNDER. SONY SHALL NOT BE LIABLE FOR ANY INJURY, LOSS OR DAMAGE, DIRECT OR CONSEQUENTIAL, ARISING OUT OF THE USE OF, OR INABILITY TO USE, SUCH UNITS OF MANUFACTURED MATERIALS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ANY WARRANTIES, CONDITIONS OR OTHER TERMS IMPLIED BY STATUTE OR COMMON LAW (INCLUDING AS TO MERCHANTABILITY, SATISFACTORY QUALITY AND/OR FITNESS FOR A PARTICULAR PURPOSE AND THE EQUIVALENTS THEREOF UNDER THE LAWS OF ANY JURISDICTION) ARE EXCLUDED TO THE FULLEST EXTENT PERMITTED BY LAW. HOWEVER, NOTHING IN THIS AGREEMENT SHALL LIMIT SONY'S LIABILITY IN RELATION TO CLAIMS ARISING FROM THE INJURY OR DEATH OF ANY PERSON RESULTING FROM THE PROVEN NEGLIGENCE OF SONY.

13. Termination by SCEE

- 13.1 SCEE shall have the right forthwith to terminate this Agreement by written notice to Publisher at any time after the occurrence of any of the following events or circumstances: (i) any material breach of Publisher's obligations under this Agreement (or, if Publisher shall also have executed a PlayStation Non-Disclosure Agreement and/or PlayStation 2 Confidentiality & Non-Disclosure Agreement which shall have been breached by Publisher, or a PlayStation Licensed Developer Agreement, PlayStation Licensed Publisher Agreement, PlayStation 2 Tools & Materials Loan Agreement and/or a PlayStation 2 Licensed Developer Agreement, or a PlayStation or PlayStation 2 licensed developer, development system or licensed publisher agreement (or equivalent) with an Affiliate of SCEE, which shall have been terminated for breach by SCEE or by such party) which breach, if capable of remedy, shall not have been corrected or cured in full within [**] following notice from SCEE (or the applicable Affiliate of SCEE as the case may be) specifying and requiring the correction or cure of such breach, or any repetition of a prior material breach of any such obligation, whether or not capable of remedy; (ii) any refusal or failure by Publisher to effect payment of Platform Charge, promptly in accordance with Clauses 7.1 or 7.3 or at all, or a statement that Publisher is or will be unable to pay, any sum(s) due hereunder, or Publisher being unable to pay its debts generally as the same fall due; (iii) Publisher's filing of an application for, or consenting to or directing the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator (or the equivalent of any of the foregoing under the laws of any jurisdiction) of any of Publisher's property (whether tangible or intangible and wherever located), assets and/or undertaking; (iv) the making by Publisher of a general assignment for the benefit of creditors; (v) an adjudication in any jurisdiction that

Publisher is a bankrupt or insolvent; (vi) the commencing by Publisher of, or Publisher's intention to commence, a voluntary case under applicable bankruptcy laws of any jurisdiction; (vii) the filing by Publisher of, or Publisher's intention to file, a petition seeking to take advantage of any other law(s) of any jurisdiction providing for the relief of debtors; (viii) Publisher's acquiescence in, intention to acquiesce in, or failure to have dismissed within 90 (ninety) days; any petition filed against it in any involuntary case brought pursuant to the bankruptcy or other law(s) of any jurisdiction referred to in (vi) and (vii) above; (ix) a controlling partnership or equity interest [or any such interest (other than an acquisition of less than an aggregate of 5% (five percent) of the issued share capital of Publisher, as quoted on a recognised investments exchange), in the case of a transfer to any party which (a) shall previously have executed a PlayStation Non-Disclosure Agreement and/or PlayStation 2 Confidentiality & NonDisclosure Agreement which shall have been breached by such party, or a PlayStation Licensed Developer Agreement, PlayStation Licensed Publisher Agreement, PlayStation 2 Tools & Materials Loan Agreement, PlayStation 2 Licensed Developer Agreement and/or a PlayStation 2 Licensed Publisher Agreement which shall have been terminated for breach by SCEE, or a PlayStation or PlayStation 2 licensed developer, development system or licensed publisher agreement (or equivalent) with an Affiliate of SCEE, which shall have been terminated for breach by such party, or (b) is, or which directly or indirectly holds or acquires a partnership or equity interest in, the developer of (or other owner of intellectual property rights in) any interactive hardware device or product which is or will be directly or indirectly competitive with PlayStation 2, or (c) is in litigation with Sony concerning any proprietary technology, trade secrets and/or intellectual property matter(s) and/or has challenged the validity of any Sony Intellectual Property Rights] in Publisher or in all or substantially all of Publisher's property (whether tangible or intangible), assets and/or undertaking, being acquired, directly or indirectly, by any person, firm, corporation or other entity; (x) Publisher enters into any third party business relationship pursuant to which Publisher makes a material contribution to the development of the core components of any interactive hardware device or product which is or will be directly or indirectly competitive with PlayStation 2, or if Publisher directly or indirectly holds or acquires a partnership or equity interest (other than a holding or acquisition of less than an aggregate of 5% (five percent) of the issued share capital, as quoted on a recognised investments exchange) in, or otherwise forms a strategic commercial relationship with, any third party firm, corporation or other entity which has developed or during the Term develops (or which owns or during the Term acquires ownership of intellectual property rights in) any such device or product; (xi) Publisher failing to submit materials relating to any new PlayStation 2 format Software in accordance with Clause 5.2, and/or failing to issue any purchase orders for Manufactured Materials in accordance with Clause 6.5, during any period of 12 (twelve) consecutive calendar months; or (xii) Publisher (or any parent company, subsidiary or affiliate of Publisher) being in litigation with Sony concerning any proprietary technology, trade secrets and/or intellectual property matter(s) and/or challenging the validity of any Sony Intellectual Property Rights. As used in this Clause 13.1, "controlling interest" means (i) in relation to a body corporate, the power of the holder of such interest to secure - (a) by means of the holding of shares or the possession of voting power in, or in relation to, that or any other body corporate or (b) by virtue of any powers conferred by the Articles of Association or other document regulating that or any other body corporate - that the affairs of such body corporate be conducted in accordance with the wishes of the holder of such interest, and (ii) in relation to a partnership, the right to a share of more than 50% (fifty percent) of the assets or of the income of the partnership. Forthwith upon such occurrence, Publisher shall notify SCEE of the occurrence of any of the events or circumstances specified in (ii) to (x) above; and Publisher's failure so to do shall be a material breach of this Agreement not capable of remedy.

- 13.2 Further, SCEE shall have the right by written notice to Publisher forthwith to terminate the licences and related rights herein granted to Publisher in relation to any PlayStation2 format Software at any time after the occurrence of any of the following events: (i) any failure by Publisher to submit to SCEE the materials required to be submitted under Clauses 5.2 and 5.3 (or, if applicable, under Clause 5.6) in the form and manner and in

conformity with the standards and specifications therein prescribed; and (ii) any failure by Publisher promptly to notify SCEE in writing of any material change to any of the materials approved by SCEE pursuant to Clause 5.4 (or, if applicable, pursuant to Clause 5.6); provided however that SCEE shall not be entitled to exercise such right of termination if Publisher's failure under (i) above is directly caused by SCEE's failure to comply with any of its material obligations expressly set forth herein.

14. Effect of Expiration or Termination

- 14.1 Notwithstanding the expiration of the Term, Publisher shall be entitled to continue to publish PlayStation2 format Software the development of which shall have been approved prior to or during the Term hereof by SCEE (or by an Affiliate of SCEE) pursuant to the applicable LDA2, and to use the Licensed Trademarks strictly, only and directly in connection with such publication, until the expiration of the Term or, if later, until the second anniversary of the 31 March next following such approval. Upon expiration of the Term or, if applicable, such extended period for publishing PlayStation 2 format Software, Publisher may sell off existing inventories of the applicable PlayStation2 format Software titles, on a non-exclusive basis, for a period of [**] from the applicable expiration date; provided always that such inventory thereof shall not have been manufactured solely or principally for sale within such sell-off period.
- 14.2 However, upon the exercising by SCEE of its right of termination, either of this Agreement pursuant to Clause 13.1(i) to (viii) or Clause 13.1(xii) or in relation to any PlayStation 2 format Software pursuant to Clause 13.2, all rights, licences and privileges licensed or otherwise granted to Publisher hereunder, either generally or in relation to such PlayStation2 format Software (as applicable), shall forthwith and without further formality revert absolutely to SCEE and Publisher shall forthwith cease and desist from any further use of the Sony Materials, any Sony Intellectual Property Rights related thereto and the Licensed Trademarks, and, subject to Clause 14.3, shall have no further right to continue the marketing, sale and/or distribution of any units of Licensed Product or of any units of Licensed Product derived from such PlayStation2 format Software (as applicable).
- 14.3 In the event of termination by SCEE pursuant to Clause 13.1(ix), (x) or (xi) or by Publisher pursuant to Clause 25, Publisher may sell off then unsold units of Licensed Product(s), for a period of [**] from the effective date of termination; provided always that such inventory thereof shall not have been manufactured solely or principally for sale within such sell-off period. Subsequent to the expiry of such [**] day or [**] day sell-off period, or in the event of termination by SCEE pursuant to Clause 13.1(i) to (viii), Clause 13.1(xii) or Clause 13.2, any and all units of Licensed Products or the applicable Licensed Products (as the case may be) remaining in Publisher's inventory and/or under its control shall be destroyed by Publisher within 5 (five) working days following such expiry or effective date of termination. Within 5 (five) working days following such destruction, Publisher shall furnish SCEE an itemised statement, certified accurate by a duly authorised officer, partner or other representative (as applicable) of Publisher, specifying the number of then unsold units of Licensed Product(s) to which such termination applies, on a PlayStation2 format Software title-by-title basis, which remain in its inventory and/or under its control at such date, confirming the number of units of Licensed Products destroyed, on a PlayStation2 format Software title-by-title basis, and indicating the location and date of such destruction and the disposition of the remains of such destroyed materials. SCEE shall be entitled to conduct a physical inspection of Publisher's inventory during normal business hours in order to ascertain or verify such inventory and/or statement.
- 14.4 Upon termination of the Term by SCEE pursuant to Clause 13.1, Publisher shall forthwith deliver up to SCEE (or, if so requested by SCEE in writing, destroy and promptly furnish SCEE a certificate of such destruction signed by a duly authorised officer, partner or other representative (as applicable) of Publisher) all Sony Materials, and any Confidential Information of Sony of which Publisher shall have become apprised and which has been reduced to tangible or written form, and any and all copies thereof then in the possession, custody or control of Publisher.

14.5 SCEE shall be under no obligation to renew or extend this Agreement notwithstanding any actions taken by either of the parties prior to its expiration or earlier termination. In the event of termination pursuant to Clauses 13.1 or 13.2, no part of any payment(s) whatsoever theretofore made to SCEE hereunder (or, if Publisher shall also have executed a LDA2, thereunder) shall be owed or repayable to Publisher, and nor shall either party be liable to the other for any damages (whether direct, consequential or incidental, and including without limitation any expenditures, loss of profits or prospective profits) sustained or arising out of, or alleged to have been sustained or to have arisen out of, such expiration or earlier termination. However, the expiration or earlier termination of this Agreement shall not excuse either party from any prior breach of any of the terms and provisions of this Agreement or from any obligations surviving such expiration or earlier termination, and full legal and equitable remedies shall remain available for any breach or threatened breach of this Agreement or of any obligations arising therefrom.

14.6 The expiration or earlier termination of this Agreement (whether by SCEE pursuant to Clause 13 or otherwise howsoever) shall be without prejudice to any and all rights and remedies which either party may then or subsequently have against the other party.

15. Notices

15.1 All notices under this Agreement shall be in writing and shall be given by courier or other personal delivery, by registered or certified mail, by recognised international courier service or by facsimile transmission (with an immediate confirmation copy by regular mail or any of the methods specified above) at the appropriate address hereinbefore specified or at a substitute address designated by notice by the party concerned (and in the case of notices to SCEE shall be directed to its Vice President, Business Affairs or such other Sony representative as shall from time to time be designated by notice by SCEE). Notices given other than by facsimile transmission shall be deemed given and effective when delivered. Notices given by facsimile transmission shall be deemed given only upon receipt of confirmation copy as aforesaid but, upon such receipt, shall be deemed effective as of the date of transmission.

15.2 Whenever Publisher is required to obtain the authorisation, consent or approval of SCEE, Publisher shall request the same by notice to SCEE as aforesaid, and with a copy under separate cover to its Director of Third Party Relations or such other Sony representative as shall from time to time be designated by notice to Publisher. Such authorisation, consent or approval shall not be deemed to be granted unless and until SCEE shall have given a written affirmative response to each request therefor and shall in no event be implied or inferred from any delay or failure of SCEE to give such or any response.

16. Force Majeure

Neither SCEE nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform, or failure to cure any breach of, its obligations under this Agreement results from any events or circumstances beyond its reasonable control, including without limitation any natural disaster, fire, flood, earthquake or other act of God, inevitable accidents, lockout, strike or other labour dispute, riot or civil commotion, act of public enemy, enactment, rule, order or act of any government or governmental authority, failure of technical facilities, or failure or delay of transportation facilities.

17. Relationship of the Parties

The relationship hereunder between SCEE and Publisher respectively is that of licensor and licensee. Publisher is an independent contractor and shall not in any respect act as or be deemed to be the legal representative, agent, joint venturer, partner or employee of SCEE for any purpose whatsoever. Neither party shall have any right or authority to assume or create any obligations of any kind or to make any representation or warranty (express or implied) on behalf of the other party or to bind the other party in any respect whatsoever.

18. Assignability

SCEE has entered into this Agreement based on the particular reputation, capabilities and experience of Publisher and of its officers, directors and employees. Accordingly, Publisher may not assign, pledge or otherwise dispose of this Agreement or of any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of SCEE shall first have been obtained in each case. Any attempted or purported assignment, pledge, delegation or other disposition in contravention of this Clause 18 shall be null and void and a material breach of this Agreement not capable of remedy. SCEE shall be entitled, without the consent of Publisher, to assign its rights and obligations hereunder to any corporation or other entity in which Sony Corporation (or any successor in interest thereto) holds a controlling interest, whether directly or indirectly. Subject to the foregoing, this Agreement shall enure to the benefit of the parties and their respective successors and permitted assigns.

A person who is not party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement. This provision does not affect any right or remedy of any person which exists or is available otherwise than pursuant to such Act.

19. Compliance with Applicable Laws

The parties shall at all times comply with all applicable regulations and orders of their respective countries and all conventions and treaties to which their countries are party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement. Each party, at its own expense, shall negotiate and obtain any approval, licence or permit required for the performance of its obligations hereunder, and shall declare, record or take such steps as may be necessary to render this Agreement binding, including without limitation any required filing of this Agreement with any appropriate governmental authorities.

20. Governing Law

This Agreement shall be governed by, construed and interpreted in accordance with English Law, without giving effect to the conflict of laws principles thereof. The parties irrevocably agree for the exclusive benefit of SCEE that the English Courts shall have jurisdiction to adjudicate any proceeding, suit or action arising out of or in connection with this Agreement. However, nothing contained in this Clause 20 shall limit the right of SCEE to take any such proceeding, suit or action against Publisher in any other court of competent jurisdiction, nor shall the taking of any such proceeding, suit or action in one or more jurisdictions preclude the taking of any other such proceeding, suit or action in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction. Publisher shall have the right to take any such proceeding, suit or action against SCEE only in the English Courts.

21. Remedies

Publisher acknowledges and agrees that any breach by Publisher of this Agreement may cause Sony irreparable harm and damage which may not be capable of remedy by damages alone and therefore that in the event of any such breach SCEE may seek equitable (including injunctive) relief against Publisher in addition to damages and/or any other remedy available to SCEE at law or in equity. Either party's election to avail itself of any of the remedies provided for in this Agreement shall not be exclusive of any other remedies available hereunder or otherwise at law or in equity, and all such remedies shall be cumulative. Publisher shall indemnify SCEE for all losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, which SCEE may sustain or incur as a result of any breach or threatened breach by Publisher of this Agreement.

22. Severability

In the event that any provision of this Agreement (or any part(s) thereof), other than a provision in respect of which SCEE gives a notice of amendment pursuant to Clause 25, is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision (or part(s) thereof) shall be enforced to the extent possible consistent with the stated intention of the parties or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, but not in any way so as to affect the validity or enforceability of any other provisions of this Agreement which shall continue in full force and effect.

23. Provisions Surviving Expiration or Termination

The following provisions of this Agreement shall survive and continue in full force and effect notwithstanding its expiration or earlier termination (whether by SCEE pursuant to Clause 13 hereof or otherwise howsoever):

Clause 3	Sub-Publishers
Clause 4	Reservations
Clause 5.7 + 5.8	Notices & Consumer Advisory Ratings
Clause 6	Manufacture of Licensed Products
Clause 7	Platform Charge
Clause 9	Confidentiality
Clause 10.2 to 10.4	Warranties
Clause 11	Indemnities
Clause 12	Limitations of Liability
Clause 14	Effect of Expiration or Termination
Clause 18	Assignability
Clause 20	Governing Law
Clause 21	Remedies
Clause 22	Severability

24. Waiver

No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to enforce such waiver. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision in relation to any future event or circumstance.

25. Amendments

NOTHING IN THIS AGREEMENT SHALL BE READ OR APPLIED IN SUCH A WAY AS TO FRUSTRATE ARTICLE 6 AND, IF AND TO THE EXTENT ANY PROVISION OF THIS AGREEMENT (OR ANY PART THEREOF) HAS (OR IS CAPABLE OF HAVING) SUCH EFFECT, IT SHALL BE DEEMED MODIFIED ACCORDINGLY.

SCEE RESERVES THE RIGHT, AT ANY TIME UPON REASONABLE NOTICE TO PUBLISHER, TO AMEND THE RELEVANT PROVISIONS OF THIS AGREEMENT, THE SCHEDULES HERETO AND/OR THE SPECIFICATIONS HEREIN REFERRED TO, TO TAKE ACCOUNT OF OR IN RESPONSE TO ANY DECISION OR ORDER OF, OR OBJECTION RAISED BY, ANY COURT OR GOVERNMENTAL OR OTHER COMPETITION AUTHORITY OF COMPETENT JURISDICTION AND/OR ANY STATUTORY OR SIMILAR MEASURES WHICH MIGHT BE IMPLEMENTED TO GIVE EFFECT TO ANY SUCH DECISION, WHICH APPLY TO THIS AGREEMENT, THE SCHEDULES HERETO AND/OR THE SPECIFICATIONS HEREIN REFERRED TO (AND FROM WHICH THIS AGREEMENT, THE SCHEDULES HERETO AND/OR THE SPECIFICATIONS HEREIN REFERRED TO ARE NOT EXEMPT) OR TO REFLECT ANY UNDERTAKING GIVEN BY SONY TO ANY SUCH AUTHORITY IN RELATION TO ANY AND ALL SUCH MATTERS AFORESAID. ANY SUCH AMENDMENT SHALL BE OF PROSPECTIVE APPLICATION ONLY AND SHALL NOT BE APPLIED TO ANY LICENSED PRODUCT MATERIALS RELATING TO WHICH SHALL HAVE BEEN SUBMITTED TO SCEE BY PUBLISHER PURSUANT TO CLAUSE 5.2 AND/OR 5.3 PRIOR TO THE DATE OF SCEE'S NOTICE OF AMENDMENT. IN THE EVENT THAT PUBLISHER IS UNWILLING

TO ACCEPT ANY SUCH AMENDMENT, THEN PUBLISHER SHALL HAVE THE RIGHT FORTHWITH TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE TO SCEE GIVEN NOT MORE THAN 90 (NINETY) DAYS FOLLOWING THE DATE OF SCEE'S NOTICE OF AMENDMENT. THE PROVISIONS OF CLAUSE 14.3 SHALL COME INTO EFFECT UPON ANY SUCH TERMINATION BY PUBLISHER.

Subject to the foregoing and except as otherwise provided herein, this Agreement shall not be subject to amendment, change or modification other than by another written instrument duly executed by both of the parties hereto.

26. Headings

The clause and other headings contained in this Agreement are intended primarily for reference purposes only and shall not alone determine the construction or interpretation of this Agreement or any provision(s) hereof.

27. Integration

This document (including the Schedules hereto) constitutes the entire agreement between the parties with respect to the subject matter contained herein, and supersedes all prior or contemporaneous agreements, proposals, understandings and communications between Sony and Publisher, whether oral or written, with respect to the subject matter hereof. However, the generality of the foregoing notwithstanding, the CNDA and, if applicable, the LDA 2 executed by Publisher shall continue in full force and effect.

28. Counterparts

This Agreement may be executed in 2 (two) counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first above written.

SONY COMPUTER ENTERTAINMENT LIMITED

ACTIVISION UK LIMITED EUROPE

/s/ Christopher Deering
Signature

/s/ George Rose
Signature

Christopher Deering
Name

George Rose
Singatory's Name (please print)

President
Title

Director
Title

SCHEDULE I

to the PlayStation2 Licensed Publisher Agreement dated the 23 day of March, 2001 between Sony Computer Entertainment Europe Limited and Activision UK Limited

Licensed Territory (Clause 1.2)

(1)

Andorra	Ireland	Qatar
Armenia	Israel	Romania
Australia	Italy	Russian Federation
Austria	Jordan	San Marino
Azerbaijan	Kazakhstan	Saudi Arabia
Bahrain	Kenya	Serbia
Belarus	Kuwait	Slovakia
Belgium	Latvia	Slovenia
Bosnia Herzegovina	Lebanon	Somalia
Botswana	Liechtenstein	South Africa & Namibia
Bulgaria	Lithuania	Spain
Croatia	Luxembourg	Sweden
Cyprus	Macedonia	Swaziland
Czech Republic	Madagascar	Switzerland
Denmark	Malta	Syria
Djibouti	Mauritius	Tanzania
Egypt	Moldova	Tunisia
Estonia	Monaco	Turkey
Ethiopia	Morocco	Turkmenistan
Finland	Mozambique	Ukraine
France	Netherlands	United Arab Emirates
Georgia	New Zealand	United Kingdom
Germany	Nigeria	Uzbekistan
Gibraltar	Norway	Vatican
Greece	Oman	Yemen
Hungary	Poland	Zambia
Iceland	Portugal	Zimbabwe

and all other countries which from time to time are members of the European Union or have otherwise implemented the Treaty on a European Economic Area or where Articles 85 & 86 of the Treaty of Rome (or provisions similar thereto) have been implemented or are otherwise directly effective.

- (2) Such countries in addition to those specified in (1) above in which the PAL television standard obtains and which SCEE, in its sole discretion as representative of Sony Computer Entertainment worldwide, determines from time to time to include within the Licensed Territory by notice to Publisher. Without limiting the generality of the foregoing, SCEE shall have the right not to include within the Licensed Territory or, having included, subsequently to exclude from the Licensed Territory by reasonable notice to Publisher (and intends so to exclude) any such country or countries in which, in SCEE's best business judgment, the laws or enforcement of such laws do not protect Sony Intellectual Property Rights. By not later than the expiry of any such notice of exclusion, Publisher shall cease and desist, in the country or countries concerned, from any further use of the Sony Materials, any Sony Intellectual Property Rights related thereto and the Licensed Trademarks and shall have no further right to continue or authorise the marketing, sale and/or distribution of any units of PlayStation 2 format Software.

SCHEDULE 2

to the PlayStation2 Licensed Publisher Agreement dated the 23 day of March, 2001 between Sony Computer Entertainment Europe Limited and Activision UK Limited

Platform Charge (Clause 7.1)

Band	Publisher's maximum price to trade	Platform Charge per unit
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]

For these purposes, "maximum price to trade" shall mean ~

Publishers (or, where applicable, Publisher's distributor's) highest price net of trade margin to any trade customer in the European Economic Area and Australia for Publisher's (or, where applicable, Publisher's distributor's) minimum order quantity of the relevant inventory, net of year end (or similar) volume rebates (if any) properly attributable to sales of PlayStation software, but prior to any credit, deduction or rebate for co-op advertising or other marketing support, returns or otherwise howsoever.

Where Publisher's business (with the trade or through distributors) is conducted in local currencies other than EE, the local currency/EE exchange rates to be applied for purposes of conforming to maximum price to trade for any given Band will be the closing mid-point spot rate as quoted in the London "Financial Times" on the first business day of each 6 month period, commencing 1 April 2000. Such exchange rate will then reset for each successive 6 month period thereafter

The local currency maximum price to trade for any given title will then be that derived by applying the exchange rate obtaining for the 6 month period (as above) in which Publisher places its first Purchase Order ("PO") for the title concerned and will continue to apply for that title unless and until, on migration (see below), Publisher places its first PO in a different Band in a subsequent 6 month period.

SCEE reserves the right to review local currency maximum prices to trade per Band applicable for any given [**] period (as above) in the event of a material exchange rate fluctuation, deemed for these purposes to be [**]

The foregoing assumes a standard 1-Disc PlayStation 2 CD-ROM product and covers mastering, Disc, standard 2-colour Disc Label, PlayStation 2 box (or other packaging) and automated assembly of all components, but excludes the cost of Printed Materials other than Disc Label.

For multi-disc PlayStation 2 CD-ROM products and PlayStation 2 products in DVD5 format, the applicable Platform Charge specified above shall be increased by [**]

For the following optional non-standard Manufactured Materials, the following incremental charges (in addition to the otherwise applicable Platform Charge specified above) will apply

"O"	Multi-Colour Disc Label ~		
	[**]		[**]
	[**]		[**]
	[**]		[**]
	[**]		[**]
"O"	White Base Underlay	[**]	
"O"	Picture Disc		
	[**]		[**]
	[**]		
"O"	Picture Disc - High Definition		[**]
"O"	Shrink Wrap		[**]
	[**]		[**]
	[**]		[**]

The Platform Charge and minimum order and reorder quantities for other "non-standard" Manufactured Materials and/or production processes shall be as detailed in the Specifications or, where not so detailed, and subject to availability, as individually quoted in each case.

PlayStation2 titles may "migrate" between Bands at any time from and after [**] (but not more than [**]) following initial PO (or first PO upon prior migration, as the case may be). Migration by more than one Band at a time, and repeat migrations, are permitted.

For migrated PlayStation 2 re-issues (but not new PlayStation 2 titles), the applicable Platform Charge specified above, will be increased by [**] for orders placed September - December below [**].

Minimum production order quantities (Clause 6.5) shall be [**] units per pack sku for initial orders, [**] units for re-orders, in [**]. Minimum production order quantities shall be [**] units per pack sku for all orders in [**].

SCEE offers free delivery to EEA countries (only) by regular road (and/or, where applicable, sea) services, with air freight or other expedited delivery available but the incremental costs thereof for Publisher's account. The minimum quantity per title per drop is [**] units for inventory in [**], [**] for inventory in [**].

PlayStation2 Hit Title Rebate program.

Publisher's software orders in each qualifying financial year (April - March) will determine the level of Hit Title Rebate ("HTR") in the following financial year. The first qualifying year runs 1 April 1999 31 March 2000.

Titles with total bona fide orders below [**] units will not be taken into account. Otherwise, all orders for software for Sony's "PlayStation" predecessor video entertainment system (in one Band only per title) and all orders for PlayStation2 format Software in each qualifying financial year will be taken into account in calculating the Level of HTR for the following financial year.

Once qualified for (as above), HTR for each financial year will be at one of the following levels

Level 1 (up to [**] in qualifying financial year, ie immediately preceding April ~ March), Level 2 (over [**] in qualifying financial year), Level 3 (over [**] in qualifying financial year).

HTR will be redeemable in the applicable financial year, against orders for PlayStation2 format Software only, as follows ~

units per PlayStation2 title*	Level 1	Level 2	Level 3
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]

* NB: per title, not per SKU and not cume across all PlayStation2 titles

The HTR for each PlayStation2 title shall continue to escalate (as above) for orders in the same Band notwithstanding that such orders may be placed in a following financial year. Subsequent orders for the same title but in a different Band will be counted for these purposes as orders for a new "title".

In order to verify conformity with the Band structure for PlayStation2 format Software described above, SCEE will require from time to time at its own expense to inspect and audit the relevant of Publisher's financial records (and, where applicable, those of Publisher's associated companies, subsidiaries and/or branch offices in the Licensed Territory). Any such inspection and audit shall take place during normal business hours at Publisher's principal place of business (or such other location as the relevant books and records are maintained) upon reasonable prior notice and shall, at SCEE's sole election, be conducted either by an independent chartered or certified accountant or by an appropriately professionally qualified member of SCEE's staff.

Initialled by
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Sony Computer Entertainment Europe

Initialled by
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Activision UK

GLOBAL PLAYSTATION®3 FORMAT LICENSED

PUBLISHER AGREEMENT

Sony Computer Entertainment Europe

GLPA CONFIDENTIAL

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GLOBAL PLAYSTATION®3 FORMAT LICENSED
PUBLISHER AGREEMENT

This **Global PlayStation®3 Format Licensed Publisher Agreement** (the “Agreement”) is entered into on March 5, 2007 by and between SONY COMPUTER ENTERTAINMENT AMERICA INC., with offices at 919 East Hillsdale Boulevard, Foster City, California (“the SCE Company”) and Activision Inc., with offices at 3100 Ocean Park Blvd., Santa Monica, CA 90405 (“Publisher”).

The SCE Company’s parent company, Sony Computer Entertainment Inc. (“SCEI”), has designed and developed certain core technology of or concerning the System.

The SCE Company has the right to grant non-exclusive licenses to qualified entities regarding certain intellectual property rights with respect to the System.

Publisher desires to be granted a non-exclusive license to publish, develop, have manufactured, market, advertise, distribute and sell Licensed Products in accordance with the provisions of this Agreement and the provisions of the Regional Rider that is attached hereto and incorporated herein by reference, and the SCE Company is willing, in accordance with the terms and subject to the conditions of this Agreement and the Regional Rider, to grant Publisher such a license.

In consideration of the representations, warranties and covenants contained herein and in the Regional Rider, and other good and valuable consideration, Publisher and the SCE Company hereby agree as follows:

1. Definition of Terms.

1.1 “Advertising Materials” means any advertising, marketing, merchandising, promotional, contest-related, public relations (including press releases), display, point of sale or website materials regarding or relating to the Licensed Products or depicting any of the Licensed Trademarks. Advertising Materials include any advertisements in which the System is displayed, referred to, or used, including giving away any unit(s) of the System as prizes in contests or sweepstakes and the public display of the System in product placement opportunities.

1.2 “Affiliate” means, as applicable, either Sony Computer Entertainment America Inc. (“SCEA”), Sony Computer Entertainment Inc. (“SCEI”), Sony Computer Entertainment Europe Ltd. (“SCEE”), Sony Computer Entertainment Korea (“SCEK”), any subsidiary of the foregoing, or any other entity as may be established from time to time and becomes a part of the Sony Computer Entertainment Group.

1.3 “Attribution Line” means the legal attribution line used on Advertising Materials, which shall be substantially similar to the following: “Product copyright and trademarks are the property of the respective publisher or its licensors.”

1.4 “Designated Manufacturing Facility” means a manufacturing facility that is designated by the SCE Company, in its sole discretion, to manufacture Disc Products or any of their component parts.

1.5 “Development System Agreement” means an agreement entered into between the SCE Company and a licensed Publisher or other licensee regarding the sale, lease, loan or license of Development Tools.

1.6 “Development Tools” means the PlayStation 3 development tools sold, leased, loaned or licensed solely for use in the development of Executable Software.

Sony Computer Entertainment Europe
PLAYSTATION 3 GLPA **CONFIDENTIAL**

1.7 “Disc Products” means the Executable Software on PS3 Format Discs, Advertising Materials, Packaging, Printed Materials and Product Information relating to any individual title which shall consist of one application software product per Unit. Disc Products may, but need not, be designed to allow Online Gameplay.

1.8 “Effective Date” is the date specified in the preamble of this Agreement.

1.9 “Executable Software” means software in final object code form that is designed for use and operation exclusively on the System which consists of Publisher Software and any SCE Materials and constitutes a complete, standalone videogame.

1.10 “Guidelines” means any guidelines or specifications of the SCE Company with respect to the development, manufacture and publishing of Licensed Products, including any requirements regarding the development of Executable Software, the display of the Licensed Trademarks in any Licensed Products and related Advertising Materials, or the protection of any of the SCE Intellectual Property Rights, which may be set forth in the Technical Requirements Checklist, Corporate Identity Guidelines or in any other documentation provided to Publisher by the SCE Company. Guidelines shall be comparable to the guidelines and specifications applied by the SCE Company to its own software products for the System. All Guidelines may be modified, supplemented or amended by any Affiliate from time to time upon reasonable notice to Publisher. Guidelines are incorporated into and form a part of this Agreement.

1.11 “Licensed Developer” means an entity that has signed a Licensed Developer Agreement with any Affiliate.

1.12 “Licensed Developer Agreement” or “LDA” means a valid and current license agreement authorizing the development of software for the System, fully executed between a Licensed Developer and an Affiliate.

1.13 “Licensed Products” means Disc Products and Online Products, including any Publisher demonstration discs.

1.14 “Licensed Publisher” means an entity that has signed a Licensed Publisher Agreement with an Affiliate.

1.15 “Licensed Publisher Agreement” or “LPA” means a valid and current license agreement for the publishing, development, manufacture, marketing, advertising, distribution and sale of Licensed Products, fully executed between a Licensed Publisher and an Affiliate.

1.16 “Licensed Trademarks” means the trademarks, service marks, trade dress, logos, icons and other indicia designated in the Guidelines or otherwise for use on, in or otherwise in connection with Licensed Products. The Licensed Trademarks (or any part thereof) are subject to change during the term of this Agreement and may be modified, supplemented or amended by any Affiliate (as applicable) from time to time upon reasonable notice to Publisher.

1.17 “Master Disc” means a recordable Blu-Ray disc in the form requested by the SCE Company containing final pre- production Executable Software.

1.18 “Online Gameplay” means the capability to operate and interact with the Executable Software associated with a Licensed Product used on a System that is connected to the Internet or any other network and which may allow an end user to participate in a game or gameplay with another end user (or other end users) across the Internet or any other network.

1.19 “Online Products” means (i) enhancements, improvements, additions, patches, and updates, including characters, artifacts, scripts, levels, modifications, player statistics and gameplay data, used in conjunction with a related Disc

Product and distributed electronically to any end users after sale or distribution of a Unit of the related Disc Product; and (ii) Executable Software distributed electronically to end-users. Online Products may, but need not, be designed to allow Online Gameplay.

1.20 “Packaging” means, with respect to each Disc Product, the carton, containers, cases, edge labels, wrapping materials, security seals and other proprietary labels and trade dress elements and wrapping materials of or concerning the Disc Products (and all parts of any of the foregoing) but specifically excluding Printed Materials and PlayStation 3 Format Discs.

1.21 “PlayStation 3 Format Disc” means the disc media formatted for use with the System.

1.22 “Printed Materials” means all artwork and mechanicals for the disc label for each PlayStation 3 Format Disc and for the Packaging relating to any of the Disc Products, and all instructional manuals, liners, inserts, and any other materials and user information within or attached to the Packaging and distributed as part of the Disc Products.

1.23 “Product Information” means any information owned or licensed by Publisher relating to any of the Licensed Products, including demos, videos, hints and tips, artwork, depictions of Disc Product cover art and videotaped interviews.

1.24 “Product Proposal” means a written proposal prepared by a Licensed Publisher and submitted to the SCE Company under the Guidelines regarding the concept and design for a Licensed Product.

1.25 “Publisher Software” means any software including incorporated audio and visual material developed by Publisher under this Agreement or an LDA, and does not include any SCE Materials.

1.26 “Publisher Intellectual Property Rights” means those worldwide intellectual property rights, current or future, that are owned and controlled by Publisher, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of same), that relate to the Publisher Software, Packaging, Product Information, Printed Materials, Advertising Materials or other materials.

1.27 “Purchase Order” means a written purchase order issued by Publisher pursuant to Section 7.8.1, regarding the purchase of Disc Products that conform to the Guidelines and other terms and conditions imposed by the SCE Company or any Designated Manufacturing Facility.

1.28 “Regional Rider” means the additional set of binding terms and which are appended to and form part of this Agreement, and which are applicable to the Territory.

1.29 “SCE Confidential Information” means the term as defined in Section 13.1.1.

1.30 “SCE Intellectual Property Rights” means those worldwide intellectual property rights, current or future, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks (including the Licensed Trademarks), service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of the same), for their full term including all renewals and extensions, that relate to the SCE Materials, the System, the design and development of Licensed Products compatible with the System, and any SCE Confidential Information.

1.31 “SCE Materials” means any data, object code, source code, firmware, documentation (or any part(s) of any of the foregoing) or information relating to the System or the development of interactive entertainment products compatible with the System, selected in the sole judgment of the SCE Company, which are directly or indirectly provided or supplied by any Affiliate to Publisher. SCE Materials shall not include any hardware portions of the Development Tools, but shall include firmware in such hardware.

1.32 “System” means the PLAYSTATION®3 computer entertainment system.

1.33 “Term” means the period from the Effective Date until March 31, 2012.

1.34 “Territory” means the term as defined in the Regional Rider.

1.35 “Unit” means an individual copy of a specific Disc Product regardless of the number of PlayStation 3 Format Discs that are contained within and are part of such Disc Product.

2. License.

2.1 **License Grant.** The SCE Company grants to Publisher, for the Term and throughout the Territory, and in accordance with the other terms, limitations and conditions referenced herein, a non-exclusive, non-transferable license under the SCE Intellectual Property Rights, without the right to sublicense (except as specifically provided herein), to use SCE Materials as follows: (i) to develop and publish Licensed Products and to enter into agreements with Licensed Developers and other approved third parties, where the SCE Company requires such approval, subject to Section 3.2, to develop Licensed Products; (ii) to have Disc Products manufactured by Designated Manufacturing Facilities; (iii) to market, advertise, promote, sell and distribute Disc Products directly to end users or to third parties for distribution to end users; (iv) to market, advertise and promote, and, pursuant to a separate online distribution agreement(s) with the SCE Company or any Affiliate, to distribute Online Products to end users over the PlayStation®Network; (v) to use the Licensed Trademarks only in connection with the manufacturing, marketing, packaging, advertising, promotion, sale and distribution of the Licensed Products; and (vi) to sublicense end-user customers the right to use the Licensed Products for personal, noncommercial purposes in conjunction with the System only, and not with other devices or for public performance.

2.2 **Separate PlayStation Agreements.** Unless specifically set forth in this Agreement, all terms used herein are specific to the System and the attendant SCE Company licensing program. Licenses relating to the original PlayStation, PS One, PlayStation 2 or PlayStation Portable game consoles are subject to separate agreements with the SCE Company (or any Affiliate, as applicable), and any license of rights to Publisher under such separate agreements shall not confer on Publisher any rights with respect to the System and vice versa.

3. Development and Distribution of Licensed Products.

3.1 **Right to Develop.** The SCE Company grants Publisher the right to purchase, lease or borrow, as applicable, certain hardware devices and license certain software tools and utilities that comprise the Development Tools, as is appropriate, from the SCE Company or its designee, pursuant to a separate Development System Agreement with the SCE Company or a separate rider to this Agreement, which hardware and software components may be used by Publisher only in connection with the development of Licensed Products pursuant to Section 2.1. In developing Executable Software (or portions thereof), Publisher and any third-party Licensed Developers with whom Publisher contracts shall fully comply in all respects with all Guidelines, including technical specifications. In

the event that Publisher uses any third-party tools to develop Executable Software or any portion thereof, Publisher shall be responsible at Publisher’s sole risk and expense for ensuring that it has obtained all necessary licenses for any such use.

3.2 Subcontractors. Publisher may retain subcontractors who provide services which do not require access to SCE Materials or SCE Confidential Information without prior approval. Otherwise, Publisher may retain subcontractor(s) to assist with the development, publication and marketing of Licensed Products (or portions thereof) which have signed (i) an LPA or LDA with the SCE Company (the "PlayStation 3 Agreement") in full force and effect throughout the term of such development, publishing and marketing services or (ii) if required by the SCE Company, an SCE Company-approved subcontractor agreement ("Subcontractor Agreement"), and the SCE Company has approved such subcontractor in writing (which approval shall be in the SCE Company's sole discretion). Publisher shall not disclose to any subcontractor any of the SCE Confidential Information, including any SCE Materials, unless and until either a PlayStation 3 Agreement or any required Subcontractor Agreement has been executed and approved by the SCE Company. Publisher shall be solely responsible for verifying that all third parties that contribute to the development of any Licensed Product, or component thereof, satisfy the requirements of clause (i) or (ii) of this Section 3.2. Notwithstanding any consent which may be granted by the SCE Company for Publisher to employ any such permitted subcontractor(s), or any such separate agreement(s) that may be entered into by Publisher with any such permitted subcontractor, Publisher shall remain fully liable for its compliance with all of the provisions of this Agreement and for the compliance of any and all permitted subcontractors with the provisions of any agreements entered into by such subcontractors in accordance with this Section. Publisher shall use best efforts to cause all subcontractors that it retains in furtherance of this Agreement to comply in all respects with the terms and conditions of this Agreement, and hereby unconditionally guarantees all obligations of its subcontractors. The SCE Company may subcontract any of its rights or obligations hereunder.

3.3 Form of Distribution. Executable Software distributed physically to end users and demonstration discs shall be in the form of PlayStation 3 Format Discs only. Publisher shall not, directly or indirectly, incorporate more than one Disc Product in a single Unit, or package or bundle Units of any Disc Product with any other goods or services, without the SCE Company's prior written consent. Online Products, Online Gameplay and any services associated with Online Gameplay, including subscriptions, shall be distributed or made available electronically, including by wireless distribution, to end users over the PlayStation®Network only, unless the SCE Company gives express written consent to another manner of distribution on SCE Company standard terms or otherwise as agreed. Notwithstanding this limitation, Publisher may electronically transmit Executable Software from site to site, or from machine to machine over a computer network, for the sole purposes of facilitating development and for testing to be carried out under Section 6; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorized interception or retransmission of such transmissions.

3.4 Distribution Channels for Disc Products. Publisher may use such distribution channels to distribute Disc Products as Publisher deems appropriate, including the use of third-party distributors, resellers, dealers and sales representatives. In the event that the SCE Company permits Publisher to have any of its Disc Products published by another Licensed Publisher, Publisher must, in addition to complying with Section 3.2, provide the SCE Company with advance written notice of such arrangement, including the name of the Licensed Publisher and any additional information requested by the SCE Company regarding the nature of the distribution services that would be provided by such third-party Licensed Publisher prior to manufacture of the Disc Product,

4. **Online Gameplay.**

4.1 Access to and Maintenance of Online Gameplay. Publisher shall maintain servers hosting Online Gameplay for the periods specified in the Guidelines, Publisher, or, at SCEE's option, SCEE or its Affiliate shall provide notice to consumers in a clear and conspicuous manner via one of the methods listed in Section 4.3 any permanent shutdown to a server hosting or supporting Online Gameplay no later than three (3) months prior to any shutdown.

4.2 Publisher Online Designee. Publisher shall appoint a dedicated contact person for its Licensed Products designed to allow Online Gameplay, who shall act as a liaison between the SCE Company and Publisher for all online matters relating to Licensed Products designed to allow Online Gameplay. Publisher's designee shall also be responsible for ensuring that all terms and conditions relating to the online elements of the Licensed Products are complied with. Publisher shall give the SCE Company ten (10) days' written notice prior to any change in designee.

4.3 Online Legal Compliance. Licensed Products designed for Online Gameplay must include a legal disclosure enumerating end user, privacy and moderation policies and age rating (collectively, "Online Terms") prior to allowing any end users to engage in Online Gameplay for the first time for a particular user or as otherwise required by law. The SCE Company reserves the right to review Publisher's Online Terms, but shall have no liability for content of Publisher's Online Terms. Online Terms shall either be coded into the applicable Licensed Product or available on the server hosting Online Gameplay in such a way that an end user must agree to it prior to accessing and engaging in Online Gameplay. Online Terms must comply with the Guidelines. Publisher must inform all end users engaging in or accessing Online Gameplay if any personally identifying information will be collected, how it will be collected, and how it will be used.

4.4 Publisher Liability for Online Gameplay. Publisher shall bear exclusively all responsibility and liability for any features or capability of Licensed Products related to Online Gameplay, including Online Gameplay between territories using different television standards, whether PAL, NTSC or otherwise.

5. **Limitations on Licenses; Reservation of Rights.**

5.1 Application of Council Directive 91/250/EEC. If Publisher has executed the Regional Rider in a Territory governed by Council Directive 91/250/EEC, the limitations set forth in Section 5 shall be subject to Council Directive 91/250/EEC.

5.2 Reverse Engineering Prohibited. Publisher shall not directly or indirectly disassemble, decrypt, electronically scan, peel semiconductor components, decompile, or otherwise reverse engineer in any manner or attempt to reverse engineer or otherwise derive any source code from, all or any portion of the SCE Materials, or permit, assist or encourage any third party to do so.

5.3 Limitation on Creation of Derivative Works. Publisher shall not use, modify, reproduce, sublicense, distribute, create derivative works from, or otherwise provide to third parties, the SCE Materials, in whole or in part, other than as expressly set forth herein without the SCE Company's prior written consent.

5.4 Limitation on Examination and Study of Tools. Publisher may study the performance, design and operation of the Development Tools solely for the limited purposes of developing and testing Publisher Software, or to develop tools to assist Publisher with the development and testing of Publisher Software. Any tools developed or derived by Publisher as a result of studying the performance, design or operation of the Development Tools shall be considered derivative works of the SCE Materials and shall be owned by the SCE Company, but may be treated as trade secrets of Publisher. This section shall govern any conflict with a similar provision in any separate agreement.

5.5 Limitations Regarding Content of Licensed Products. No rights are granted under this Agreement with respect to non-game products or products which contain significant elements of, or are a hybrid with, audio or video profile products. No rights are granted under this Agreement with respect to serving or providing in-game dynamic advertisements. Licensed Products may contain in-game static advertisements, subject to the Guidelines.

5.6 Reservation of SCE Company's Rights.

5.6.1 Limitations on Use of SCE Materials and SCE Intellectual Property Rights. This Agreement does not grant any right or license under, and Publisher shall not use, any SCE Confidential Information, the SCE Materials, or any of the SCE Intellectual Property Rights except as expressly authorized hereunder and in strict compliance with the terms and conditions of this Agreement. No other right or license is to be implied by or inferred from any provision of this Agreement or the conduct of the parties. In particular, Publisher shall not use the Executable Software, SCE Materials or SCE Confidential Information (or any portion of any of the foregoing) in connection with the development of any software for any emulator or other computer hardware or software system. In no event shall Publisher patent any tools, methods, or applications, created, developed or derived from SCE Materials. Publisher shall not make available to any third party any tools developed or derived from the study of the Development Tools without the SCE Company's express written permission. Use of such tools shall be strictly limited to the creation or testing of Licensed Products and any other use, direct or indirect, of such tools is strictly prohibited. Moreover, Publisher shall bear all risks arising from incompatibility of its Licensed Product and the System resulting from use of Publisher created tools. The burden of proof under this Section shall be on Publisher, and the SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with this Section.

5.6.2 Ownership and Protection of SCE Materials and SCE Intellectual Property Rights. All rights with respect to the SCE Materials and the System, including all of the SCE Intellectual Property Rights, are the exclusive property of the SCE Company or its Affiliates. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair any of the SCE Company's rights, title or interests in or to the SCE Materials or the SCE Intellectual Property Rights. Publisher shall take all steps as the SCE Company may reasonably require for the protection and maintenance of the SCE Intellectual Property Rights, including executing licenses or obtaining registrations. Publisher shall not register any trademark in its own name or in any other person's name, or use, or obtain rights to use Internet domain names or addresses, which are identical or similar to, or are likely to be confused with any of the Licensed Trademarks or any other trademarks of the SCE Company. All goodwill associated with the Licensed Trademarks, including any goodwill generated or arising by or through Publisher's or its sub-licensees' activities under this Agreement, accrues to the benefit of and belongs exclusively to the SCE Company. Nothing contained in this Agreement shall be deemed to grant Publisher the right to use the trademark "SONY" in any manner or for any purpose.

5.6.3 Authentication. The SCE Company reserves the right to require Publisher to utilize an authentication or authorization system to be provided, licensed or designated by the SCE Company to authenticate and verify all Licensed Products and units of the System. The SCE Company reserves the right to insert serial numbers on all PlayStation 3 Format Discs for security or authentication purposes.

5.7 Acknowledgment of Publisher's Ownership Rights. Separate and apart from the SCE Materials and other rights licensed to Publisher by the SCE Company hereunder, as between Publisher and the SCE Company, Publisher retains all rights, title and interest in and to the Publisher Software, the Product Proposals, and related Product Information, including Publisher Intellectual Property Rights therein, as well as Publisher's rights in any source code and other underlying material such as artwork and music (but specifically excluding the SCE Materials and any software provided directly or indirectly by the SCE Company) and any names used as titles for Licensed Products and other trademarks used by Publisher. Nothing in this Agreement shall restrict the right of Publisher to develop, distribute or transmit products incorporating the Publisher Software and underlying material, which do not contain or were not developed through use of the SCE Materials or the SCE Intellectual Property Rights, for any hardware platform or service other than the System, or to use Printed Materials or Advertising Materials approved by the SCE Company (excepting Printed Materials or Advertising Materials that contain any Licensed Trademarks) as Publisher determines for such other platforms.

5.8 Guidelines Requirement. The licenses granted to Publisher are expressly conditioned on Publisher's compliance with all provisions of the SCE Company's Guidelines, as and when published or within a commercially reasonable time following its receipt of a publication expressly referencing such provisions, and any and all such provisions are incorporated herein by this reference. To the extent that the Guidelines change with respect to any Licensed Product materials that Publisher submits to the SCE Company under Section 6.1, Publisher shall only be required to implement any such revised Guidelines in subsequent orders of corresponding Disc Product or subsequent publications of corresponding Online Product. Publisher shall not be required to recall or destroy previously manufactured Disc Products, unless such Disc Products do not comply with the original standards, requirements and conditions set forth in the Guidelines or unless explicitly required to do so in writing by the SCE Company.

6. Quality Standards for Licensed Products.

6.1 Product Assessment, Format Quality Assurance and Printed and Advertising Materials. Publisher shall comply with the process and requirements for assessment and format quality assurance of Licensed Products and Advertising Materials, on a product-by product basis as specified in the Guidelines. The SCE Company will not approve Licensed Products that are outside the PlayStation®3 format specifications in the Guidelines.

6.2 Rating Requirements. No Licensed Product may be published, sold, distributed, marketed, advertised or promoted unless each Licensed Product bears a consumer advisory age rating, consisting of a rating code and product descriptors, either as required by local law or as issued by, and following the rating display requirements of, a consumer advisory ratings system designated by the SCE Company. Any and all costs and expenses incurred in connection with obtaining such rating shall be borne solely by Publisher. No Licensed Product, Printed Materials or Advertising Materials may bear more than one consumer advisory rating code. Any Online Product that can be used with a Disc Product must bear a rating that is the same as or lower than the rating issued to the Disc Product, unless the SCE Company gives express written consent.

6.3 Compatibility of Licensed Products with Peripherals. Publisher shall 'be solely responsible for functionality and operational compatibility of its Licensed Products with any third-party peripherals (e.g., controllers, memory storage devices, etc). The SCE Company shall have no responsibility to test or otherwise evaluate the compatibility of

Publisher's Licensed Products with any third-party peripherals. The SCE Company shall not be held responsible for any actual, incidental or consequential damages that may result from any use or inability to use any third-party peripherals with any Licensed Products or the System. If the SCE Company elects, at its sole discretion, to test or otherwise evaluate the compatibility of Publisher's Licensed Products with any third-party peripheral device then, (i) any such testing or evaluation shall not obligate the SCE Company to test or evaluate any other third-party peripherals; (ii) any such testing or evaluation shall not shift to the SCE Company any responsibility to ensure or assess the functionality or compatibility of any third-party peripheral or require the SCE Company to report any third-party peripheral incompatibilities; and (iii) Publisher shall provide the SCE Company, upon request and at no additional cost or expense to the SCE Company, with a reasonable number of samples of any such third-party peripheral products for testing and review in a timely manner. In the event that any Licensed Product fails to perform to the SCE Company's satisfaction with any third-party peripheral that it is intended to support, the SCE Company shall have the right to require that Publisher modify or remove such portions of the Executable Software as are intended to support the affected third-party peripheral.

6.4 Publisher's Additional Quality Assurance Obligations. If at any time or times subsequent to the approval of any part of a Licensed Product, the SEC Company identifies any material defects (such materiality to be determined by the SCE Company in its sole discretion) with respect to the Licensed Product, or in the event that the SCE Company identifies any improper use of its Licensed Trademarks or the SCE Materials, or any material defects or improper use are brought to the attention of the SCE Company, Publisher shall, at no cost to the SCE Company, promptly correct any such material defects, or improper use, to the SEC Company's commercially reasonable satisfaction, which may include, in the SEC Company's judgment, the recall and re-release of Units of the affected Disc Product or publication of an update, upgrade or technical fix to an Online Product. In the event any Licensed Products create any risk of loss or damage to any property or injury to any person, Publisher shall immediately take effective steps, at Publisher's sole liability and expense, to recall and remove such Licensed Products from any affected channels of distribution; provided, however, that if Publisher is not acting as the distributor or seller for the Licensed Products, its obligation shall be to use its best efforts to arrange removal of all affected Licensed Products from the relevant distribution channels. Publisher shall provide all end-user support for Licensed Products. Publisher and the SCE Group Company may enter into a separate agreement to have Publisher provide all end-user support for Online Gameplay of Publisher's Licensed Products that is provided through the PlayStation®Network. The SCE Company expressly disclaims any obligations or liability to provide end-user support with respect to Licensed Products.

7. Manufacture of Disc Products.

7.1 Manufacture of Units. Upon approval of Executable Software and associated Printed Materials pursuant to Section 6, and subject to Sections 7.4 – 7.7, the Designated Manufacturing Facility will, in accordance with the terms and conditions set forth in this Section 7, and at Publisher's request and sole expense (a) manufacture PlayStation 3 Format Discs for Publisher; (b) manufacture Publisher's Packaging and Printed Materials; and (c) assemble the PlayStation 3 Format Discs with the related Printed Materials and Packaging. Publisher shall comply with all Guidelines relating to the production of Units of Disc Products. The SCE Company reserves the right to insert or require Publisher to make arrangements for the insertion of certain Printed Materials relating to the System into each Unit.

7.2 Designated Manufacturing Facilities. To insure compatibility of PlayStation 3 Format Discs with the System, consistent quality of the Disc Products and incorporation of anti-piracy security measures, the SCE Company shall designate and license a Designated Manufacturing Facility or Facilities to reproduce PlayStation 3 Format Discs. Publisher shall purchase [**] of its requirements for PlayStation 3 Format Discs, including demonstration discs, from such Designated Manufacturing Facility. Any Designated Manufacturing Facility shall be entitled to enforce the terms of this Agreement.

7.3 Creation of Master PlayStation 3 Format Disc. Using one of the fully approved Master Discs provided by Publisher under the Guidelines, the SCE Company or the Designated Manufacturing Facility shall create an encrypted, reproducible master of the Executable Software (formatted as a PlayStation 3 Format Disc) from which all other copies of the Executable Software for the corresponding Disc Product are to be replicated. Publisher shall be responsible for the costs, as determined by the SCE Company or the Designated Manufacturing Facility, of producing the reproducible masters of any and all Executable Software.

7.4 Manufacture of Printed Materials by Designated Manufacturing Facility. If Publisher elects to order Printed Materials from a Designated Manufacturing Facility, Publisher shall deliver all SCE Company-approved Printed Materials to that Designated Manufacturing Facility, at Publisher's sole risk and expense, and the Designated Manufacturing Facility will manufacture such Printed Materials in accordance with this Section 7. In order to insure against loss or damage to the copies of the Printed Materials furnished to the SCE Company, Publisher shall return duplicates of all Printed Materials, and neither the SCE Company nor any Designated Manufacturing Facility shall be liable for any loss of or damage to any Printed Materials.

7.5 Manufacture of Printed Materials by Alternate Source. Subject to the Guidelines, Publisher may elect to be responsible for manufacturing its own Printed Materials (other than artwork which is to be reproduced or otherwise displayed on any PlayStation 3 Format Discs, which Publisher will supply to the Designated Manufacturing Facility for incorporation within the Disc Products), at Publisher's sole risk and expense. The SCE Company shall have the right to disapprove any Printed Materials that do not comply with the applicable Guidelines. If Publisher elects to supply its own Printed Materials, neither the SCE Company nor any Designated Manufacturing facility shall be responsible for any delays arising from use of Publisher's own Printed Materials.

7.6 Manufacture of Packaging by Designated Manufacturing Facility. To ensure consistent quality of the Disc Products, the SCE Company may designate and license a Designated Manufacturing Facility to reproduce [**] of the proprietary Packaging for the Disc Products. If so, then Publisher shall purchase [**] of its requirements for such Packaging from a Designated Manufacturing Facility during the Term.

7.7 Assembly Services. Publisher may either procure assembly services from a Designated Manufacturing Facility or, with the SCE Company's prior written consent, from an alternate source. If Publisher elects to be responsible for assembling the Disc Products, then the Designated Manufacturing Facility shall ship the component parts of the Disc Product to a destination designated by Publisher, at Publisher's sole risk and expense. The SCE Company shall have the right to inspect any assembly facilities that Publisher proposes to use in order to determine if the component parts of the Disc Products are being assembled in accordance with the SCE Company's quality standards. The SCE Company may require Publisher to recall any Units of any Disc Products that fail to comply with the Guidelines. If Publisher elects to use alternate assembly facilities, neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for any delays or other production issues, including missing component parts, arising from use of alternate assembly facilities. Publisher shall comply with all applicable labor laws and, in accordance with the provisions of Section 16.8, shall not employ child labor, slave labor or forced labor in connection with the assembly of the Licensed Products.

7.8 Orders and Delivery.

7.8.1 Orders. Publisher shall issue Purchase Order(s) to a Designated Manufacturing Facility in the form set forth and containing the information required in the Guidelines, with a copy to the SCE Company.

No Purchase Orders will be processed for any Disc Product unless that Disc Product is fully compliant with the Guidelines. All Purchase Orders shall be subject to approval by the SCE Company not to be unreasonably withheld and to acceptance by the Designated Manufacturing Facility pursuant to the Guidelines. Purchase Orders issued by Publisher to a Designated Manufacturing Facility for each Licensed Product approved by the SCE Company shall be non-cancelable and are subject to the order requirements of the Designated Manufacturing Facility.

7.8.2 General Terms. Neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for shortage or breakage with respect to any order if component parts or assembly services are obtained from alternate sources.

7.9 Delivery of Disc Products. The Designated Manufacturing Facility will deliver Disc Products to Publisher at Publisher's sole expense, except where otherwise provided under this Agreement. Publisher shall have no right to have completed Units of Disc Products stored after manufacture.

7.10 Ownership of Original Master Discs. Due to the proprietary and confidential nature of the mastering and encryption process, neither the SCE Company nor any Designated Manufacturing Facility shall under any circumstances release any original Master Discs, reproducible masters created under section 7.3 or other in-process materials to Publisher. All such materials shall be and remain the sole property of the SCE Company or the Designated Manufacturing Facility (as applicable). Notwithstanding the foregoing, the Publisher Intellectual Property Rights contained in the Publisher Software that is contained in any such in-process materials is, as between the SCE Company and Publisher, the sole and exclusive property of Publisher or its licensors.

8. Marketing of Licensed Products.

8.1 Marketing Generally. At no expense to the SCE Company, Publisher shall, and shall direct its distributors to, diligently market, sell and distribute the Licensed Products, and shall use commercially reasonable efforts to stimulate demand for such Licensed Products throughout the Territory and to supply any resulting demand. Publisher shall use reasonable efforts to protect the Licensed Products from and against illegal reproduction or copying by end users or by any other persons.

8.2 Samples. Publisher shall provide sample Units of each Disc Product to the SCE Company in the quantities and per the terms specified in the Guidelines. In the event that Publisher assembles any Disc Product using an alternate source, Publisher shall be responsible for shipping such sample Units to the SCE Company, at Publisher's cost and expense, promptly following the commercial release of such Disc Product. Units shall not be shipped to the SCE Company prior to the commercial release of such Disc Product. The SCE Company assumes no liability for release of samples prior to commercial release. The SCE Company shall not directly or indirectly resell any such sample Units of the Disc Products without Publisher's prior written consent. The SCE Company may distribute sample Units to its employees, provided that it uses its reasonable efforts to ensure that such Units are not sold into the retail market. In addition, subject to availability, Publisher shall sell to the SCE Company additional Units at cost.

8.3 Marketing Programs. From time to time the SCE Company may invite Publisher to participate in promotional or advertising opportunities that may feature one or more Licensed Products from one or more Licensed Publishers. Participation shall be voluntary and subject to terms to be determined at the time of the opportunity. In the event Publisher elects to participate, all materials submitted by Publisher to the SCE Company shall be submitted subject to the Guidelines and delivery of such materials to the SCE Company shall constitute acceptance by Publisher of the terms of the offer. Each Affiliate shall be entitled to display and otherwise use the Attribution Line on its multi-product marketing materials, unless otherwise agreed in writing.

8.4 PlayStation Website. Publisher shall provide the SCE Company with Product Information for a web page for each of its Licensed Products for display on the PlayStation promotional website, or other website(s) operated by the SCE Company from time to time in connection with the promotion of the PlayStation brand. Specifications for Product Information for such web pages shall be as provided in the Guidelines. Publisher shall provide the SCE Company with such Product Information for each Licensed Product upon submission of Printed Materials to the SCE Company for approval pursuant to the Guidelines. Publisher shall also provide updates for any such web page in a timely manner as may be required in the Guidelines.

8.5 Demonstration Disc Programs. The SCE Company may, from time to time, provide opportunities for Publisher to contribute Licensed Product content for distribution as part of a demonstration disc published by any Affiliate, or permit Publisher to publish its own demonstration disc pursuant to a third party demonstration disc program. The specifications with respect to the approval, creation, manufacture, marketing, distribution and sale of any such demo disc programs shall be set forth in the Guidelines. The SCE Company reserves the right to choose from products submitted from other Licensed Publishers and first party products to determine the specific products that will be included in any SCE Company demonstration discs, and Publisher's Licensed Products will not be guaranteed prominence or preferential treatment on any SCE demonstration disc. The SCE Company has no obligation to publish, advertise or promote any demonstration disc.

8.6 Contests and Sweepstakes of Publisher. Publisher may conduct contests, sweepstakes, competitions and promotions, as permitted by law collectively, "Contest" or "Contests", to promote Licensed Products. The SCE Company shall permit Publisher to include Contest materials in Printed Materials and Advertising Materials, subject to compliance with the provisions of Sections 10.2 and 11.2, and subject to the Guidelines.

9. Payments.

9.1 Payments for Licensed Products. Publisher shall pay the SCE Company either directly or through its designee, for Licensed Products, including Licensed Products in any "Greatest Hits," "Platinum" or any other program, and demonstration discs, at the rates and in the manner specified in the Regional Riders and the terms of this Section 9. Publisher shall be required in all cases to make payments to the SCE Company, in accordance with this Section 9 and the Regional Rider, with respect to any and all of Publisher's products that are developed utilizing any SCE Materials or SCE Intellectual Property Rights or any derivative works based on or otherwise derived from the same. The burden of proof under this Section shall be on Publisher. The SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with any or all of its obligations pursuant to this Section. Payment terms are subject to change in the SCE Company's discretion upon reasonable notice to Publisher.

9.2 Payment for Units of Disc Products. Payments shall be made to the SCE Company through its Designated Manufacturing Facility concurrent with the placement of any Purchase Order for Units of any Disc Product in accordance with the terms and conditions set forth in this Agreement unless otherwise agreed in writing with the SCE Company. Payment shall be made prior to manufacture unless the SCE Company has agreed in writing to extend credit terms to Publisher under Section 9.3.

9.3 Credit Terms. The SCE Company is not required to extend any credit terms to Publisher, but may do so in the SCE Company's sole discretion. Credit terms and limits shall be subject to revocation or extension at the SCE Company's sole discretion. If credit terms are extended to Publisher, Purchase Orders will be invoiced upon shipment of Disc Products and each invoice will be payable within 30 days of the date of the invoice. Publisher shall be additionally liable for all costs and expenses of collection, including without limitation, reasonable fees for lawyers and court costs.

9.4 Charges and Deductions. The amounts that Publisher must pay under this Agreement are exclusive of all taxes, duties, charges or assessments which the SCE Company or the Designated Manufacturing Facility may have to collect or pay and for which Publisher is solely responsible. No costs incurred in the development, manufacture, marketing, sale or distribution of any Licensed Products shall be deducted from any amounts payable under this Agreement. Similarly, there shall be no deduction from any amounts owed hereunder as a result of any uncollectible accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third-party customer of any Licensed Products, or for any taxes, fees, assessments or expenses of any kind which may be incurred by Publisher in connection with its sale or distribution of any Licensed Products or arising with respect to the payment of royalties. Publisher may not assert any credit, set-off or counterclaim to justify withholding payment under this Agreement. Publisher shall be solely responsible for and bear any costs relating to any withholding taxes or other such assessments which may be imposed by any governmental authority with respect to the payments to the SCE Company. Publisher shall provide the SCE Company with official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate that any such taxes or assessments have in fact been timely paid. Deductions may only be made after issuance of an approved credit memo from the SCE Company or a Designated Manufacturing Facility.

9.5 General Terms. Each shipment to Publisher shall constitute a separate sale, whether said shipment constitutes the whole or partial fulfillment of any Purchase Order. Title to Units shall pass to Publisher only upon payment in full of the amounts due under this Agreement for those Units. The receipt and deposit by the SCE Company of any moneys payable under this Agreement shall be without prejudice to any rights or remedies the SCE Company has and shall not restrict or prevent the SCE Company from challenging the basis for calculation or payment accuracy. Nothing in this Agreement shall excuse or be construed as a waiver of Publisher's obligation to timely provide any and all payments owed to the SCE Company or any Designated Manufacturing Facility.

10. Representations and Warranties.

10.1 Representations and Warranties of SCE Company. The SCE Company represents and warrants solely for the benefit of Publisher that the SCE Company has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

10.2 Representations and Warranties of Publisher. Publisher represents and warrants that:

(i) There is no threatened or pending action, suit, claim or proceeding alleging that the use or possession by Publisher or its affiliates of all or any part of the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products, infringes or otherwise violates an intellectual property right or other right or interest of any kind whatsoever anywhere in the world of any third party, or otherwise contesting any right, title or interest of Publisher in or to the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products;

(ii) The Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, and their contemplated disclosure or use under this Agreement do not and shall not infringe any person's rights including patents, copyrights (including rights in a joint work), trademarks, trade dress, trade secret, rights of publicity, privacy, performance, moral rights, literary rights or any other right or interest anywhere in the world of any third party. Publisher has obtained the consent of all holders of intellectual property rights necessary for the SCE Company's or its Affiliates' use of any Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials and Packaging not provided by the Designated Manufacturing Facility provided by Publisher, which may be reproduced, published, publicly displayed, publicly performed, marketed, sold and otherwise distributed by the SCE Company and any Affiliates in accordance with this Agreement, Publisher has made all payments required to any person having any legal rights arising from such disclosure or use so that the SCE Company will not incur any obligation to pay any royalty, residual, union, guild or other fees or expenses;

(iii) Publisher has the right, power and authority to enter into this Agreement, to grant the SCE Company the rights granted hereunder and to fully perform its obligations hereunder;

(iv) The making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person, and, throughout the Term, Publisher shall not make any separate agreement with any third party that is inconsistent with any of the provisions of this Agreement;

(v) Publisher has not previously taken any action that could be interpreted as having sold, assigned, leased, licensed or in any other way disposed of or encumbered any of the rights granted to Publisher hereunder. Publisher will not sell, assign, lease, license or in any other way dispose of or encumber any of such rights except as expressly consented to by the SCE Company in writing;

(vii) Neither Publisher nor its affiliates shall make any representation or give any warranty to any person or entity expressly or on the SCE Company's behalf, or to the effect that the Licensed Products are connected in any way with the SCE Company other than that the Executable Software and Licensed Products have been developed, marketed, sold and distributed under license from the SCE Company;

(viii) In the event that any Executable Software is delivered by Publisher to any other Licensed Publishers or Licensed Developers in source code form, Publisher will take all precautions consistent with the protection of valuable trade secrets by companies in high technology industries to ensure that such third parties protect and maintain the confidentiality of such source code;

(ix) The Executable Software, excepting any SCE Materials, and any Product Information shall be in a commercially acceptable form, free of significant bugs, defects, time bombs or viruses or unauthorized content that is inconsistent with the age rating applicable to the corresponding Licensed Product, which could disrupt, delay, or destroy the Executable Software or System, or render any of such items less than fully useful, or that could cause the SCE Company to suffer public disrepute, contempt, scandal or ridicule, or which insults or offends the community or any substantial organized group thereof or which could tend to adversely affect the SCE Company's name, reputation or goodwill associated with the System, and shall be fully compatible with the System and all peripherals listed on the Printed Materials as compatible with the Licensed Product;

(x) Each of the Licensed Products shall be developed, marketed, sold and distributed by or at the direction of Publisher in an ethical manner and in a responsible manner with respect to the protection of children in the online environment, and in full compliance with all applicable laws,

including federal, state, provincial, local and foreign laws, and any rules, regulations and standards promulgated thereunder, including lottery laws and labor laws, and will not contain content that violates applicable laws, including those relating to privacy or any obscene or defamatory matter;

(xi) Publisher's policies and practices with respect to the development, marketing, sale, and distribution of the Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of the SCE Company or any Affiliate;

(xii) To the extent Publisher wishes to utilize a Licensed Developer to assist in development of Licensed Products, Publisher has contracted, or will contract, with a Licensed Developer for the technical expertise and resources necessary to fulfill its obligations under this Agreement; and

(xiii) Publisher shall make no false, misleading or inconsistent representations or claims with respect to the System, any Licensed Products, or the SCE Company or any Affiliate.

11. Indemnities; Limited Liability.

11.1 Indemnification by SCE Company. The SCE Company shall indemnify and hold Publisher harmless from and against any and all third-party claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from a breach of any of the SCE Company's representations or warranties set forth in Section 10.1 (collectively, "SCE-Indemnified Claim(s)"); provided that: (i) Publisher shall give prompt written notice to the SCE Company of the assertion of any SCE Indemnified Claim; (ii) the SCE Company shall have the right to select counsel and control the defense and settlement of any SCE-Indemnified Claim and Publisher shall not agree to the settlement of any SCE-Indemnified Claim without the SCE Company's prior written consent, and (iii) Publisher shall provide the SCE Company reasonable assistance and cooperation concerning any SCE Indemnified Claim, except that Publisher need not incur an out-of-pocket costs in rendering such assistance and cooperation. The SCE Company shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to SCE-Indemnified Claims as shall be deemed appropriate by the SCE Company.

11.2 Indemnification By Publisher. Publisher shall indemnify and hold the SCE Company harmless from and against any and all claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from (i) a breach of any of the provisions of this Agreement; (ii) any claim of infringement of a third party's intellectual property rights or any consumer claim, with respect to Publisher's Licensed Products, including claims related to Publisher's support of unauthorized or unlicensed peripherals or software that are not part of the PlayStation 3 format specifications as set forth in the Guidelines; (iii) any claim related to any Licensed Product features or capability related to cross-regional Online Gameplay; (iv) any claims of or in connection with any personal or bodily injury (including death or disability) or property damage arising out of, in whole or in part, the development, marketing, advertising, sale, distribution or use of any of the Licensed Products (or portions thereof) unless due directly and solely to the breach of the SCE Company in performing any of the specific duties or providing any of the specific services required of it hereunder; or (v) any federal, state or foreign civil or criminal investigations or actions relating to the development, marketing, advertising, sale or distribution of Licensed Products (all subsections collectively, "Publisher-Indemnified Claim(s)"), provided that (a) the SCE Company shall give prompt written notice to Publisher of the assertion of any Publisher-Indemnified Claim; (b) Publisher shall have the right to select counsel and control the defense and settlement of any

Publisher-Indemnified Claim, except that with respect to any Publisher-Indemnified Claims made by a third party against the SCE Company, the SCE Company shall have the right to select counsel for the SCE Company and reasonably control the defense and settlement of the Publisher-Indemnified Claim against the SCE Company; and (c) the SCE Company shall provide Publisher with reasonable assistance and cooperation concerning any Publisher-Indemnified Claim, except that the SCE Company need not incur any out-of-pocket costs in rendering such assistance and cooperation. Subject to the foregoing, Publisher shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to Publisher- Indemnified Claims as shall be deemed appropriate by Publisher.

11.3 LIMITATIONS OF LIABILITY.

11.3.1 SCE Limitation of Liability for Financial Losses. In no event shall the SCE Company or any Affiliates, or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damages are direct, indirect, special, incidental or consequential) arising out of relating to, or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under indemnity, or otherwise.

11.3.2 SCE Limitation of Liability for Other Consequential Losses. In no event shall the SCE Company, its Affiliates or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for any indirect, special, incidental or consequential loss or damage of any kind arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under an indemnity or otherwise.

11.3.3 SCE Limitation of Liability for Representations. Publisher shall have no remedy with respect to any representation made to it upon which it relied in entering into this Agreement and the SCE Company and its Affiliates and the officers, directors, employees, agents, licensors or suppliers of any of such entities shall have no liability to Publisher other than under the express terms of this Agreement. In this Section 11.3.3, “representation” means any undertaking, promise, assurance, statement, representation, warranty or understanding, whether in writing or otherwise, of any person (whether a party to this Agreement or not), relating to the subject matter of this Agreement.

11.3.4 SCE Limitation of Liability for SCE Materials and Publisher’s Materials. Except as expressly set forth herein, neither the SCE Company, nor its Affiliates, nor the officers, directors, employees, agents, licensors or suppliers of any of such entities, shall bear any risk, or have any responsibility or liability of any kind to Publisher or to any third parties with respect to the quality, functionality, operation or performance of, or the use or inability to use, all or any part of the SCE Materials, the System, the Licensed Products or Units of Disc Products, or for any software errors or “bugs” in Product Information included on SCE Company demonstration discs.

11.3.5 SCE Limitation of Financial Liability. In no event shall the SCE Company’s liability arising under, relating to, or in connection with this Agreement, or any collateral contract, exceed the total amount paid by Publisher under Section 9 within the 48 month period immediately prior to the date of the first occurrence of the event or circumstances giving rise to the claimed liability.

11.3.6 Publisher Limitation of Liability. In no event shall Publisher, its officers, directors, employees, agents, licensors or

suppliers be liable to the SCE Company for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damage is direct, indirect, special, incidental or consequential), arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by Publisher) provided that such limitations shall not apply to damages resulting from Publisher's breach of Sections 2, 3, 5, 11.2, or 13 of this Agreement, or to any amounts which Publisher may be required to pay pursuant to Sections 11.2 or 16.10.

11.3.7 []**

11.3.8 Law Applicable to Liabilities. Nothing in this Agreement shall exclude or limit any liability of either party which may not be excluded or limited under applicable law.

12. Infringement of SCE Intellectual Property Rights By Third Parties.

In the event that Publisher discovers or otherwise becomes aware that any of the SCE Intellectual Property Rights have been or are being infringed by any third party. Publisher shall promptly notify the SCE Company. The SCE Company shall have the sole right, in its discretion, to institute and prosecute lawsuits against third parties regarding infringement of SCE Intellectual Property Rights. Any lawsuit shall be prosecuted solely at the cost and expense of the SCE Company and all sums recovered in any such lawsuits, whether by judgment, settlement or otherwise, shall belong solely to the SCE Company. Upon the SCE Company's request, Publisher shall execute all papers, testify on all matters and otherwise cooperate in every way necessary or desirable for the prosecution of any such lawsuit. The SCE Company shall reimburse Publisher for the reasonable expenses incurred as a result of such cooperation, but unless authorized by other provisions of this Agreement, not Costs and expenses attributable to any crossclaim, counterclaim or third party action.

13. Confidentiality.

13.1 SCE Confidential Information.

13.1.1 Definition of SCE Confidential Information. "SCE Confidential Information" shall mean:

- (i) the SCE Materials, the Development Tools, the Guidelines, the Regional Riders and this Agreement, including all exhibits and schedules attached to any of the foregoing and all information related to these items;
- (ii) other information, documents and materials developed, owned, licensed or under the control of the SCE Company or any Affiliate, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know how, including SCE Intellectual Property Rights relating to the SCE Materials and the Development Tools; and
- (iii) information, documents and other materials regarding the SCE Company's or any Affiliate's finances, business and business methods, marketing and technical plans, and development and production plans; and

- (iv) third-party information and documents licensed to or under the control of the SCE Company or any Affiliate.

The SCE Confidential Information consists of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to Publisher before or during the Term, including information subsequently reduced to tangible or written form. In addition, the existence of a relationship between Publisher and the SCE Company shall be deemed to be the SCE Confidential Information unless otherwise agreed to in writing by the parties or until publicly announced by the SCE Company or any Affiliate.

13.1.2 Term of Protection of the SCE Confidential Information. The term for the protection of the SCE Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of the SCE Confidential Information continues to be maintained as confidential and proprietary by the SCE Company or any Affiliate.

13.1.3 Preservation of SCE Confidential Information. Publisher shall, with respect to the SCE Confidential Information:

(i) not disclose SCE Confidential Information to any person, other than those employees, directors or officers of the Publisher or subcontractors expressly approved under Section 3.2, whose duties justify a “need-to-know” and who have executed a confidentiality agreement in which such employees, directors, officers or subcontractors have agreed not to disclose and to protect and maintain the confidentiality of all confidential information and materials inclusive of those of third parties which may be disclosed to them or to which they may have access during the course of their duties. At the SCE Company’s request, Publisher shall provide the SCE Company with a copy of such confidentiality agreement between Publisher and its employees, directors, officers, or subcontractors and shall also provide the SCE Company with a list of employee, director, officer, and subcontractor signatories. Publisher shall not disclose any of the SCE Confidential Information to third parties, other than expressly approved subcontractors under section 3.2, including to consultants or agents without the SCE Company’s prior written consent. Any employees, directors, officers, subcontractors, authorized consultants and agents who obtain access to or copies of the SCE Confidential Information shall be advised by Publisher of the confidential or proprietary nature of the SCE Confidential Information, and Publisher shall be responsible for any breach of this Agreement by all such persons.

(ii) hold all of the SCE Confidential Information in confidence and take all measures necessary to preserve the confidentiality of the SCE Confidential Information in order to avoid disclosure, publication, or dissemination, using as high a degree of care and scrutiny, but at least reasonable care, as is consistent with the protection of valuable trade secrets by companies in high technology industries.

(iii) ensure that all written materials relating to or containing the SCE Confidential Information be maintained in a restricted access area and plainly marked to indicate the proprietary and confidential nature thereof.

(iv) at the SCE Company’s request, return promptly to the SCE Company any and all portions of the SCE Confidential Information, together with all copies thereof.

(v) not use, copy, reproduce, modify, create derivative works from, sublicense, distribute, or otherwise disseminate the SCE Confidential Information, or any portion thereof, except as expressly authorized, nor shall Publisher remove any proprietary legend set forth on or contained within any of the SCE Confidential Information.

13.1.4 Exceptions. The foregoing restrictions shall not apply to any portion of the SCE Confidential Information which:

- (i) was previously known by Publisher without restriction on disclosure or use, as proven by written documentation of Publisher;
- (ii) is or legitimately becomes part of the public domain through no fault of Publisher or any of its employees, directors, officers, consultants or agents;
- (iii) is independently developed by Publisher's employees or consultants who have not had access to or otherwise used the SCE Confidential Information (or any portion thereof), as proven by written documentation of Publisher;
- (iv) is required to be disclosed by court, administrative or governmental order; provided that Publisher must use all reasonable efforts prior to issuance of any such order to maintain the confidentiality of the SCE Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and, immediately after receiving notice of any such action, investigation, or threatened action or investigation, Publisher must notify the SCE Company of such action, investigation, or threatened action or investigation, unless Publisher is ordered by a court not to so notify; or
- (v) is approved for release by written authorization of the SCE Company.

13.1.5 No Obligation to License. Disclosure of the SCE Confidential Information to Publisher shall not (i) constitute any option, grant or license from the SCE Company to Publisher under any SCE Intellectual Property Rights now or after owned or controlled by the SCE Company; (ii) result in any obligation on the part of the SCE Company to approve any materials of Publisher;

(iii) give Publisher any right to, directly or indirectly, develop, manufacture, sell or otherwise distribute any product derived from or which uses or was developed with the use of the SCE Confidential Information (or any portion thereof), other than as expressly set forth in this Agreement.

13.1.6 Publisher's Obligations Upon Unauthorized Disclosure. If at any time Publisher becomes aware of any unauthorized duplication, access, use, possession or knowledge of any of the SCE Confidential Information, it shall notify the SCE Company as soon as reasonably practicable, and shall promptly act to recover any such information and prevent further breach of the confidentiality obligations herein. Publisher shall provide any and all reasonable assistance to the SCE Company to protect the SCE Company's proprietary rights in any of the SCE Confidential Information that Publisher or its employees, directors, officers, or permitted subcontractors, consultants, or agents may have directly or indirectly disclosed or made available, and that may be duplicated, accessed, used, possessed or known in any manner or for any purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the SCE Company) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by the SCE Company to protect the SCE Company's proprietary rights in the SCE Confidential Information. Publisher shall take all steps requested by the SCE Company to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of the SCE Confidential Information.

13.2 Publisher's Confidential Information.

13.2.1 Definition of Publisher's Confidential Information. "Publisher's Confidential Information" shall mean:

- (i) any Publisher Software provided to the SCE Company pursuant to this Agreement and all documentation and information relating thereto, including Product Proposals, Printed Materials and Advertising Materials (other than documentation and information intended for release to and use by end users, the general public or the trade);

- (ii) other documents and materials developed, owned, licensed or under the control of Publisher, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how; and
- (iii) information and documents regarding Publisher's finances, business, marketing and technical plans, business methods and production plans. Publisher's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to the SCE Company before or during the Term, including information subsequently reduced to tangible or written form.

13.2.2 Term of Protection of Publisher's Confidential Information. The term for the protection of Publisher's Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of Publisher's Confidential Information continues to be maintained as confidential and proprietary by Publisher.

13.2.3 Preservation of Confidential Information of Publisher. The SCE Company shall, with respect to Publisher's Confidential Information:

- (i) hold all Publisher's Confidential Information in confidence and take all reasonable steps to preserve the confidentiality of Publisher's Confidential Information, and to prevent it from falling into the public domain or into the possession of persons other than those persons to whom disclosure is authorized hereunder.
- (ii) not disclose Publisher's Confidential Information to any person other than the SCE Company's or a Designated Manufacturing Facility's employees, directors, agents, consultants and subcontractors who need to know or have access to Publisher's Confidential Information for the purposes of this Agreement, and only to the extent necessary for such purposes.
- (iii) ensure that all written materials relating to or containing Publisher's Confidential Information be maintained in a secure area and plainly marked to indicate the proprietary and confidential nature thereof.
- (iv) at Publisher's request, return promptly to Publisher any and all portions of Publisher's Confidential Information, together with all copies thereof.
- (v) not use Publisher's Confidential Information, or any portion thereof, except as provided herein, nor shall the SCE Company remove any proprietary legend set forth on or contained within any of Publisher's Confidential Information.

13.2.4 Exceptions. The foregoing restrictions shall not apply to any portion of Publisher's Confidential Information which:

- (i) was previously known by the SCE Company without restriction on disclosure or use, as proven by written documentation of the SCE Company;
- (ii) comes into the possession of the SCE Company from a third party which is not under any obligation to maintain the confidentiality of such information;
- (iii) is or legitimately becomes part of information in the public domain through no fault of the SCE Company, or any of its employees, directors, agents, consultant or subcontractors;
- (iv) is independently developed by the SCE Company's employees, consultants or subcontractors who have not had access to or otherwise used Publisher's Confidential Information (or any portion thereof), as proven by written documentation of the SCE Company;

(v) is required to be disclosed by court, administrative, or governmental order; provided that the SCE Company attempts, prior to the issuance of any such order, to maintain the confidentiality of Publisher's Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and immediately after receiving notice of any such action, investigation, or threatened action or investigation, notifies Publisher of such action, investigation, or threatened action or investigation, unless the SCE Company is ordered by a court not to so notify; or

(vi) is approved for release by written authorization of Publisher.

13.2.5 SCE Company's Obligations Upon Unauthorized Disclosure. If at any time the SCE Company becomes aware of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information, it shall notify Publisher as soon as is reasonably practicable. The SCE Company shall provide any and all reasonable assistance to Publisher to protect Publisher's proprietary rights in any of Publisher's Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with Publisher) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by Publisher to protect Publisher's proprietary rights in Publisher's Confidential Information. The SCE Company shall take all reasonable steps requested by Publisher to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information.

13.3 Confidentiality of Agreement. While the terms of this Agreement and the Regional Rider shall be treated as SCE Confidential Information, Publisher may disclose their terms and conditions:

(i) to legal counsel;

(ii) in confidence, to accountants, banks and financing sources and their advisors;

(iii) in confidence, in connection with the enforcement of this Agreement or rights arising under or relating to this Agreement; and

(iv) if required, in the opinion of its counsel, to file publicly or otherwise disclose the terms of this Agreement under applicable securities or other laws, Publisher shall promptly notify the SCE Company of such obligation so that the SCE Company has a reasonable opportunity to contest or limit the scope of such required disclosure, and Publisher shall request, and shall use best efforts to obtain, confidential treatment for such sections of this Agreement as the SCE Company may designate.

14. Term Renewal and Termination.

14.1 Term Renewal. The Term shall be automatically extended for additional one-year terms, unless either party provides the other with written notice of its election not to extend on or before January 31 of the year in which the Term would renew. Notwithstanding the foregoing, the term for the protection of SCE Confidential Information and Publisher's Confidential Information shall be as set forth in Sections 13.1 2 and 13.2.2 respectively.

14.2 Termination by SCE Company. The SCE Company shall have the right to terminate the Agreement immediately, on written notice to Publisher, upon the occurrence of any of the following:

(i) If Publisher is in material breach of any of its obligations under the Agreement or under any other agreement entered into between the SCE Company or any Affiliate, on the one hand, and Publisher on the other hand;

(ii) A statement of intent by Publisher to no longer exercise any of the rights granted by the

SCE Company to Publisher hereunder or Publisher failing to submit materials under section 6.1 or failing to issue any Purchase Orders during any period of twelve consecutive calendar months;

(iii) If Publisher (a) is unable to pay its debts when due; (b) makes an assignment for the benefit of any of its creditors; (c) files or has filed against it a petition, or an order of bankruptcy or insolvency is made, under the bankruptcy or insolvency laws of any jurisdiction (and such petition is not discharged within 60 days) or becomes or is adjudicated bankrupt or insolvent; (d) is the subject of an order for, or applies for or notices its intent to apply for, the appointment of an administrator, receiver, administrative receiver, manager, liquidator, trustee or similar officer to be appointed over any of its business or property; (e) ceases to do business or enters into liquidation; or (f) takes or suffers any similar or analogous action in any jurisdiction as a consequence of debt;

(iv) If a controlling interest in Publisher or in an entity which directly or indirectly has a controlling interest in Publisher is transferred to a party that (a) is in breach of any agreement with the SCE Company or any Affiliate; (b) directly or indirectly holds or acquires a controlling interest in a third party which designs, develops any of the core components for an interactive device or product which is directly or indirectly competitive with the System, or itself develops any product that is directly or indirectly competitive with the System; or (e) is in litigation or in an adversarial administrative proceeding with the SCE Company or any Affiliate concerning the SCE Confidential Information or any SCE Intellectual Property Rights, including challenging validity of any SCE Intellectual Property Rights;

(v) If Publisher or any entity that directly or indirectly has a controlling interest in Publisher (a) enters into a business relationship with a third party related to the design or development or any core components for an interactive device or product which is directly or indirectly competitive with the System; or (b) acquires an interest in or otherwise forms a strategic business relationship with any third party which has developed or owns or acquires intellectual property rights in any such device or product;

(vi) If Publisher or any of its affiliates initiates any legal or administrative action against the SCE Company or any Affiliate or challenges the validity of any SCE Intellectual Property Rights;

(vii) If Publisher fails to pay any sums owed to the SCE Company on the date due and such default is not fully corrected or cured within ten (10) business days of the date on which such payment was originally due; or

(viii) If Publisher or any of its officers or employees engage in “hacking” of any software for any PlayStation format or in activities which facilitate the same by any third party.

As used hereinabove, “controlling interest” means, with respect to any form of entity, sufficient power to control the decisions of such entity. Publisher shall immediately notify the SCE Company in writing in the event that any of the events or circumstances specified in this Section 14.2 occur. In the event of termination under 14.2(viii), the SCE Company shall have the right to terminate any other agreements entered into between the SCE Company and Publisher.

14.3 Product-by-Product Termination. In addition to the events of termination described in Section 14.2, the SCE Company, at its option, shall be entitled to terminate, with respect to a particular Licensed Product, the licenses and related rights herein granted to Publisher immediately on written notice to Publisher, in the event that (a) Publisher fails to notify the SCE Company promptly in writing of any material change to any materials previously approved by the SCE Company in accordance with Sections 6 and the relevant Guidelines, and such breach is not corrected or cured within 30 days after receipt of written notice of such breach; (b) Publisher uses a third party that fails

to comply with the requirements of Section 3.2 in connection with the development of any Licensed Product; (c) any third party with whom Publisher has contracted for the development of Licensed Products breaches any of its material obligations to the SCE Company pursuant to such third party's agreement with the SCE Company with respect to any such Licensed Product; (d) Publisher cancels a Licensed Product or fails to provide the SCE Company, in accordance with the provisions of Section 6 and the relevant Guidelines, with the final version of the Executable Software for any Licensed Product within three months of the scheduled release date (as referenced in the Product Proposal or as otherwise mutually agreed by the parties in writing), fails to provide work in progress to the SCE Company in strict compliance with the review process set forth in the Guidelines, fails to provide fully tested final Executable Software in strict conformance with the Guidelines; or (e) Publisher otherwise fails materially to conform to the Guidelines with respect to any particular Licensed Product.

14.4 Options in Lieu of Termination. As alternatives to terminating the Agreement or all licensed rights with respect to a particular Licensed Product as set forth in Sections 14.2 and 14.3, the SCE Company may, at its option and upon written notice to Publisher, suspend this Agreement, entirely or with respect to a particular Licensed Product or program, for a set period of time which shall be specified in writing to Publisher upon the occurrence of any breach of this Agreement. Election of suspension shall not constitute a waiver of or compromise with respect to any of the SCE Company's rights under this Agreement and the SCE Company may elect to terminate this Agreement with respect to any breach.

14.5 No Refunds. In the event that this Agreement expires or is terminated under any of Sections 14.2 through 14.4, no portion of any payments of any kind whatsoever previously provided hereunder shall be owed or be repayable or refunded to Publisher.

15. Effect of Expiration or Termination.

15.1 Inventory Statement. Within 30 days of the date of expiration or the effective date of termination with respect to any or all Licensed Products or this Agreement, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, specifying the number of unsold Units of the Licensed Products as to which such termination applies, on a title-by title basis, which remain in its inventory or under its control at the time of expiration or the effective date of termination. The SCE Company shall be entitled to conduct at its expense a physical inspection of Publisher's inventory and work in process upon reasonable written notice during normal business hours in order to ascertain or verify such inventory and inventory statement.

15.2 Reversion of Rights. Upon expiration or termination and subject to Section 15.3, the licenses and related rights herein granted to Publisher shall immediately revert to the SCE Company, and Publisher shall cease from any further use of the SCE Confidential Information, Licensed Trademarks and the SCE Materials and any SCE Intellectual Property Rights therein, and, subject to the provisions of Section 15.3, Publisher shall have no further right to continue the development, publication, manufacture, marketing, advertising, sale or other distribution of any Licensed Products, or to continue to use any Licensed Trademarks; provided, however, that for a period of one year after the effective date of termination, and subject to all the terms of Section 13, and provided this Agreement is not terminated due to any breach or default by Publisher, Publisher may retain such portions of the SCE Materials and the SCE Confidential Information as the SCE Company in its sole discretion agrees are required to support end users who possess Licensed Products but must return all these materials at the end of such one year period. Upon expiration or termination, the licenses and related rights herein granted to the SCE Company by Publisher shall immediately revert to Publisher, and the SCE Company shall cease from any further use of Product Information and any Publisher Intellectual Property Rights

therein; provided that the SCE Company may continue the manufacture, marketing, advertising, sale and other such distribution of any SCE Company demonstration discs containing Publisher's Product Information which Publisher had previously approved.

15.3 Disposal of Unsold Units Upon Termination. In the event of termination of this Agreement under sections 14.2(ii), (iv), or (v), Publisher may sell off existing inventories of Units of the Disc Products, on a non-exclusive basis, and strictly in accordance with this Agreement, for a period of [**] from the date of expiration or effective date of termination of this Agreement, and provided such inventories have not been manufactured solely or principally for sale during such period. Subsequent to the expiration of such [**], or in the event this Agreement is terminated under Sections 14.2(i), (iii), (vi), (vii), or (viii), any and all Units of the Disc Products remaining in Publisher's inventory or otherwise under its control shall be destroyed by Publisher within [**] of such expiration or termination date. Within [**] after such destruction, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, indicating the number of Units of the Licensed Products which have been destroyed (on a title-by-title basis), the location and date of such destruction, and the disposition of the remains of such destroyed materials.

15.4 Disposal of Unsold Units Upon Non-Renewal. In the event that the Term expires and this Agreement is not renewed, Publisher may continue to publish those Licensed Products containing Executable Software whose development was completed before or during the Term, and to use the Licensed Trademarks strictly, only and directly in connection with such publication, until the Term expires or, if later, until the second anniversary of the 31 January next following such completion. Upon expiration of the Term or, the extended period for publishing Licensed Products, Publisher may sell off existing inventories of such Licensed Products on a non-exclusive basis for a period of [**] from the applicable expiration date; provided that such inventory is not manufactured solely or principally for sale within such sell-off period.

15.5 Return of the SCE Materials and the SCE Confidential Information. Upon the expiration or earlier termination of this Agreement or following either the [**] referenced in Sections 15.4 and 15.3 and subject to Section 15.2, Publisher shall immediately deliver to the SCE Company, or if and to the extent requested by the SCE Company, destroy, all SCE Materials and any and all copies thereof, and Publisher and the SCE Company shall, upon the request of the other party, immediately deliver to the other party, or to the extent requested by such party destroy, all Confidential Information of the other party, including any and all copies thereof, which the other party previously furnished to it in furtherance of this Agreement. Within five (5) working days after any such destruction, Publisher or the SCE Company, as appropriate, shall provide the other party with a certificate of destruction and an itemized statement, each certified to be accurate by an officer of Publisher, indicating the number of copies or units of the SCE Materials or SCE Confidential Information which have been destroyed, the location and date of such destruction and the disposition of the remains of such destroyed materials. In the event that Publisher fails to return or certify the destruction of the SCE Materials or SCE Confidential Information and the SCE Company must resort to legal means (including any use of lawyers) to recover the SCE Materials or SCE Confidential Information or the value thereof, all costs, including the SCE Company's reasonable lawyers' fees, shall be borne by Publisher, and the SCE Company, may, in addition to the SCE Company's other remedies, withhold such amounts from any payment otherwise due from the SCE Company to Publisher under any agreement between the SCE Company and Publisher.

15.6 Extension of this Agreement; Termination Without Prejudice. The SCE Company shall be under no obligation to extend this Agreement notwithstanding any actions taken by either of the parties prior to the expiration of this Agreement. Upon the expiration of this Agreement, neither party shall be liable to the other for any damages (whether direct, indirect, consequential or incidental, and including any expenditures, loss of profits or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration. The expiration or termination of this Agreement shall be without prejudice to any rights or remedies which one party may otherwise have against the other party, and shall not excuse either party from liability with respect to any events occurring prior to expiration or the effective date of termination.

16. Miscellaneous Provisions.

16.1 Notices. All notices or other communications required or desired to be sent to either of the parties shall be in writing and shall be sent by registered or certified mail, postage prepaid, or sent by recognized international courier service, or facsimile, with charges prepaid. The address for all notices or other communications required to be sent to the SCE Company or Publisher, respectively, shall be the mailing address stated in the preamble hereof, or such other address as may be provided by written notice from one party to the other on at least ten (10) days' prior written notice. Any such notice shall be effective upon the date of actual receipt, as confirmed by the receiving party.

16.2 Audit Provisions. Publisher shall keep full, complete, and accurate books of accounts and records covering all transactions relating to this Agreement. Publisher shall preserve such books of accounts, records, documents, and materials for a period of [**] after the expiration or earlier termination of this Agreement. Acceptance by the SCE Company of any accounting statement, purchase order, or payment hereunder will not preclude the SCE Company from challenging or questioning the accuracy thereof at a later time. In the event that the SCE Company reasonably believes that the pricing information provided by Publisher with respect to any Licensed Product is not accurate, the SCE Company shall be entitled to request additional documentation from Publisher to support the pricing information provided for such Licensed Product. In addition, during the Term and for a period of [**] thereafter and upon the giving of reasonable prior written notice to Publisher, at the SCE Company's expense, representatives of the SCE Company shall be given access to, and the right to inspect, audit, and make copies and summaries of and take extracts from, such portions of all books and records of Publisher, and Publisher's affiliates and branch offices, as pertain to the Licensed Products and any payments due or credits received hereunder. Any such audit shall take place during normal business hours and shall, at the SCE Company's sole election, be conducted either by an independent certified accountant or by an appropriately professionally qualified SCE Company employee. In the event that such inspection reveals any under-reporting of any payment due to the SCE Company, Publisher shall immediately pay the SCE Company such amount. In the event that any audit conducted by the SCE Company reveals that Publisher has under-reported any payment due to the SCE Company hereunder by [**] or more for the relevant audit period, then in addition to the payment of the appropriate amount due to the SCE Company, Publisher shall reimburse the SCE Company for all reasonable audit costs for that audit and any and all collection costs to recover any unpaid amounts.

16.3 Force Majeure. Neither the SCE Company nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform or failure to cure any of its obligations under this Agreement results from any event or circumstance beyond its reasonable control, including any natural disaster, fire, flood, earthquake or other Act of God; shortage of equipment, materials, supplies or transportation facilities; strike or other industrial dispute; war or rebellion; shutdown or delay in power, telephone or other essential service due to the

failure of computer or communications equipment or otherwise; provided, however, that the party interfered with gives the other party written notice thereof promptly, and, in any event, within fifteen (15) business days of discovery of any such Force Majeure condition. If notice of the existence of any Force Majeure condition is provided within such period, the time for performance or cure shall be extended for a period equal to the duration of the Force Majeure event or circumstance described in such notice, except that any such cause shall not excuse the payment of any sums owed to the SCE Company prior to, during or after the occurrence of any such Force Majeure condition. In the event that the Force Majeure condition continues for more than 60 days, the SCE Company may terminate this Agreement for cause by providing written notice to Publisher to such effect.

16.4 No Agency, Partnership or Joint Venture. The relationship between the SCE Company and Publisher, respectively, is that of licensor and licensee. Both parties are independent contractors and neither party is the legal representative, agent, joint venturer, partner or employee of the other party for any purpose whatsoever. Neither party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other party, whether express or implied, or to bind the other party in any respect whatsoever.

16.5 Assignment. The SCE Company has entered into this Agreement based upon the particular reputation, capabilities and experience of Publisher and its officers, directors and employees. Except as provided in this Agreement, Publisher may not assign, sublicense, subcontract, encumber or otherwise transfer this Agreement or any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of the SCE Company shall first be obtained. Any attempted or purported assignment, delegation or other such transfer, directly or indirectly, without the required consent of the SCE Company shall be void and a material breach of this Agreement.

Subject to the foregoing, this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns (other than in connection with any of the events referenced in Section 14.2(iv)). The SCE Company shall have the right to assign any and all of its rights and obligations hereunder to any Affiliate(s) or to any company in the Sony family group of companies.

16.6 Non-solicitation. Neither Publisher nor any of its affiliates, by itself, its officers, employees or agents, or indirectly, shall during the Term, induce or seek to induce, on an individually targeted basis, the employment or the engagement of the services of, any employee of the SCE Company or any of its Affiliates, whose services are (a) specifically engaged in product development or directly related functions or (b) otherwise reasonably deemed by his or her employer to be of material importance to the protection of its legitimate business interests, and (c) with whom Publisher or any of its affiliates shall have had contact or dealings during the Term. The foregoing provisions shall continue to apply for a period of 12 months after this Agreement expires or is terminated.

16.7 Compliance with Applicable Laws. The parties shall at all times comply with all applicable laws and regulations and all conventions and treaties to which their countries are a party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement, including the US Children's Online Privacy Protection Act and all other laws and regulations relating to the gathering, handling and dissemination of all data from or concerning end users of Online Products. Each party, at its own expense, shall negotiate and obtain any approval, license or permit required in the performance of its obligations, and shall declare, record or take such steps to render this Agreement binding, including the recording of this Agreement with any appropriate governmental authorities (if required).

16.8 Legal Costs and Expenses. In the event it is necessary for either party to retain the services of a lawyer to enforce the provisions of

this Agreement or to file or defend any action arising out of this Agreement, then the prevailing party in any such action shall be entitled, in addition to any other rights and remedies available to it at law or in equity, to recover from the other party its reasonable fees for lawyers and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction. The term “prevailing party” for the purposes of this Section shall include a defendant who has by motion, judgment, verdict or dismissal by the court, successfully defended against any claim that has been asserted against it.

16.9 Remedies. Unless expressly set forth to the contrary, either party’s election of any remedies provided for in this Agreement shall not be exclusive of any other remedies at law or equity, and all such remedies shall be deemed to be cumulative. Any breach of Sections 2, 3, 5, 6, 7.1 - 7.7, 13 or 15 of this Agreement would cause significant and irreparable harm to the SCE Company, the extent of which would be difficult to ascertain and for which damages might not be an adequate remedy. Accordingly, in addition to any other remedies, including damages to which the SCE Company may be entitled, in the event of a breach or threatened breach by Publisher, or any of its directors, officers, employees, agents or permitted consultants or subcontractors, of any such Section or Sections of this Agreement, the SCE Company shall be entitled to the immediate issuance without bond or other security, of ex parte equitable relief, including injunctive relief, or, if a bond is required under applicable law, on the posting of a bond in an amount not to exceed USD [**], enjoining any breach or threatened breach of any or all of such provisions. In addition, if Publisher fails to comply with any of its obligations as set forth herein, the SCE Company shall be entitled to an accounting and repayment of all forms of compensation, commissions, remuneration or benefits which Publisher directly or indirectly realizes as a result of or arising in connection with any such failure to comply. Such remedy shall be in addition to and not in limitation of any injunctive relief or other remedies to which the SCE Company may be entitled under this Agreement or otherwise at law or in equity.

16.10 Severability. In the event that any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision or portion shall be enforced to the extent possible consistent with the stated intention of the parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

16.11 Sections Surviving Expiration or Termination. The following Sections shall survive the expiration or earlier termination of this Agreement for any reason: 5, 6.2, 6.3, 6.4, 7.10, 9, 10, 11, 13, 14.5, 15 and 16 and any terms in any Regional Rider that are expressly designated as surviving termination.

16.12 Waiver. No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision respecting any future event or circumstance.

16.13 Modification and Amendment. The SCE Company reserves the right, at any time upon reasonable notice to Publisher, to amend the relevant provisions of this Agreement or the Guidelines, to take account of or in response to any decision, order, or objection of any court or governmental or other competition authority of competent jurisdiction, or any statutory or similar measures that give effect to any such decision (from which this Agreement and the Guidelines are not exempt) or to reflect any undertaking by the SCE Company to any such authority. Any such amendment shall be of

prospective application only and shall not be applied to any Licensed Products submitted to the SCE Company pursuant to Section 6 prior to the date of the SCE Company’s notice of amendment. In the event that Publisher is unwilling to accept any such amendment, then Publisher shall have the right to terminate this Agreement by providing written notice to the SCE Company no more than 90 days following the date of the SCE Company’s notice of amendment. The provisions of Section 15.3 shall come into effect upon any such termination by Publisher. Subject to the remainder of this Section 16.14 and except as otherwise provided in this Agreement, no modification or amendment of any provision of this Agreement shall be effective unless in writing and signed by both of the parties.

16.14 Interpretation. The section headings used in this Agreement are intended primarily for reference and shall not by themselves determine the construction or interpretation of this Agreement or any portion hereof. Any reference to section numbers are to the sections of this Agreement. Any reference to persons includes natural persons as well as organizations, including firms, partnerships, companies and corporations. Any phrase introduced by the terms “including,” “include,” “in particular,” or any similar expression shall be construed as illustrative and shall not limit the category preceding those terms.

16.15 Integration. This Agreement, together with the Guidelines, constitutes the entire agreement between the SCE Company and Publisher and supersedes all prior or contemporaneous agreements, proposals, representations, understandings and communications between the SCE Company and Publisher, whether oral or written, with respect to the subject matter hereof, including any PlayStation 3 Confidentiality and Nondisclosure Agreement between the SCE Company and Publisher. Publisher is not relying upon any statement, representation, warranty or understanding, whether negligently or innocently made, of any person other than as expressly set out in this Agreement.

16.16 Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed an original, and together shall constitute one and the same instrument.

16.17 Construction. This Agreement shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties.

THIS AGREEMENT HAS BEEN ENTERED INTO ON THE DATE STATED AT THE BEGINNING OF IT.

SONY COMPUTER ENTERTAINMENT AMERICA INC.		ACTIVISION INC.	
By:	<u>/s/ Riley R. Russell</u>	By:	<u>/s/ Michael Griffith</u>
Print Name:	<u>Riley R. Russell</u>	Print Name:	<u>Michael Griffith</u>
Title:	<u>SVP -SCEA</u>	Title:	<u>Pres & CEO Activision Publishing</u>
Date:	<u>3/13/07</u>	Date:	<u>3/7/07</u>

NOT AN AGREEMENT UNTIL EXECUTED BY BOTH PARTIES

**SONY COMPUTER ENTERTAINMENT AMERICA INC. NORTH AMERICAN
TERRITORY RIDER TO THE
GLOBAL PLAYSTATION3 FORMAT LICENSED PUBLISHER AGREEMENT**

This **North American Territory Rider to the Global PlayStation®3 Format Licensed Publisher Agreement** (the “Rider or “North American Rider”) is entered into and rendered effective as of this 5th day of March, 2007 (the “Effective Date”).

1. Incorporation

This Rider’s terms and conditions are incorporated into and read in conjunction with the terms and conditions of the Global PlayStation 3 Format Licensed Publisher’s Agreement signed by Publisher (“PS3 LPA”).

2. Definitions

All capitalized words and phrases referenced in this Rider that are not expressly defined herein shall have the meanings set forth in the Definitions section of the PS3 LPA.

2.1 “PSN Services” means any function, feature, capability, utility or service provided by SCEA or its Affiliates via the PlayStation Network, including, but not limited to, user identification names, associated user lists and functions to maintain or control such lists, communication utilities such as chat and messaging and commerce-related services.

2.2 “Wholesale Price” or “WSP” means the initial wholesale price Publisher offers to retailers of Disc Products as evidenced by sell sheets or other trade materials. No deduction for volume discounts, cooperative marketing, merchandising incentives, or other sales or marketing programs shall be taken to determine the initial wholesale price for the purpose of calculating royalties.

3. Territory

A. The Territory pursuant to this Rider and the PS3 LPA is expressly limited to the following countries and territories:

- (1) The United States of America and its territories and possessions; and
- (2) Canada.

B. SCEA shall be entitled to modify and amend the Territory from time to time during the Term by providing written notice of any such changes to Publisher. In the event a country is deleted from the Territory, SCEA shall deliver to Publisher a written notice stating the number of days within which Publisher must cease distributing Licensed Products and must retrieve any Development Tools located, in any deleted country.

C. Publisher shall not, directly or indirectly, solicit orders for or sell any Units of Disc Products in any situation where Publisher knows or reasonably should know that any of such Disc Products may be exported to or resold outside of the Territory.

4. Royalties Applicable to Licensed Products

A. Disc Products.

(i) **Initial Orders.** In accordance with Section 9 of the PS3 LPA, Publisher shall pay SCEA, either directly or through its designee, a royalty in United States dollars for each Unit of the Disc Products manufactured, as follows:

For product distributed on a 25GB BD: [**] For product distributed on a

50GB BD: [**]

To insure quality, royalty payments include manufacturing of the BluRay disc and Packaging, excluding Printed Materials and inserts. In the future and at its sole discretion, SCEA may allow Publisher to use alternative packaging facilities provided that Publisher can prove that it can meet all of SCEA's quality assurance criteria set forth in the Guidelines. At that time, SCEA may restructure royalties to account for costs related to Packaging.

In the absence of satisfactory evidence to support the WSP, the royalty rate that shall apply will be [**] for a BluRay 25 disc and [**] for a BluRay 50 disc, per Unit. Upon receipt of any notice of change in royalties under Section 9.1 of the PS3 LPA, Publisher shall have the option to terminate this Agreement upon written notice to SCEA and discontinue all production, publishing, marketing, advertising, sale, distribution and other exploitation of Licensed Products, rather than having such revised royalty structure go into effect.

(ii) **Reorders and Other Programs.** Royalties on additional orders for Disc Products shall be the royalty determined by the initial Wholesale Price as originally reported by Publisher for that Disc Product, regardless of the wholesale price of the Disc Product at the time of reorder, except: (a) in the event that the Wholesale Price increases for such Disc Product, in which case the royalty shall be adjusted upwards to reflect the higher Wholesale Price; or (b) the product qualifies for an alternative royalty program offered by SCEA. Disc Products qualifying for SCEA's "Greatest Hits" programs or other SCEA alternative royalty programs shall be subject to the royalty rates applicable for such programs. As of the Effective Date, SCEA has not established a "Greatest Hits" or alternative royalty program for the PlayStation 3 computer entertainment system.

(iii) **Third Party Publisher Demo Disc Program Royalties.** Publisher shall be able to produce demonstration discs on such terms and conditions that shall be established by SCEA and published in the PlayStation 3 Source Book. The quantity of Units ordered shall comply with the terms of such SCEA Established Third Party Demo Disc Program.

B. Online Products.

On a site that allows end-users access to Online Gameplay, for revenue, income, or other monetary value ("Consumer Value") that is earned, recognized, or otherwise derived by Publisher without cost to consumers, including revenue recognized through distribution of Licensed Products or services provided free of charge to end-users, the following fees apply:

For sites that use any PSN services: [**] For sites that do not use any PSN

services: [**]

Prior to distributing a Licensed Product to consumers without cost or other consideration, Publisher shall confer with SCEA to determine the deemed Consumer Value of a Licensed Product.

C. Advertising. Content or services that are supported by advertising shall be subject to a separate agreement and to SCEA's advertising policies and procedures. No advertisements shall be placed in Online Products nor shall advertisements be placed or served dynamically in Licensed Products without a separate express license from SCEA. SCEA reserves the right to charge an additional or different royalty for third-party advertising in-game, whether dynamic or static.

5. **Accounting.**

Publisher shall provide SCEA with monthly reports of the gross Consumer Value revenues actually received by Publisher (or otherwise credited to its benefit). Such monthly reports shall be delivered on a per title basis to SCEA no later than thirty (30) days after the end of each month, beginning with the month in which Publisher launches a title-specific site that allows end-users access to Online Gameplay of that title. SCEA shall have the right to adopt and implement online royalty accounting verification mechanisms at its sole discretion.

6. **Additional Regional Terms.**

6.1 **[**]**

6.2 **Subpublishing Prohibited.** Publisher's license to publish Licensed Products in the Territory under the PS3 LPA does not extend to Licensed Products previously published for the PlayStation 3 computer entertainment system by another Licensed Publisher.

6.3 **Liquidated Damages.** As an additional option in lieu of termination under Section 14.4 of the PS3 LPA, SCEA may require Publisher to pay liquidated damages of **[**]** for certain breaches of the Agreement, including violations of SCEA's trademark rights under Section 6.8.2 of the PS3 LPA. Liquidated damages may be invoiced separately or on Publisher's next invoice for Disc Products. Election of liquidated damages shall not constitute a waiver of or compromise with respect to any of SCEA's rights under this Rider or the PS3 LPA and SCEA may elect to terminate the PS3 LPA with respect to any breach.

6.4 **Additional Ground for Termination.** If Publisher fails to pay any sums owed to SCEA (including liquidated damages pursuant to Section 6.3 of this Rider) on the date due and such default is not fully corrected or cured within **[**]** of the date on which such payment was originally due, SCEA shall be entitled to terminate under Section 14.2 of the PS3 LPA.

6.5 **Subcontractors.** SCEA requires that Publisher enter into a Subcontractor Agreement for use of subcontractors under Sections 2.1(i), 3.2 and 16.7(ii) of the PS3 LPA. Each Subcontractor Agreement shall provide that SCEA has the full right to bring any actions against the signing subcontractor, to require the subcontractor to comply with all the terms and conditions of the PS3 LPA or the Subcontractor Agreement. Publisher shall provide a copy of any proposed Subcontractor Agreement to SCEA prior to, and a fully- executed copy promptly following, execution of the Subcontractor Agreement. Publisher shall give SCEA written notice of the identity of any prospective subcontractor no less than ten (10) business days prior to entering into an agreement or other arrangement with the prospective subcontractor.

7. Notices.

Any notices required under this Rider or the PS3 LPA shall be delivered addressed to the following persons: For Publisher: Michael

Griffith

Activision Inc.
3100 Ocean Park Blvd. Santa Monica, CA 90405

For SCEA: ATTN: General Counsel Sony Computer
Entertainment America Inc. 919 East Hillsdale Boulevard
Foster City, CA 94404

8. Governing Law

This Agreement and the Terms and Conditions shall be governed by and interpreted in accordance with the laws of the State of California, excluding that body of law related to choice of laws, and of the United States of America. Any action or proceeding brought to enforce the terms of this Agreement or the Terms and Conditions or to adjudicate any dispute arising hereunder shall be brought in the Superior Court of the County of San Mateo, State of California or the United States District Court for the Northern District of California. Each of the parties hereby submits itself to the exclusive jurisdiction and venue of such courts for purposes of any such action and agrees that any service of process may be effected by delivery of the summons in the manner provided in the delivery of notices set forth in Section 15.1 of the Terms and Conditions. Notwithstanding the foregoing, SCEA may apply to any court of competent jurisdiction within the Licensed Territory seeking a temporary restraining order, preliminary injunction, or other interim or conservatory relief, with respect to the protection of any intellectual property rights or Confidential Information of or concerning the SCE Group Companies or the System, including, without limitation, the SCE Materials and Licensed Trademarks.

9. Dispute Resolution

The Parties shall attempt in good faith to resolve through informal discussions or negotiations any dispute, controversy or claim of any kind or nature arising under or in connection with this Agreement, including breach, termination or validity thereof (a "Dispute"). Any Dispute that the Parties are unable to resolve through informal discussions or negotiations after 30 days will be submitted to binding arbitration conducted in accordance with and subject to the Commercial Arbitration Rules of the American Arbitration Association ("AAA") except to the extent otherwise required under this dispute resolution clause. One arbitrator will be selected by the Parties' mutual agreement or, failing that, by the AAA. The arbitrator must have substantial experience in disputes involving technology licensing agreements. The arbitrator will allow such discovery as is appropriate, and impose such restrictions as are appropriate, consistent with the purposes of arbitration in accomplishing fair, speedy and cost-effective resolution of disputes, except that (i) no requests for admissions will be permitted; (ii) interrogatories will be limited to (a) identifying persons with knowledge of relevant facts and b) identifying expert witnesses and obtaining their opinions and the bases therefor; and (iii) each party will be limited to five (5) depositions. Judgment upon the award rendered in any such arbitration may be entered in any court having jurisdiction thereof. Any arbitration conducted pursuant to this section will take place in San Francisco, California. Each Party will bear its own costs. The Parties will share equally in paying the expenses and fees of the arbitrator. The arbitrator may not alter the foregoing allocation of the parties' costs, nor of the arbitrator's fees and expenses. Other than those matters involving injunctive relief or any action necessary to enforce the award of the arbitrator, the Parties agree that the provisions of this section are a complete defense to any suit, action or other proceeding instituted in any court or before any administrative tribunal with respect to any Dispute.

SONY COMPUTER ENTERTAINMENT AMERICA INC. AND

ACTIVISION INC. [LOGO]

PLAYSTATION® PORTABLE (“PSP”)

PSP LICENSED PUBLISHER AGREEMENT

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**PLAYSTATION® PORTABLE (“PSP”) LICENSED PSP PUBLISHER
AGREEMENT**

This LICENSED PSP PUBLISHER AGREEMENT for the PlayStation Portable, (the “Agreement” or “PSP LPA”), entered into as of the 15th day of September, 2004 (the “Effective Date”), by and between SONY COMPUTER ENTERTAINMENT AMERICA INC., with offices at 919 E. Hillsdale Boulevard, Foster City, CA 94404 (hereinafter “SCEA”), and Activision Inc., with offices at 3100 Ocean Road, Santa Monica, CA 90405 (hereinafter Publisher”).

WHEREAS, SCEA, its parent company, Sony Computer Entertainment Inc., and certain of their affiliates and companies within the group of companies of which any of them form a part (collectively referred to herein as “SCE” or alternatively “Sony”) are designing and developing, and licensing core components of, a portable, handheld computer entertainment system known as the PlayStation® Portable or the “PSP” computer entertainment system (hereinafter referred to as the “PSP Player”).

WHEREAS, SCEA has the right to grant licenses to certain SCEA Intellectual Property Rights within its licensed territory (as defined below) in connection with the PSP Player.

WHEREAS, Publisher desires to be granted a non-exclusive license to publish, develop, have manufactured, market, distribute and sell Licensed PSP Products (as defined below) pursuant to the terms and conditions set forth in this Agreement; and SCEA is willing, on the terms and subject to the conditions of this Agreement, to grant Publisher such a license.

NOW, THEREFORE, in consideration of the representations, warranties and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Publisher and SCEA hereby agree as follows:

1. Definition of Terms.

1.1 “Advertising Materials” means any advertising, marketing, merchandising, promotional, public relations (including press releases) and display materials relating to or concerning Licensed PSP Products or proposed Licensed PSP Products, or any other advertising, merchandising, promotional, public relations (including press releases) and display materials depicting any of the Licensed Trademarks. For purposes of this Agreement, Advertising Materials include any advertisements in which the PSP Player is referred to or used in any way, including but not limited to giving the PSP Player away as prizes in contests or sweepstakes and the public display of the PSP Player in product placement opportunities.

1.2 “Affiliate of SCEA” means, as applicable, other regional SCE companies, including but not limited to, Sony Computer Entertainment Inc. in Japan, Sony Computer Entertainment Europe Ltd. in the United Kingdom, Sony Computer Entertainment Korea, Sony

Computer Entertainment Hong Kong, Sony Computer Entertainment China, or such other Sony Computer Entertainment entity as may be established from time to time.

1.3 “Designated Manufacturing Facility” means a manufacturing facility or facilities which is designated by SCEA in its sole discretion to manufacture Licensed PSP Products or their component parts, which may include manufacturing facilities owned and operated by affiliated companies of SCEA.

1.4 “Executable Software” means software which includes Product Software and any software provided directly or indirectly by SCEA or an Affiliate of SCEA designed for execution exclusively on the PSP Player and which has the ability to communicate with the software resident in the PSP Player.

1.5 “Fiscal Year” means a year measured from April 1 to March 31.

1.6 “Guidelines” shall mean any guidelines of SCEA or an Affiliate of SCEA with respect to SCEA Intellectual Property Rights, which may be set forth in the PSP SourceBook or in other documentation provided by SCEA or an Affiliate of SCEA to Publisher.

1.7 “Legal Attribution Line” means the legal attribution line used on SCEA marketing or other materials, which shall be substantially similar to the following: “Product copyright and trademarks are the property of the respective publisher or their licensors”.

1.8 “Legal Copy” means any legal or contractual information required to be used in connection with a Licensed PSP Product or Product Information, including but not limited to copyright and trademark attributions, contractual credits and developer or distribution credits.

1.9 “Licensed PSP Developer Agreement” or “PSP LDA” means a valid and current license agreement for the development of Licensed PSP Products for the PSP Player, fully executed between a Licensed PSP Developer and SCEA or an Affiliate of SCEA.

1.10 “Licensed PSP Products” means the Executable Software (which may be combined with Executable Software of other Licensed PSP Publishers or Licensed PSP Developers), which shall consist of one interactive entertainment game product developed for the PSP Player per Unit, in final form developed exclusively for the PSP Player. Publisher shall have no right to package or bundle more than one product developed for the PSP Player in a single Unit unless separately agreed with SCEA. The term “Licensed PSP Products” expressly excludes traditional non-interactive entertainment products such as movies or music or other interactive entertainment products that are not complete games.

1.11 “Licensed PSP Publisher” means any publisher that has signed a valid and then current Licensed PSP Publisher Agreement.

1.12 “Licensed PSP Publisher Agreement” or “PSP LPA” means a valid and current license agreement for the publication, development, manufacture, marketing, distribution and sale of Licensed PSP Products for the PSP Player, fully executed between a Licensed PSP Publisher and SCEA or an Affiliate of SCEA.

1.13 “Licensed Territory” means the United States (including its possessions and territories) and Canada. The Licensed Territory may be modified or supplemented by SCEA from time to time pursuant to Section 4.4 below.

1.14 “Licensed Trademarks” means the trademarks, service marks, trade dress, logos and other icons or indicia designated by SCEA in the PSP SourceBook or other Guidelines for use on or in connection with Licensed PSP Products. Nothing contained in this Agreement shall in any way grant Publisher the right to use the trademark “Sony” in any manner. SCEA may amend such Licensed Trademarks from time to time in the PSP SourceBook or other Guidelines or upon written notice to Publisher.

1.15 “Manufacturing Specifications” means specifications setting forth terms relating to the manufacture and assembly of PSP Format Discs, Packaging, Printed Materials and each of their component parts, which shall be set forth in the PSP SourceBook or other documentation provided by SCEA or a Designated Manufacturing Facility to Publisher and which may be amended from time to time upon reasonable notice to Publisher.

1.16 “Master Disc” means a recordable disc in the form requested by SCEA containing final pre-production Executable Software for a Licensed PSP Product.

1.17 “Packaging” means, with respect to each Licensed PSP Product, the carton, containers, packaging, edge labels and other proprietary labels, trade dress and wrapping materials, including any jewel case (or other package or container) or parts thereof, but excluding Printed-Materials and PSP Format Discs.

1.18 “PSP Format Discs” means the discs formatted for use with the PSP Player which, for purposes of this Agreement, are manufactured on behalf of Publisher and contain Licensed PSP Products or SCEA Demo Discs.

1.19 “Printed Materials” means all artwork and mechanicals set forth on the disc label of the PSP Format Disc relating to any of the Licensed PSP Products and on or inside any Packaging for the Licensed PSP Product, and all instructional manuals, liners, inserts, trade dress and other user information to be inserted into the Packaging.

1.20 “Product Information” means any information owned or licensed by Publisher relating in any way to Licensed PSP Products, including but not limited to demos, videos, hints and tips, artwork, depictions of Licensed PSP Product cover art and videotaped interviews.

1.21 “Product Proposal” shall have the meaning set forth in Section 5.2.1 hereto.

1.22 “Product Software” means any software including audio and video material developed by a Licensed PSP Publisher or licensed PSP Developer, which, either by itself or combined with Product Software of other licensees, when integrated with software provided by SCEA or an Affiliate of SCEA, creates Executable Software. It is understood that Product Software contains no proprietary information of Sony or any other rights of SCEA.

1.23 “PSP Development System Agreement” means an agreement entered into between SCEA and a Licensed PSP Publisher, Licensed PSP Developer or other licensee for the sale or license of Development Tools.

1.25 “PSP Development Tools” means the PSP development tools sold or licensed to a PSP Publisher or Licensed PSP Developer for use in the development of Executable Software for the PSP Player.

1.26 “Publisher Intellectual Property Rights” means those intellectual property rights, including but not limited to patents and other patent rights, copyrights, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and all other proprietary or intellectual property rights throughout the universe, which pertain to Product Software, Product Information, Printed Materials, Advertising Materials or other rights of Publisher required or necessary under this Agreement.

1.27 “Purchase Order” means a written purchase order processed in accordance with the terms of Section 62.2 hereto, the Manufacturing Specifications or other terms provided separately by SCEA or a Designated Manufacturing Facility to Publisher.

1.28 “SCEA Demo Disc” means any demonstration disc developed by SCEA.

1.29 “SCEA Established Third Party Demo Disc Programs” means (i) any consumer or trade demonstration disc program specified in the PSP SourceBook, and (ii) any other third party demo disc program established by SCEA for Licensed PSP Publishers.

1.30 “SCEA Intellectual Property Rights” means those intellectual property rights, including but not limited to patents and other patent rights, copyrights, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and all other proprietary or intellectual property rights throughout the universe, which are required to ensure compatibility with the PSP Player or which pertain to the Licensed Trademarks.

1.31 “SCEA Product Code” means the product identification number assigned to each Licensed PSP Product, which shall consist of separate product identification numbers for multiple disc sets (i.e., SLUS-xxxxx). This SCEA Product Code is used on the Packaging and PSP Format Disc relating to each Licensed PSP Product, as well as on most communications between SCEA and Publisher as a mode of identifying the Licensed PSP Product other than by title.

1.32 “SCE Materials” means any data, object code, source code, firmware, documentation (or any pan(s) of any of the foregoing), related to the PSP Player, selected in the sole judgment of SCEA, which are provided or supplied by SCEA or an Affiliate of SCEA to Publisher or any Licensed PSP Developer and/or other Licensed PSP Publisher. For purposes of this Agreement, SCE Materials shall not include any hardware portions of the Development Tools, but shall include firmware in such hardware.

1.33 "PSP SourceBook" means the PSP SourceBook (or any other reference guide containing information similar to the PSP SourceBook but designated with a different name) prepared by SCEA, which is provided separately to Publisher. The PSP SourceBook is provided separately to Publisher. The PSP SourceBook is designed to serve as the first point of reference by Publisher in every phase of the development, approval, manufacture and marketing of Licensed PSP Products.

1.34 "Standard Rebate" shall mean the rebate offered by SCEA on titles of Licensed PSP Products that achieve specified sales volumes as set forth in Section 8.4 of this Agreement.

1.35 "Third Party Demo Disc" means any demo disc developed and marketed by a Licensed PSP Publisher, which complies with the terms of an SCEA Established Third Party Demo Disc Program.

1.36 "Unit" means an individual copy of a Licensed PSP Product title regardless of-the number of PSP Format Discs constituting such Licensed PSP Product title.

1.37 "Wholesale Price" or "WSP" shall mean the greater of (i) the published price of the Licensed PSP Product offered to retailers by Publisher as evidenced by a sell sheet or price list issued by Publisher no later than thirty (30) days before first commercial shipment of the Licensed PSP Product, or (ii) the actual price paid by retailers upon the first commercial shipment of a Licensed PSP Product without offsets, rebates or deductions from invoices of any kind.

2. **License.**

2.1 **License Grant.** SCEA grants to Publisher, and Publisher hereby accepts, for the term of this Agreement, within the Licensed Territory, under SCEA Intellectual Property Rights owned, controlled or licensed by SCEA, a non-exclusive, non-transferable license, without the right to sublicense (except as specifically provided herein), to publish Licensed PSP Products using SCE Materials, which right shall be limited to the following rights and other rights-set forth in, and in accordance with the terms of, this PSP LPA: (i) to produce or develop Licensed PSP Products and to enter into agreements with Licensed PSP Developers and other third parties to develop Licensed PSP Products; (ii) to have such Licensed PSP Products manufactured; (iii) to market, distribute and sell such Licensed PSP Products and to authorize others to do so within the licensed (territory; (iv) to use the Licensed Trademarks strictly and only in connection with the development, manufacturing, marketing, packaging, advertising and promotion of the Licensed PSP Products, and subject to SCEA's right of approval as provided herein; and (v) to sublicense to end users the right to use the Licensed PSP Products for noncommercial purposes in conjunction with the PSP Player only, and not with other devices or for public performance.

2.2 **Separate PlayStation Agreements.** Unless specifically set forth in this Agreement, all terms used herein are specific to the PSP Player and the third party licensing program related thereto and not to the original PlayStation, PlayStation 2 entertainment systems. or third party licensing program related thereto. Licenses relating to the original PlayStation or PlayStation 2 entertainment systems are subject to separate agreements via- SCE and any license of rights to Publisher under such separate agreements shall not confer on Publisher any rights under the PSP Player and vice versa.

3. **Development of Licensed PSP Products.**

3.1 **Right to Develop.** This PSP LPA grants Publisher the right to develop Licensed PSP Products and the right to purchase or license Development Tools, as is appropriate, from SCEA or its designated agent, pursuant to a separate Development System Agreement with SCEA. In developing Executable Software (or portions thereof), Publisher and its agents shall fully comply in all respects with any and all technical specifications which may from time to time be issued by SCEA. In the event that Publisher uses third party tools to develop Executable Software, Publisher shall be responsible for ensuring that it has obtained appropriate licenses for such use.

3.2 **Development by Third Parties.** Except as otherwise set forth herein, Publisher shall not provide SCE Materials or SCEA's Confidential Information to any third party. Publisher shall be responsible for determining that third parties meet the criteria set forth herein. Publisher may contract with a third party for development of Licensed PSP Products, provided that such third party is: (i) a Licensed PSP Publisher, (ii) a Licensed PSP Developer, or (iii) an SCEA-authorized subcontractor in compliance with the provisions of Section 16.6. Publisher shall notify SCEA in writing of the identity of any such third party within thirty (30) days of entering into an agreement or other arrangement with the third party.

4. **Limitations on Licenses; Reservation of Rights.**

4.1 **Reverse Engineering Prohibited.** Other than as expressly permitted by SCEA in writing, Publisher shall not directly or indirectly disassemble, decrypt, electronically scan, peel semiconductor components, decompile, or otherwise reverse engineer in any manner or attempt to reverse engineer or derive source code from, all or any portion of the SCE Materials, or permit, assist or encourage any third party to do so. Other than as expressly permitted by SCEA in writing, Publisher shall not use, modify, reproduce, sublicense, distribute, create derivative works from, or otherwise provide to third parties, the SCE Materials, in whole or in part, other than as expressly permitted by SCEA. SCEA shall permit Publisher to study the performance, design and operation of the Development tools solely for the limited purposes of developing and testing Publisher's software applications, or to build tools to assist Publisher with the development and testing of software applications for Licensed PSP Products. Any tools developed or derived by Publisher resulting from the study of the performance, design or operation of the Development Tools shall be considered as derivative products of the SCE Materials for copyright purposes, but may be treated as trade secrets of Publisher. In no event shall Publisher patent any tools created, developed or derived from SCE Materials. Publisher shall not make available to any third party any tools developed or derived from the study of the Development Tools without the express written permission of SCEA. Use of such tools shall be strictly limited to the creation or testing of Licensed PSP Products and any other use, direct or indirect of such tools is strictly prohibited. Publisher shall be required in all cases to pay royalties in accordance with Section 8 to SCEA on any of Publisher's products utilizing any SCE Materials or derivative works made therefrom. Moreover, Publisher shall bear all risks arising from incompatibility of its Licensed PSP Product and the PSP Player resulting from use of

Publisher-created tools. The burden of proof under this Section shall be on Publisher to show by clear and convincing evidence if a dispute arises, and SCEA reserves the right to require Publisher to furnish evidence satisfactory to SCEA that Publisher has complied with this Section.

4.2 **Reservation of SCEA's Rights.**

4.2.1 **Limitation of Rights to Licenses Granted.** The licenses granted in this Agreement extend only to the publication, development, manufacture, marketing, distribution and sale of Licensed PSP Products for use on the PSP Player, in such formats as may be designated by SCEA within the Licensed Territory and does not permit transshipment of the Licensed PSP Products to unlicensed territories unless expressly approved in writing by SCEA or the Affiliate of SCEA with responsibility for licensing publishing rights in the region. Without limiting the generality of the foregoing and except as otherwise provided herein, Publisher shall not distribute or transmit the Executable Software or the Licensed PSP Products via electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fiber optic means, telephone lines, microwave and/or radio waves, or over a network of computers or other devices. Notwithstanding this limitation, Publisher may electronically transmit Executable Software from site to site, or from machine to machine over a computer network, for the sole purpose of facilitating development; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorized interception or retransmission of such transmissions. This Agreement does not grant any right or license under any SCEA Intellectual Property Rights or otherwise, except as expressly provided herein, and no other right or license is to be implied by or inferred from any provision of this Agreement or the conduct of the parties hereunder.

4.2.2 **Other Use of SCE Materials and SCEA Intellectual Property Rights.** Publisher shall not make use of any SCE Materials or any SCEA Intellectual Property Rights (or any portion thereof) except as authorized by and in compliance with the provisions of this Agreement. Publisher shall not use the Executable Software, SCE Materials or SCEA's Confidential Information in connection with the development of any software for any emulator or other computer hardware or software system. No right, license or privilege has been granted to Publisher hereunder concerning the development of any collateral product or other use or purpose of any kind whatsoever which displays or depicts any of the Licensed Trademarks. The rights set forth in Section 2.1(v) hereto are limited to the right to sublicense such rights to end users for non-commercial use; any public performance relating to the Licensed PSP Product or the PSP Player is prohibited unless expressly authorized in writing by SCEA.

4.3 **Reservation of Publisher's Rights.** Separate and apart from SCE Materials and other rights licensed to Publisher by SCEA hereunder, as between Publisher and SCEA, Publisher retains all rights, title and interest in and to the Product Software, and the Product Proposals and Product Information related thereto, including without limitation Publisher Intellectual Property Rights therein, as well as Publisher's rights in any source code and other underlying material such as artwork and music related thereto and any names used as titles for Licensed PSP Products and other trademarks used by Publisher. Nothing in this Agreement shall be construed to restrict the right of Publisher to develop, distribute or transmit products incorporating the Product Software and such underlying material (separate and apart from the

SCE Materials) for any hardware platform or service other than the PSP Player, or to use Printed Materials or Advertising Materials approved by SCEA as provided herein (provided that such Printed Materials and/or Advertising Materials do not contain any Licensed Trademarks) as Publisher determines for such other platforms. SCEA shall not do or cause to be done any act or thing in any way impairing or tending to impair or dilute any of Publisher's rights, title or interests hereunder. Notwithstanding the foregoing, Publisher shall not distribute or transmit Product Software which is intended to be used with the PSP Player via electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fiber optic means, telephone lines, microwave or radio waves, or a network of computers or other devices, except as otherwise permitted in Section 4.2.1 hereto.

4.4 **Additions to and Deletions from Licensed Territory.** SCEA may, from time to time, add one or more countries to the Licensed Territory by providing written notice of such addition to Publisher. SCEA shall also have the right to delete send intends to delete any countries from the Licensed Territory if, in SCEA's reasonable judgment, the laws or enforcement of such laws in such countries do not protect SCEA Intellectual Property Rights. In the event a country is deleted from the Licensed Territory, SCEA shall deliver to Publisher a notice stating the number of days within which Publisher shall cease distributing Licensed PSP Products and shall retrieve any Development Tools located in any such deleted country. Publisher shall cease distributing Licensed PSP Products, and retrieve any Development Tools, directly or through subcontractors, by the end of the period stated in such notice.

4.5 **PSP SourceBook Requirement.** Publisher shall be required to comply with all the provisions of the PSP SourceBook, including without limitation the Technical Requirements Checklist therein, when published, or within a commercially reasonable time following its publication to incorporate such provisions, as if such provisions were set forth in this Agreement.

4.6 **Covenant Not to Sue.** Publisher, on behalf of itself and its representatives, affiliates, and any other person or entity acting on its behalf, hereby agrees not to file any action against and covenants not to sue SCEA, its parent, affiliates, subsidiaries or related companies on any and all claims, rights, charges, damages or causes of action arising from the infringement or alleged infringement of any U.S. or international patent owned by, assigned or exclusively licensed to Publisher. This Section shall survive any termination or expiration of this Agreement.

5. **Quality Standards for the Licensed PSP Products.**

5.1 **Quality Assurance Generally.** The Licensed PSP Products (and all portions thereof) and Publisher's use of any Licensed Trademarks shall be subject to SCEA's prior written approval, which shall not be unreasonably withheld or delayed and which shall be within SCEA's sole discretion as to acceptable standards of quality. SCEA shall have the right at any stage of the development of a Licensed PSP Product to review such Licensed PSP Product to ensure that it meets SCEA's quality assurance standards. All Licensed PSP Products will be developed to utilize substantially the particular capabilities of the PSP Player's proprietary hardware, software and graphics. No approval by SCEA of any element or stage of development of any Licensed PSP Product shall be deemed an approval of any other element or stage of such Licensed PSP Product, nor shall any such approval be deemed to constitute a waiver of any of SCEA's rights under this Agreement. In addition, SCEA's approval of any element or any stage of development of any Licensed PSP Product shall not release Publisher from any of its representations and warranties in Section 9.2 hereunder.

5.2 **Product Proposals.**

5.2.1 **Submission of Product Proposal.** All Product Proposal submissions shall be in conformance with the submissions provisions as published in the PSP SourceBook as published or amended. Publisher shall submit to SCEA for SCEA's written approval or disapproval, which shall not be unreasonably withheld or delayed, a written concept document (the "Product Proposal") prior to commencing development of a Licensed Product. Such Product Proposal must contain all information specified in the PSP SourceBook, as well as any additional information that SCEA may deem to be useful in evaluating the proposed Licensed PSP Product.

5.2.2 **Approval of Product Proposal.** After SCEA's review of Publisher's Product Proposal, Publisher will receive written notice from SCEA of the status of the Product Proposal, which may range from "Pass" to "Review" to "Fail." Such conditions shall have the meanings ascribed to them in the PSP SourceBook, and may be changed from time to time by SCEA. If a Product Proposal receives a "Fail", then neither Publisher nor any other Licensed PSP Developer or Licensed PSP Publisher may re-submit such Product Proposal without significant, substantive revisions. SCEA shall have no obligation to approve any Product Proposal submitted by Publisher. Any development conducted by or at the direction of Publisher and any legal commitment relating to development work shall be at Publisher's own financial and commercial risk. Publisher shall not construe approval of a Product Proposal as a commitment by SCEA to grant final approval to such Licensed PSP Product. Nothing herein shall restrict SCEA from commercially exploiting any coincidentally similar concept(s) and/or product(s), which have been independently developed by SCEA, an Affiliate of SCEA or any third party.

5.2.3 **Changes to Product Proposal.** Publisher shall notify SCEA promptly in writing in the event of any material proposed change in any portion of the Product Proposal. SCEA's approval of a Product Proposal shall not obligate Publisher to continue with development or production of the proposed Licensed PSP Product, provided that Publisher must immediately notify SCEA in writing if it discontinues, cancels or otherwise delays past the original scheduled delivery date the development of any proposed Licensed PSP Product. In the event that Publisher licenses a proposed Licensed PSP Product from another Licensed PSP Publisher or a Licensed PSP Developer, it shall immediately notify SCEA of such change and must resubmit such Licensed PSP Product to SCEA for approval in accordance with the provisions of Section 5.2.1 above.

5.3 **Work-in-Progress.**

5.3.1 **Submission and Review of Work-in-Progress.** SCEA shall require Publisher to submit to SCEA work-in-progress on Licensed PSP Products at intervals to be defined in the PSP SourceBook, throughout the development of the Licensed PSP Product, or if requested by SCEA on written notice to Publisher, at any time during the development process. Publisher shall be responsible for submitting work-in-progress to SCEA in accordance with the product Review Process as determined by SCEA or otherwise set out in the PSP SourceBook. Failure to submit work-in-progress in accordance with any stage of the Review Process may, at SCEA's discretion, result in revocation of approval of such Product Proposal.

5.3.2 **Approval of Work in Progress.** SCEA shall have the right to approve, reject or require additional information with respect to each stage of the Review Process. Publisher shall make submission of the Licensed Product at first playable, pre-alpha, alpha, beta and final, or at such development stages to be more fully defined in the PSP SourceBook. SCEA shall approve each development stage of the Licensed Product or otherwise specify in writing the reasons for any rejection or request for additional information and shall state what corrections or improvements are necessary to obtain approval. if any stage of the Review Process is not provided to SCEA or is not successfully met after a reasonable cure period agreed to between SCEA and Publisher, SCEA shall have the right to revoke the approval of Publisher's Product Proposal.

5.3.3 **Cancellation or Delay; Conditions of Approval.** Licensed PSP Products which are canceled by Publisher or are late in meeting the final Executable Software delivery date by more than three (3) months (without agreeing with SCEA on a modified final delivery date) shall be subject to the termination provisions set forth in Section 14.3 hereto. In addition, failure to make changes required by SCEA to the Licensed PSP Product at any stage of the Review Process, or making material changes to the Licensed PSP Product without SCEA's approval, may subject Publisher to the termination provisions set forth in Section 14.3 hereto.

5.4 **Approval of Executable Software.** On or before the date specified in the Product Proposal or as determined by SCEA pursuant to the Review Process, Publisher shall deliver to SCEA for its inspection and evaluation, a final version of the Executable Software for the proposed Licensed PSP Product. SCEA will evaluate such Executable Software and notify Publisher in writing of its approval or disapproval, which shall not be unreasonably withheld or delayed. If such Executable Software is disapproved, SCEA shall specify in writing the reasons for such disapproval and state what corrections and improvements are necessary. After making the necessary corrections and improvements, Publisher shall submit a new version of such Executable Software for SCEA's approval. SCEA shall have the right to disapprove Executable Software if it fails to comply with SCEA's corrections or improvements or one or more conditions as set forth in the PSP SourceBook with no obligation to review all elements of any version of Executable Software. All final versions of Executable software shall be submitted in the format prescribed by SCEA and shall include such number of Master Discs as SCEA may require from time is time. Publisher hereby (i) warrants that all final versions of Executable Software are fully tested; (ii) shall use its best efforts to ensure such Executable Software is fully debugged prior to submission to SCEA; and (iii) warrants that all versions of Executable Software comply or will comply with standards set forth in the PSP SourceBook or other documentation provided by SCEA to Publisher. In addition, prior to manufacture of Executable Software, Publisher must sign an accountability form stating that (x) Publisher approves the release of such Executable Software for manufacture in its current form and (y) Publisher shall be fully responsible for any problems related to such Executable Software.

5.5 **Printed Materials.**

5.5.1 **Compliance with Guidelines.** For each proposed Licensed PSP Product, Publisher shall be responsible, at Publisher's expense, for creating and developing Printed Materials. All Printed Materials shall comply with the Guidelines, which may be amended from time to time, provided that Publisher shall, except as otherwise provided herein, only, be required to implement amended Guidelines in subsequent orders of Printed Materials and shall not be required to recall or destroy previously manufactured Printed Materials, unless such Printed Materials do not comply with the original requirements in the Guidelines or unless explicitly required to do so in writing by SCEA.

5.5.2 **Submission and Approval of Printed Materials.** No later than submission of final Executable Software for a proposed Licensed PSP Product, Publisher shall also deliver to SCEA, for review and evaluation, the proposed final Printed Materials and a form of limited warranty for the proposed Licensed PSP Product. Failure to meet any scheduled release dates for a Licensed PSP Product is solely the risk and responsibility of Publisher, and SCEA assumes no responsibility for Publisher failing to meet such scheduled release dates due to this submission process. The quality of such Printed Materials shall be of the same quality as that associated with other commercially available high quality software products. If any of the Printed Materials are disapproved, SCEA shall specify the reasons for such disapproval and state what corrections are necessary. SCEA shall have no liability to Publisher for costs incurred or irrevocably committed to by Publisher for production of Printed Materials that are disapproved by SCEA. After making the necessary corrections to any disapproved Printed Materials, Publisher must submit new Printed Materials for approval by SCEA. SCEA shall not unreasonably withhold or delay its review of Printed Materials.

5.6 **Advertising Materials.**

5.6.1 **Submission and Approval of Advertising Materials.** Pre-production samples of all Advertising Materials shall be submitted by Publisher to SCEA, at Publisher's expense, prior to any actual production, use or distribution of any such items by Publisher or on its behalf. SCEA shall evaluate and approve such Advertising Materials, which approval shall not be unreasonably withheld or delayed, as to the following standards: (i) the content, quality, and style of the overall advertisement; (ii) the quality, style, appearance and usage of any of the Licensed Trademarks; (iii) appropriate references of any required notices; and (iv) compliance with the Guidelines. If any of the Advertising Materials are disapproved, SCEA shall specify the reasons for such disapproval and state what corrections are necessary. SCEA may require Publisher to immediately withdraw and reprint any Advertising Materials that have been published but have not received the written approval of SCEA. SCEA shall have no liability to Publisher for costs incurred or irrevocably committed to by Publisher for production of Advertising Materials that are disapproved by SCEA. For each Licensed PSP Product, Publisher shall be required to deliver to SCEA an accountability form stating that all Advertising Materials for such Licensed PSP Product comply or will comply with the Guidelines for use of the Licensed Trademarks. After making the necessary corrections to any disapproved Advertising Materials, Publisher must submit new proposed Advertising Materials for approval by SCEA.

5.6.2 **Failure to Comply: Three Strikes Program.** Publishers who fail to obtain SCEA's approval of Advertising Materials prior to broadcast or publication shall be subject to the provisions of the "Three Strikes" program outlined in the PSP SourceBook. Failure

to obtain SCEA's approval of Advertising Materials could result in termination of this PSP LPA or termination of approval of the Licensed PSP Product, or could subject Publisher to the provisions of Section 14.4 hereto. Failure to meet any scheduled release dates for Advertising Materials is solely the risk and responsibility of Publisher, and SCEA assumes no responsibility for Publisher failing to meet such scheduled release dates due to approval requirements as set forth in this Section.

5.6.3 **SCEA Materials.** Subject in each instance to the prior written approval of SCEA, Publisher may use advertising materials owned by SCEA pertaining to the PSP Player or to the Licensed Trademarks on such Advertising Materials as may, in Publisher's judgment, promote the sale of Licensed PSP Products.

5.7 **Rating Requirements.** If required by SCEA or any governmental entity, Publisher shall submit each Licensed PSP Product to a consumer advisory ratings system designated by SCEA or such governmental entity for the purpose of obtaining rating code(s) for each Licensed PSP Product. Any and all costs and expenses incurred in connection with obtaining such rating code(s) shall be borne solely by Publisher. Any required consumer advisory rating code(s) shall be displayed on the Licensed PSP Product and in the associated Printed Materials and Advertising Materials, at Publisher's cost and expense, in accordance with the PSP SourceBook or other documentation provided by SCEA to Publisher.

5.8 **Publisher's Additional Quality Assurance Obligations.** If at any time or times subsequent to the approval of Executable Software and Printed Materials, SCEA identifies any material defects (such materiality to be determined by SCEA in its sole discretion) with respect to the Licensed PSP Product, or in the event that SCEA identifies any improper use of its Licensed Trademarks or SCE Materials with respect to the Licensed PSP Product, or any such material defects or improper use are brought to the attention of SCEA, Publisher shall, at no cost to SCEA, promptly correct any such material defects, or improper use of Licensed Trademarks or SCE Materials, to SCEA's commercially reasonable satisfaction, which may include, if necessary in SCEA's judgment, the recall and re-release of such Licensed PSP Product. In the event any Units of Licensed PSP Products create any risk of loss or damage to any property or injury to any person, Publisher shall immediately take effective steps, at Publisher's sole liability and expense, to recall or to remove such defective Units from any affected channels of distribution, provided, however, that if Publisher is not acting as the distributor and/or seller for the Licensed PSP Products, its obligation hereunder shall be to use its best efforts to arrange removal of such Licensed PSP Product from channels of distribution. Publisher shall provide all end-user support for the Licensed PSP Products and SCEA expressly disclaims any obligation to provide end-user support on Publisher's Licensed PSP Products.

6. Manufacture of the Licensed PSP Products.

6.1 **Manufacture of Units.** Upon approval of Executable Software and associated Printed Materials pursuant to Section 5, and subject to Sections 6.1.2, 6.1.3 and 6.1.4 below, the Designated Manufacturing Facility will, in accordance with the terms and conditions set forth in this Section 6, and at Publisher's expense (a) manufacture PSP Format Discs for Publisher; (b) manufacture Publisher's Packaging and/or Printed Materials; and/or (c) assemble the PSP Format Discs with the Printed Materials and the packaging. Publisher shall comply with all Manufacturing Specifications related to the particular terms set forth herein. SCEA reserves the right to insert or require the Publisher to insert certain Printed Materials relating to the PSP Player or Licensed Trademarks into each Unit.

6.1.1 **Manufacture of PSP Format Discs.**

6.1.1.1**Designated Manufacturing Facilities.** To insure compatibility of the PSP Format Discs with the PSP Player, consistent quality of the Licensed PSP Product and incorporation of anti-piracy security systems, SCEA shall designate and license a Designated Manufacturing Facility to reproduce PSP Format Discs. Publisher shall purchase all of its requirements for PSP Format Discs from such Designated Manufacturing Facility during the term of the Agreement. Any Designated Manufacturing Facility shall be a third party beneficiary of this Agreement.

6.1.1.2**Creation of Master Licensed PSP Product.** Pursuant to Section 5.4 in connection with final testing of Executable Software, Publisher shall provide SCEA with the number of Master Discs specified in the PSP SourceBook. A Designated Manufacturing Facility shall create from one of the fully approved Master Discs provided by Publisher the original master of the Licensed PSP Product from which all other copies of the Licensed PSP Product are to be replicated. Publisher shall be responsible for the costs, as determined by the Designated Manufacturing Facility, of producing such original master. In order to insure against loss or damage to the copies of the Executable Software furnished to SCEA, Publisher will retain duplicates of all Master Discs, and neither SCEA nor any Designated Manufacturing Facility shall be liable for loss of or damage to any Master Discs or Executable Software.

6.1.2 **Manufacture of Printed Materials.**

6.1.2.1**Manufacture by Designated Manufacturing Facility.** If Publisher elects to obtain Printed Materials from a Designated Manufacturing Facility, Publisher shall deliver all SCEA-approved Printed Materials to that Designated Manufacturing Facility, at Publisher's sole risk and expense, and the Designated Manufacturing Facility will manufacture such Printed Materials in accordance with this Section 6. In order to insure against loss or damage to the copies of the Printed Materials furnished to SCEA, Publisher will retain duplicates of all Printed Materials, and neither SCEA nor any Designated Manufacturing Facility shall be liable for loss of or damage to any such Printed Materials.

6.1.2.2**Manufacture by Alternate Source.** Subject to SCEA's approval as provided in Section 5.5.2 hereto and in this Section, Publisher may elect to be responsible for manufacturing its own Printed Materials (other than any Artwork which may be placed directly upon the PlayStation Disc, which Publisher will supply to the Designated Manufacturing Facility for placement), at Publisher's sole risk and expense. Prior to production of each order, Publisher shall be required to supply SCEA with samples of any Printed Materials not produced or supplied by a Designated Manufacturing Facility, at no charge to SCEA or Designated Manufacturing Facility, for SCEA's approval with respect to the quality thereof. SCEA shall have the right to disapprove any Printed Materials that do not comply with the Manufacturing Specifications. Manufacturing Specifications for Printed Materials shall be comparable to manufacturing specifications applied by SCEA to its own software products for the PSP Player.

If Publisher elects to supply its own Printed Materials, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delays arising from use of Publisher's own Printed Materials.

6.1.3 **Manufacture of Packaging.**

6.1.3.1**Manufacture by Designated Manufacturing Facility.** To ensure consistent quality of the Licensed PSP Products, SCEA may designate and license a Designated Manufacturing Facility to reproduce proprietary Packaging for the PSP Player. If SCEA creates proprietary Packaging for the PSP Player, then Publisher shall purchase [**] of its requirements for such proprietary Packaging from a Designated Manufacturing Facility during the term of the Agreement, and the Designated Manufacturing Facility will manufacture such Packaging in accordance with this Section 6.

6.1.3.2**Manufacture by Alternate Source.** If SCEA elects to use standard, non-proprietary Packaging for the PSP Player, then Publisher may elect to be responsible for manufacturing its own Packaging (other than any proprietary labels and any portion of a container containing Licensed Trademarks, which Publisher must purchase from a Designated Manufacturing Facility) Publisher shall assume all responsibility for the creation of such Packaging at Publisher's sole risk and expense. Publisher shall be responsible for encoding and printing proprietary edge labels provided by a Designated Manufacturing Facility with information reasonably specified by SCEA from time to time and will apply such labels to each Unit of the Licensed PSP Product as reasonably specified by SCEA. Prior to production of each order, Publisher shall be required to supply SCEA with samples of any Packaging not produced or supplied by a Designated Manufacturing Facility, at no charge to SCEA or Designated Manufacturing Facility, for SCEA's approval with respect to the quality. SCEA shall have the right to disapprove any Packaging that does not comply with the Manufacturing Specifications. Manufacturing Specifications for Packaging shall be comparable to manufacturing specifications applied by SCEA to its own software products for the PSP Player. If Publisher procures Packaging from an alternate source, then it must also procure assembly services from an alternate source. If Publisher elects to supply its own Packaging, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delays arising from use of Publisher's own Packaging.

6.1.4 **Assembly Services.** Publisher may either procure assembly services from a Designated Manufacturing Facility or from an alternate source. If Publisher elects to be responsible for assembling the Licensed PSP Products, then the Designated Manufacturing Facility shall ship the component parts of the Licensed PSP Product to a destination provided by Publisher, at Publisher's sole risk and expense. SCEA shall have the right to inspect any assembly facilities utilized by Publisher in order to determine if the component parts of the Licensed PSP Products are being assembled in accordance with SCEA's quality standards. SCEA may require that Publisher recall any Licensed PSP Products that do not contain proprietary labels or other material component parts or that otherwise fail to comply with the Manufacturing Specifications, If Publisher elects to use alternate assembly facilities, neither SCEA nor any Designated Manufacturing Facility shall be responsible for any delays or missing component parts arising from use of alternate assembly facilities.

6.2 **Price, Payment and Terms.**

6.2.1 **Price.** The applicable price for manufacture of any Units of Licensed PSP Products ordered hereunder shall be provided to Publisher by the Designated Manufacturing Facility. Purchase shall be subject to the terms and conditions set out in any purchase order form supplied to Publisher by the Designated Manufacturing Facility.

6.2.2 **Orders.** Publisher shall issue to a Designated Manufacturing Facility a written Purchase Order(s) in a form designated by SCEA and containing the information required in the Manufacturing Specifications, with a copy to SCEA. All orders shall be subject to approval by SCEA, which shall not be unreasonably withheld or delayed. Purchase Orders issued by Publisher to a Designated Manufacturing Facility for each Licensed PSP Product approved by SCEA shall be non-cancelable and be subject to the order requirements of the Designated Manufacturing Facility.

6.2.3 **Payment Terms.** Purchase Orders will be invoiced as soon as reasonably practical after receipt, and such invoice will include both manufacturing price and royalties payable pursuant to Section 8.1 or 8.2 below for each Unit of Licensed PSP Products ordered. Each invoice will be payable either on a cash-in-advance basis or pursuant to a letter of credit, or at SCEA's sole discretion, on credit terms. Terms for cash-in-advance and letter of credit payments shall be as set forth in the PSP SourceBook. All amounts hereunder shall be payable in United States dollars. All associated banking charges with respect to payments of manufacturing costs and royalties shall be borne solely by Publisher.

6.2.3.1**Credit Terms.** SCEA may at its sole discretion extend credit terms and limits to Publisher. SCEA may also revoke such credit terms and limits at its sole discretion. If Publisher qualifies for credit terms, then orders will be invoiced upon shipment of Licensed PSP Products and each invoice will be payable within thirty (30) days of the date of the invoice. Any overdue sums shall bear interest at the rate of [**]. Publisher shall be additionally liable for all costs and expenses of collection, including without limitation, reasonable fees for attorneys and court costs.

6.2.3.2**General Terms.** No deduction may be made from remittances unless an approved credit memo has been issued by a Designated Manufacturing Facility. Neither SCEA nor a Designated Manufacturing Facility shall be responsible for shortage or breakage with respect to any order if component parts or assembly services are obtained from alternate sources. Each shipment to Publisher shall constitute a separate sale, whether whole or partial fulfillment of any order. Nothing in this Agreement shall excuse or be construed as a waiver of Publisher's obligation to timely provide any and all payments owed to SCEA and Designated Manufacturing Facility.

6.3 **Delivery of Licensed PSP Products.** Neither SCEA nor any Designated Manufacturing Facility shall have an obligation to store completed Units of Licensed PSP Products. Publisher may either specify a mode of delivery or allow the Designated Manufacturing Facility to select a mode of delivery.

6.4 **Ownership of Master Discs.** Due to the proprietary nature of the mastering process, neither SCEA nor a Designated Manufacturing Facility shall under any circumstances release any original master, Master Discs or other in-process materials to Publisher. All such materials shall be and remain the sole property of SC1A or Designated Manufacturing Facility. Notwithstanding the foregoing, Publisher Intellectual Property Rights contained in Product Software that is contained in such in-process materials is, as between SCEA and Publisher, the sole and exclusive property of Publisher or its licensors (other than SCEA or its affiliates).

7. **Marketing and Distribution.**

7.1 **Marketing Generally.** In accordance with the provisions of this Agreement and at no expense to SCEA, Publisher shall, and shall direct its distributors to, diligently market, sell and distribute the Licensed PSP Products, and shall use commercially reasonable efforts to stimulate demand for such Licensed PSP Products in the Licensed Territory and to supply any resulting demand. Publisher shall use its reasonable best efforts to protect the Licensed PSP Products from and against illegal reproduction or copying by end users or by any other persons or entities.

7.2 **Samples.** Publisher shall provide to SCEA, at no additional cost, for SCEA's internal use, [**] sample copies of each Licensed PSP Product. Publisher shall pay any manufacturing costs to the Designated Manufacturing Facility in accordance with Section 6.2, but shall not be obligated to pay royalties, in connection with such sample Units. In the event that Publisher assembles any Licensed PSP Product using an alternate source, Publisher shall be responsible for shipping such sample Units to SCEA at Publisher's cost and expense. SCEA shall not directly or indirectly resell any such sample copies of the Licensed PSP Products without Publisher's prior written consent. SCEA may give sample copies to its employees, provided that it uses reasonable efforts to ensure that such copies are not sold into the retail market. In addition, subject to availability, Publisher shall sell to SCEA additional quantities of Licensed PSP Products at the Wholesale Price for such Licensed PSP Product. Any changes to SCEA's policy regarding sample Units shall be set forth in the PSP SourceBook.

7.3 **Marketing Programs of SCEA.** From time to time, SCEA may invite Publisher to participate in promotional or advertising opportunities that may feature one or more Licensed PSP Products from one or more Licensed PSP Publishers. Participation shall be voluntary and subject to terms to be determined at the time of the opportunity. In the event Publisher elects to participate, all materials submitted by Publisher to SCEA shall be submitted subject to Section 10.2 below and delivery of such materials to SCEA shall constitute acceptance by Publisher of the terms of the offer. Moreover, SCEA may use the Legal Attribution Line on all multi-product marketing materials, unless otherwise agreed in writing.

7.4 **Demonstration Disc Programs.** SCEA may, from time to time, provide opportunities for Publisher to participate in SCEA Demo Disc programs. In addition, SCEA may, from time to time, grant to Publisher the right to create Third Party Demo Discs pursuant to SCEA Established Third Party Demo Disc Programs. The specifications with respect to the approval, creation, manufacture, marketing, distribution and sale of any such demo disc programs shall be set forth in the PSP SourceBook or in other documentation to be provided by

SCEA to Publisher. Except as otherwise specifically set forth herein, in the PSP SourceBook or in other documentation, Third Party Demo Discs shall be considered “Licensed PSP Products” and shall be subject in all respects to the terms and conditions of this Agreement pertaining to Licensed PSP Products. In addition, the following procedures shall also apply to SCEA Demo Discs:

7.4.1 SCEA Demo Discs.

7.4.1.1 License. SCEA may, but shall not be obligated to, invite Licensed PSP Publishers to participate in any SCEA Demo Disc program. Participation by Publisher in an SCEA Demo Disc program shall be optional, if Publisher elects to participate in an SCEA Demo Disc program and provides Product information to SCEA in connection thereto, Publisher shall thereby grant to SCEA a royalty-free license during the term of this Agreement in the Licensed Territory to manufacture, use, sell, distribute, market, advertise and otherwise promote Publisher’s Product Information as part of such SCEA Demo Disc program. In addition, Publisher shall grant SCEA the right to feature Publisher and Licensed PSP Product names in SCEA Demo Disc Advertising Materials and to use copies of screen displays generated by the code, representative video samples or other Product Information in such SCEA Demo Disc Advertising Materials. All decisions relating to the selection of first and third party Product information and all other aspects of SCEA Demo Discs shall be in the sole discretion of SCEA.

7.4.1.2 Submission and Approval of Product Information. Upon receipt of written notice that SCEA has tentatively chosen Publisher’s Product Information for inclusion in an SCEA Demo Disc, Publisher shall deliver to SCEA such requested Product Information by no later than the deadline set forth in such notice. Separate notice will be sent for each SCEA Demo Disc, and Publisher must sign each notice prior to inclusion in such SCEA Demo Disc. Publisher shall include its own Legal Copy on the title screen or elsewhere in the Product Information submitted to SCEA. SCEA shall only provide the Legal Attribution Line on the SCEA Demo Disc title screen and packaging. Publisher’s Product Information shall comply with SCEA’s technical specifications provided to Publisher. SCEA reserves the right to review and test the Product Information provided and request revisions prior to inclusion on the SCEA Demo Disc. If SCEA requests changes to the Product Information and Publisher elects to continue to participate in such Demo Disc, Publisher shall make such changes as soon as possible after receipt of written notice of such requested changes from SCEA, but not later than the deadline for receipt of Product Information. Failure to make such changes and provide the modified Product Information to SCEA by the deadline shall result in the Product Information being removed from the SCEA Demo Disc. Costs associated with preparation of Product Information supplied to SCEA shall be borne solely by Publisher. Except as otherwise provided in this Section, SCEA shall not edit or modify Product Information provided to SCEA by Publisher without Publisher’s consent, not to be unreasonably withheld. SCEA shall have the right to use subcontractors to assist in the development of any SCEA Demo Disc. With respect to Product Information provided by Publisher in demo form, the demo delivered to SCEA shall not constitute the complete Licensed PSP Product and shall be, at a minimum, an amount sufficient to demonstrate the Licensed PSP Product’s core features and value, without providing so much information as to give consumers a disincentive to purchase the complete Licensed PSP Product.

7.4.1.3**No Obligation to Publish.** Acceptance of Product Information for test and review shall not be deemed confirmation that SCEA shall include the Product Information on an SCEA Demo Disc, nor shall it constitute approval of any other element of the Licensed PSP Product. SCEA reserves the right to choose from products submitted from other Licensed PSP Publishers and first party products to determine the products to be included in SCEA Demo Discs, and Publisher's Licensed PSP Products will not be guaranteed prominence or preferential treatment on any SCEA Demo Disc. Nothing herein shall be construed as creating an obligation of SCEA to publish Product Information submitted by Publisher in any SCEA Demo Disc, nor shall SCEA be obligated to publish, advertise or promote any SCEA Demo Disc.

7.4.1.4**SCEA Demo Discs Sold at Retail.** Publisher is aware and acknowledges that certain SCEA Demo Discs may be distributed and sold by SCEA in the retail market. If Publisher elects to participate in any SCEA Demo Disc program which is sold in the retail market, as notified by SCEA to Publisher, Publisher acknowledges prior to participation in any such SCEA Demo Disc that it is aware of no limitations regarding Product Information provided to SCEA pursuant to the terms of this Agreement which would in any way restrict SCEA's ability to distribute or sell such SCEA Demo Disc at retail, nor does Publisher or its licensors (other than SCEA and/or its affiliates) have any anticipation of receiving any compensation from such retail sales. In the event that SCEA institutes a SCEA Demo Disc in which a fee or royalty is charged to Publisher, SCEA and Publisher will enter into a separate agreement regarding such SCEA Demo Disc.

7.4.2 **Third Party Demo Discs.**

7.4.2.1**License.** Publisher may participate in any SCEA Established Third Party Demo Disc Program. Publisher shall notify SCEA of its intention to participate in any such program, and upon receipt of such notice, SCEA shall grant to Publisher the right and license to use Licensed PSP Products in Third Party Demo Discs and to use, distribute, market, advertise and otherwise promote (and, if permitted in accordance with the terms of any SCEA Established Third Party Program or otherwise permitted by SCEA, to sell) such Third Party Demo Discs in accordance with the PSP SourceBook, which may be modified from time to time at the sole discretion of SCEA. Unless separately agreed in writing with SCEA, Third Party Demo Discs shall not be used, distributed, promoted, bundled or sold in conjunction with other products. In addition, SCEA hereby consents to the use of the Licensed Trademarks in connection with Third Party Demo Discs, subject to the approval procedures set forth in this Agreement. If any SCEA Established Third Party Demo Disc Program is specified by SCEA to be for promotional use only and not for resale, and such Third Party Demo Disc is subsequently discovered to be for sale, Publisher's right to produce Third Party Demo Discs shall thereupon be automatically revoked, and SCEA shall have the right to terminate any related Third Party Demo Discs in accordance with the terms of Section 14.3 or 14.4 hereto.

7.4.2.2**Submission and Approval of Third Party Demo Discs.** Publisher shall deliver to SCEA, for SCEA's prior approval, a final version of each Third Party Demo Disc in a format prescribed by SCEA. Such Third Party Demo Disc shall comply with all requirements provided to Publisher by SCEA in the PSP SourceBook or otherwise. In addition, SCEA shall evaluate the Third Party Demo Disc in accordance with the approval provisions for Executable Software and Printed Materials set forth in Sections 5.4 and 5.5, respectively.

Furthermore, Publisher shall obtain the approval of SCEA in connection with any Advertising Materials relating to the Third Party Demo Discs in accordance with the approval provisions set forth in Section 5.6. Costs associated with Third Party Demo Discs shall be borne solely by Publisher. No approval by SCEA of any element of any Third Party Demo Disc shall be deemed an approval of any other element thereto, nor does any such approval constitute final approval for the related Licensed PSP Product. Unless otherwise permitted by SCEA, Publisher shall clearly and conspicuously state on all Third Party Demo Disc Packaging and Printed Materials that the Third Party Demo Disc is for promotional purposes only and not for resale.

7.4.2.3 Manufacture and Royalty of Third Party Demo Discs. Publisher shall comply with all Manufacturing Specifications with respect to the manufacture and payment for manufacturing costs of Third Party Demo Discs, and Publisher shall also comply with all terms and conditions of Section 6 hereto. No costs incurred in the development, manufacture, licensing, production, marketing and/or distribution (and if permitted by SCEA, sale) of the Third Party Demo Disc shall be deducted from any amounts payable to SCEA hereunder. Royalties on Third Party Demo Discs shall be as provided in Section 8.2.

7.5 Contests and Sweepstakes of Publisher. SCEA acknowledges that, from time to time, Publisher may conduct contests and sweepstakes to promote Licensed PSP Products. SCEA shall permit Publisher to include contest or sweepstakes materials in Printed Materials and Advertising Materials, subject to compliance with the approval provisions of Section 5.5 and 5.6 hereunder, Lvov lance with the provisions of Section 9.2 and 10.2 hereunder, and subject to the following additional terms and conditions:

(i) Publisher represents that it has retained the services of a fulfillment house to administer the contest or sweepstakes and if it has not retained the services of a fulfillment house, Publisher represents and warrants that it has the expertise to conduct such contests or sweepstakes, and in any event, Publisher shall assume full responsibility for all aspects of such contest or sweepstakes;

(ii) Publisher warrants that each contest, sweepstakes, and promotion, comply with local, state and federal laws or regulations;

(iii) Publisher represents and warrants that it has obtained the consent of all holders of intellectual property rights required to be obtained in connection with each contest or sweepstakes including, but not limited to, the consent of any holder of copyrights or trademarks relating to any Advertising Materials publicizing the contest or sweepstakes, or the prizes being awarded to winners of the contest or sweepstakes; and

(iv) Publisher shall make available to SCEA all contest and sweepstakes material prior to publication in accordance with the approval process set forth in Section 5.5 or 5.6.

Approval by SCEA of contest or sweepstakes materials for use in the Printed Materials or Advertising Materials (or any use of the PSP Player or Licensed PSP Products as prizes in such contest or sweepstakes) shall not constitute an endorsement by SCEA of such contest or sweepstakes, nor shall such acceptance be construed as SCEA having reviewed and

approved such materials for compliance with any federal or state law, statute, regulations, order or the like, which shall be Publisher’s sole responsibility.

7.6 **PlayStation Website.** All Licensed PSP Publishers shall be required to provide Product Information for a web page for each of its Licensed PSP Products for display on the PlayStation promotional website, or other website or websites as may be operated by SCEA from time to time in connection with the promotion of the PlayStation, PlayStation Portable, or PSP brands. Specifications for Product Information for such web pages shall be as provided in the PSP SourceBook. Publisher shall provide SCEA with such Product Information for each Licensed PSP Product upon submission of Printed Materials to SCEA for approval in accordance with Section 5.5.2 hereto. Publisher shall also provide updates to such web page in a timely manner as required by SCEA in updates to the PSP SourceBook.

7.7 **Distribution.**

7.7.1 **Distribution Channels.** Publisher may use such distribution channels as Publisher deems appropriate, Including the use of third party distributors, resellers, dealers and sales representatives. In the event that Publisher elects to have one of its Licensed PSP Products distributed and sold by another Licensed PSP Publisher, Publisher must provide SCEA with advance written notice of such election, the name of the Licensed PSP Publisher and any additional information requested by SCEA regarding the nature of the distribution services provided by such Licensed PSP Publisher prior to manufacture of such Licensed PSP Product.

7.7.2 **Limitations on Distribution.** Notwithstanding any other provisions in this Agreement, Publisher shall not, directly or indirectly, solicit orders from or sell any Units of the Licensed PSP Products to any person or entity outside of the Licensed Territory nor transship Licensed PSP Products between regional SCE territories. In addition, Publisher shall not directly or indirectly solicit orders for or sell any Units of the Licensed PSP Products in any situation where Publisher knows or reasonably should know that such Licensed PSP Products may be exported or resold outside of the Licensed Territory.

8. **Royalties.**

8.1 **Applicable Royalties on Licensed PSP Products.**

8.1.1 **Initial Orders.** Publisher shall pay SCEA, either directly or through its designee, a per title royalty in United States dollars for each Unit of the Licensed PSP Products manufactured based on the initial Wholesale Price of the Licensed PSP Product, as follows:

	<u>Wholesale Price</u>	<u>Per Title Royalty</u>
Level 1	[**] to [**]	[**]
Level 2	[**] to [**]	[**]
Level 3	[**]	([**] of WSP) - [**]

In the absence of satisfactory evidence to support the WSP, the royalty rate that shall apply will be the greater of [**] per Unit or the Level 3 royalty applied to the highest known WSP. Royalties may be subject to change in SCEA's discretion upon sixty (60) days notice to Publisher. Upon receipt of such notice, Publisher shall have the option to terminate this Agreement upon written notice to SCEA rather than having such revised royalty structure go into effect.

8.1.2 Reorders and Other Programs. Royalties on additional orders to manufacture a specific Licensed PSP Product, regardless of which Publisher submits the order, shall be the royalty determined by the initial Wholesale Price as reported by initial Publisher for that Licensed PSP Product regardless of the wholesale price of the Licensed PSP Product at the time of reorder, except in the event that the Wholesale Price increases for such Licensed PSP Product, in which case the royalty shall be adjusted upwards to reflect the higher Wholesale Price. Licensed PSP Products qualifying for SCEA's "Greatest Hits" programs or other programs offered by SCEA shall be subject to the royalties applicable for such programs. Publisher acknowledges that as of the date of execution of this Agreement no "Greatest Hits" program exists for the PSP Third Party licensing program.

8.2 Third Party Demo Disc Program Royalties: Publisher shall pay SCEA a per Unit royalty in United States dollars of [**] for each Third Party Demo Disc Unit manufactured. The quantity of Units ordered shall comply with the terms of such SCEA Established Third Party Demo Disc Program.

8.3 Payment For Licensed PSP Product. Payment of royalties under Sections 8.1 and 8.2 shall be made to SCEA through its Designated Manufacturing Facility concurrent with the placement of an order to manufacture Licensed PSP Product and payment of manufacturing costs in accordance with the terms and conditions set forth in Sections 6.2.3, unless otherwise agreed in writing with SCEA. At the time of placing an order to manufacture a Licensed PSP Product, Publisher shall submit to SCEA an accurate accounting statement setting out the number of units of Licensed PSP Product to be manufactured, projected initial wholesale price, applicable royalty, and total amount due SCEA. In addition, Publisher shall submit to SCEA prior to placing the initial order for each Licensed PSP Product a separate certification, in the form provided by SCEA in the PSP SourceBook, signed by officers of Publisher that certifies that the Wholesale Price provided to SCEA is accurate and attaching such documentation supporting the WSP as requested by SCEA. Payment shall be made prior to manufacture unless SCEA has agreed to extend credit terms to Publisher in writing pursuant to Section 6.2.3.1. Nothing herein shall be construed as requiring SCEA to extend credit terms to Publisher. The accounting statement due hereunder shall be subject to the audit and accounting provisions set forth in paragraph 16.2 below. No costs incurred in the development, manufacture, marketing, sale and/or distribution of the Licensed PSP Products shall be deducted from any royalties payable to SCEA hereunder. Similarly, there shall be no deduction from the royalties otherwise owed to SCEA as a result of any uncollectible accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third party customer of any Units of the Licensed PSP Products, or for any taxes, fees, assessments or expenses of any kind which may be incurred by Publisher in connection with its sale or distribution of any Units of the Licensed PSP Products or arising with respect to the payment of royalties. In addition to the royalty payments provided to SCEA, Publisher shall be solely responsible for and bear any

cost relating to any withholding taxes or Other such assessments which may be imposed by any governmental authority with respect to the royalties paid to SCEA hereunder; provided, however, that SCEA shall not manufacture Licensed PSP Products outside of the United States without the prior consent of Publisher. Publisher shall provide SCEA with official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate that any such taxes or assessments have in fact been paid.

8.4 **Rebates, Promotions or Discounts.** From time to time SCEA may, at its sole option, offer to Publisher programs which result in rebates or other reduced royalties to Publisher. Eligibility to participate in a program offered by SCEA shall be determined by the terms and conditions set forth for participation at the time the program is offered. SCEA reserves the right to alter, extend, or terminate program offerings upon notice to Publishers. Nothing contained herein shall require SCEA to offer any rebate, promotion, or discount program to Publisher during the term of this Agreement.

9. **Representations and Warranties.**

9.1 **Representations and Warranties of SCEA.** SCEA represents and warrants solely for the benefit of Publisher that SCEA has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

9.2 **Representation and Warranties of Publisher.** Publisher represents and warrants that:

(i) There is no threatened or pending action, suit, claim or proceeding alleging that the use by Publisher of all or any part of the Product Software, Product Proposals, Product Information, Printed Materials, Advertising Materials or any underlying work or content embodied therein, or any name, designation or trademark used in conjunction with the Licensed PSP Products infringes or otherwise violates any Intellectual Property Right or other right or interest of any kind whatsoever of any third party, or otherwise contesting any right, title or interest of Publisher in or to the Product Software, Product Proposals, Product Information, Printed Materials, Advertising Materials or any underlying work or content embodied therein, or any name, designation or trademark used in conjunction with the Licensed PSP Products;

(ii) The Product Software, Product Proposals, Product Information, Printed Materials and Advertising Materials and their contemplated use under this Agreement do not and shall not infringe any person's or entity's rights including without limitation, patents, copyrights (including rights in a joint work), trademarks, trade dress, trade secret, rights of publicity, privacy, performance, moral rights, literary rights and any other third party rights;

(iii) Publisher has the right, power and authority to enter into this Agreement, to grant SCEA the rights granted hereunder and to fully perform its obligations hereunder;

(iv) The making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person or entity, and, throughout the term of this Agreement, Publisher shall not make any separate agreement with any person or entity that is inconsistent with any of the provisions of this Agreement;

(v) Publisher has not sold, assigned, leased, licensed or in any other way disposed of or encumbered the rights granted to Publisher hereunder, and Publisher will not sell, assign, lease, license or in any other way, dispose of or encumber any of such rights except as expressly permitted hereunder or as consented to by SCEA in writing;

(vi) Publisher has obtained the consent of all holders of intellectual property rights required to be obtained in connection with use of any Product Information by SCEA as licensed hereunder, and Product Information when provided to SCEA in accordance with the terms of this Agreement may be published, marketed, distributed and sold by SCEA in accordance with the terms and conditions of this Agreement and without SCEA incurring any royalty, residual, union, guild or other fees;

(vii) Publisher shall not make any representation or give any warranty to any person or entity expressly or implicitly on SCEA's behalf, or to the effect that the Licensed PSP Products are connected in any way with SCEA (other than that the Executable Software and/or Licensed PSP Products have been developed, marketed, sold and/or distributed under license from SCEA);

(viii) In the event that Executable Software is delivered to other Licensed PSP Publishers or Licensed PSP Developers by Publisher in source code form. Publisher will take all precautions consistent with the protection of valuable trade secrets by companies in high technology industries to ensure the confidentiality of such source code;

(ix) The Executable Software and any Product Information delivered to SCEA shall be in a commercially acceptable form, free of significant bugs, defects, time bombs or viruses which could disrupt, delay, destroy the Executable Software or PSP Player or render either of them less than fully useful, and shall be fully compatible with the PSP Player and any peripherals listed on the Printed Materials as compatible with the Licensed PSP Product;

(x) Each of the Licensed PSP Products, Executable Software, Printed Materials and Advertising Materials shall be developed, marketed, sold and distributed by or at the direction of Publisher in an ethical manner and in full compliance with all applicable federal, state, provincial, local and foreign laws and any regulations and standards promulgated thereunder (including but not limited to federal and state lottery laws as currently interpreted and enforced) and will not contain any obscene or defamatory matter;

(xi) Publisher's policies and practices with respect to the development, marketing, sale, and/or distribution of the Licensed PSP Products shall in no manner reflect adversely upon the name, reputation or goodwill of SCEA;

(xii) Publisher has, or will contract with a Licensed PSP Developer for, the technical expertise and resources necessary to fulfill its obligations under this Agreement; and

(xiii) Publisher shall make no false, misleading or inconsistent representations or claims with respect to any Licensed PSP Products, the PSP Player or SCEA.

10. **Indemnities; Limited Liability.**

10.1 **Indemnification by SCEA.** SCEA shall indemnify and hold Publisher harmless from and against any and all third party claims, losses, liabilities, damages, expenses and costs, including, without limitation, reasonable fees for attorneys, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim which result from or are in connection with a breach of any of the representations or warranties provided by SCEA herein; provided, however, that Publisher shall give prompt written notice to SCEA of the assertion of any such claim, and provided, further, that SCEA shall have the right to select counsel and control the defense and settlement thereof. SCEA shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to such matters as shall be deemed appropriate by SCEA. Publisher shall provide SCEA, at no expense to Publisher, reasonable assistance and cooperation concerning any such matter; and Publisher shall not agree to the settlement of any such claim, action or proceeding without SCEA's prior written consent.

10.2 **Indemnification By Publisher.** Publisher shall indemnify and hold SCEA harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including, without limitation, reasonable fees for attorneys, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with (i) a breach of any of the provisions of this Agreement; or (ii) infringement of a third party's intellectual property rights by Publisher; or (iii) any claims of or in connection with any personal or bodily injury (including death) or property damage, by whomever such claim is made, arising out of, in whole or in part, the development, marketing, sale, distribution or use of any of the Licensed PSP Products (or portions thereof) unless due directly to the breach of SCEA in performing any of the specific duties or providing any of the specific services required; or (iv) any federal, state or foreign civil or criminal actions relating to the development, marketing, sale or distribution of Licensed PSP Products. SCEA shall give prompt written notice to Publisher of the assertion of any such indemnified claim, and, with respect to third party claims, actions or proceedings against SCEA, SCEA shall have the right to select counsel for SCEA and reasonably control the defense and settlement thereof. Subject to the above, Publisher shall have the right, at its discretion, to select its own counsel, to commence and prosecute at its own expense any lawsuit, to reasonably control the defense and settlement thereof or to take such other action with respect to claims, actions or proceedings by or against Publisher. SCEA shall retain the right to approve any settlement. SCEA shall provide Publisher, at no expense to SCEA, reasonable assistance and cooperation concerning any such claim, action or proceeding (other than third party claims, actions or proceedings against SCEA) without Publisher's prior written consent.

10.3 **LIMITATION OF LIABILITY.**

10.3.1 **LIMITATION OF SCEA'S LIABILITY.** IN NO EVENT SHALL SCEA OR OTHER SONY AFFILIATES AND THEIR SUPPLIERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS BE LIABLE FOR LOSS OF PROFITS, OR ANY SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE BREACH OF THIS AGREEMENT BY SCEA, THE MANUFACTURE OF THE LICENSED PSP PRODUCTS AND THE USE OF THE LICENSED PSP PRODUCTS, EXECUTABLE

SOFTWARE OR THE PSP PLAYER BY PUBLISHER OR ANY END-USER, WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), INDEMNITY, PRODUCT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SCEA'S LIABILITY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY LIABILITY FOR DIRECT OR INDIRECT DAMAGES, AND INCLUDING WITHOUT LIMITATION ANY LIABILITY UNDER SECTION 10.1, EXCEED [**]. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER SCEA NOR ANY SONY AFFILIATE, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, SHALL BEAR ANY RISK, OR HAVE ANY RESPONSIBILITY OR LIABILITY, OF ANY KIND TO PUBLISHER OR TO ANY THIRD PARTIES WITH RESPECT TO THE QUALITY, OPERATION OR PERFORMANCE OF ANY PORTION OF THE SCE MATERIALS, THE PSP PLAYER OR ANY LICENSED PSP PRODUCT.

10.3.2 **LIMITATION OF PUBLISHER'S LIABILITY.** IN NO EVENT SHALL PUBLISHER OR ITS AFFILIATED COMPANIES AND THEIR SUPPLIERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS BE LIABLE TO SCEA FOR ANY LOSS OF PROFITS, OR ANY SPECIAL, PUNITIVE, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF, RELATED TO OR IN CONNECTION WITH (i) THIS AGREEMENT OR (ii) THE USE OR DISTRIBUTION IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT OF ANY CODE PROVIDED BY SCEA, IN WHOLE OR IN PART, WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), INDEMNITY, PRODUCT LIABILITY OR OTHERWISE, PROVIDED THAT SUCH LIMITATIONS SHALL NOT APPLY TO DAMAGES RESULTING FROM PUBLISHER'S BREACH OF SECTIONS 4, 10.2, 11 OR 13 OF THIS AGREEMENT, AND PROVIDED FURTHER THAT SUCH LIMITATIONS SHALL NOT APPLY TO AMOUNTS WHICH PUBLISHER MAY BE REQUIRED TO PAY TO THIRD PARTIES UNDER SECTIONS 10.2 OR 16.10.

10.4 [**]

11. SCEA Intellectual Property Rights.

11.1 **Licensed Trademarks.** The Licensed Trademarks and the goodwill associated therewith are and shall be the exclusive property of SCEA or Affiliates of SCEA. Nothing herein shall give Publisher any right, title or interest in or to any of the Licensed Trademarks or any other trademarks of SCEA. other than the non-exclusive license provided herein. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair or dilute any of SCEA's rights, title or interests in or to any of the Licensed Trademarks or any other trademarks of SCEA, nor shall Publisher register any trademark in its own name or in the name of any other person or entity, or obtain rights to employ Internet domain names or addresses, which are similar to or are likely to be confused with any of the Licensed Trademarks or any other trademarks of SCEA.

11.2 **License of SCE Materials and PSP Player.** All rights with respect to the SCE Materials and PSP Player, including, without limitation, all SCEA Intellectual Property Rights

therein, are and shall be the exclusive property of SCEA or Affiliates of SCEA. Nothing herein shall give Publisher any right, title or interest in or to the SCE Materials or the PSP Player or any portion thereof, other than the non-exclusive license provided herein. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair any of SCEA's rights, title or interests in or to the SCE Materials or the PSP Player or any portion thereof.

12. Infringement of SCEA Intellectual Property Rights By Third Parties.

In the event that Publisher discovers or otherwise becomes aware that any SCEA Intellectual Property Rights have been or are being infringed upon by any third party, Publisher shall promptly notify SCEA. SCEA shall have the sole right, in its discretion, to institute and prosecute lawsuits against third parties for such infringement of SCEA Intellectual Property Rights. Any lawsuit shall be prosecuted solely at the cost and expense of SCEA and all sums recovered in any such lawsuits, whether by judgment, settlement or otherwise shall belong solely to SCEA. Upon request of SCEA, Publisher shall execute all papers, testify on all matters and otherwise cooperate in every way necessary and desirable for the prosecution of any such lawsuit. SCEA shall reimburse Publisher for the reasonable expenses incurred as a result of such cooperation, but unless authorized by other provisions of this Agreement, not costs and expenses attributable to the conduct of a cross-claim or third party action.

13. Confidentiality.

13.1 SCEA's Confidential Information.

13.1.1 Definition of SCEA's Confidential Information. "SCEA's Confidential Information" shall mean:

- (i) the PSP Player, SCE Materials and Development Tools and this Agreement;
- (ii) other documents and materials developed, owned, licensed or under the control of SCEA, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how, including without limitation the PSP SourceBook⁷ and SCEA Intellectual Property Rights relating to the PSP Player, SCE Materials or Development Tools; and
- (iii) information and documents regarding SCEA's finances, business, marketing and technical plans, business methods and production plans.

SCEA's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, including information apprised to Publisher and reduced to tangible or written form at any time during the term of this Agreement. In addition, the existence of a relationship between Publisher and SCEA for the purposes set forth herein shall be deemed to be SCEA's Confidential Information unless otherwise agreed to in writing by the parties or until publicly announced by SCEA.

13.1.2 Term of Protection of SCEA's Confidential Information. The term for the protection of SCEA's Confidential Information shall commence on the Effective Date first above written and shall continue in full force and effect as long as any of SCEA's Confidential Information continues to be maintained as confidential and proprietary by SCEA or SCE. During such term, Publisher shall, pursuant to Section 13.1.3 below, safeguard and hold in trust and confidence and not disclose or use any and all of SCEA's Confidential Information except for the purposes specified.

13.1.3 **Preservation of SCEA's Confidential Information.** Publisher shall, with respect to SCEA's Confidential Information:

(i) not disclose SCEA's Confidential Information to any person or entity, other than those employees or directors of the Publisher whose duties justify a "need-to know" and who have executed a confidentiality agreement in which such employees or directors have agreed not to disclose, and to hold confidential, all confidential information and materials inclusive of those of third parties which may be disclosed to them or to which they may have access during the course of their duties. At SCEA's request, Publisher shall provide SCEA with a copy of such confidentiality agreement between Publisher and its employees or directors, and shall also provide SCEA with a list of employee and director signatories. Publisher shall not disclose any of SCEA's Confidential Information to third parties, including without limitation to consultants or agents. Any employees or directors who obtain access to SCEA's Confidential Information shall be advised by Publisher of the confidential nature of SCEA's Confidential Information, and Publisher shall be responsible for any breach of this Agreement by its employees or directors.

(ii) take all measures necessary to safeguard SCEA's Confidential Information in order to avoid disclosure, publication, or dissemination, using as high a degree of care and scrutiny, but at least reasonable care, as is consistent with the protection of valuable trade secrets by companies in high technology industries.

(iii) ensure that all written materials relating to or containing SCEA's Confidential Information be maintained in a restricted access area and plainly marked to indicate the secret and confidential nature thereof.

(iv) at SCEA's request, return promptly to SCEA any and all portions of SCEA's Confidential Information, together with all copies thereof.

(v) not use, modify, reproduce, sublicense, copy, distribute, create derivative works from, or otherwise provide to third parties, SCEA's Confidential Information, or any portion thereof, except as provided herein, nor shall Publisher remove any proprietary legend set forth on or contained within any of SCEA's Confidential Information.

13.1.4 **Exceptions.** The foregoing restrictions shall not apply to any portion of SCEA's Confidential Information which:

(i) was previously known to Publisher without restriction on disclosure or use, as proven by written documentation of Publisher; or

(ii) is or legitimately becomes part of the public domain through no fault of Publisher or its employees; or

(iii) is independently developed by Publisher's employees who have not had access to SCEA's Confidential Information, as proven by written documentation of Publisher; or

(iv) is required to be disclosed by administrative or judicial action; provided that Publisher must attempt to maintain the confidentiality of SCEA's Confidential Information by asserting in such action the restrictions set forth in this Agreement, and, immediately after receiving notice of such action or any notice of any threatened action, Publisher must notify SCEA to give SCEA the maximum opportunity to seek any other legal remedies to maintain such SCEA's Confidential Information in confidence as herein provided; or

(v) is approved for release by written authorization of SCEA.

13.1.5 **No Obligation to License.** Disclosure of SCEA's Confidential Information to Publisher shall not constitute any option, grant or license from SCEA to Publisher under any patent or other SCEA Intellectual Property Rights now or hereinafter held by SCEA. The disclosure by SCEA to Publisher of SCEA's Confidential Information shall not result in any obligation on the part of SCEA to approve any materials of Publisher, nor shall such disclosure by SCEA give Publisher any right to develop, directly or indirectly, manufacture or sell any product derived from or which uses any of SCEA's Confidential Information, other than as expressly set forth in this Agreement.

13.1.6 **Publisher's Obligations Upon Unauthorized Disclosure.** If at any time Publisher becomes aware of any unauthorized duplication, access, use, possession or knowledge of any SCEA Confidential Information, it shall notify SCEA as soon as reasonably practicable, and shall promptly act to recover any such information and prevent further breach of the confidentiality obligations herein. Publisher shall provide any and all reasonable assistance to SCEA to protect SCEA's proprietary rights in any SCEA Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available, and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, including but not limited to enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the disclosing party) of legal action, and reimbursement for all reasonable attorneys' fees, costs and expenses incurred by SCEA to protect its proprietary rights in SCEA's Confidential Information. Publisher shall take all steps requested by SCEA to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of SCEA's Confidential Information. In addition, SCEA shall have the right to pursue any actions at law or in equity, including without limitation the remedies set forth in Section 16.10 hereto.

13.2 **Publisher's Confidential Information.**

13.2.1 **Definition of Publisher's Confidential Information.** "Publisher's Confidential Information" shall mean:

(i) any Product Software as provided to SCEA pursuant to this Agreement and all documentation and information relating thereto, including Product Proposals,

Printed Materials and Advertising Materials (other than documentation and information intended for use by and release to end users, the general public or the trade);

(ii) other documents and materials developed, owned, licensed or under the control of Publisher, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how; and

(iii) information and documents regarding Publisher's finances, business, marketing and technical plans, business methods and production plans.

Publisher's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, including information apprised to SCEA and reduced to tangible or written form at any time during the term of this Agreement.

13.2.2 Term of Protection of Publisher's Confidential Information. The term for the protection of Publisher's Confidential information shall commence on the Effective Date first above written and shall continue in full force and effect as long as any of Publisher's Confidential Information continues to be maintained as confidential and proprietary by Publisher.

13.2.3 Preservation of Confidential information of Publisher. SCEA shall, with respect to Publisher's Confidential Information;

(i) hold all Publisher's Confidential Information in confidence, and shall take all reasonable steps to preserve the confidentiality of Publisher's Confidential Information, and to prevent it from tailing into the public domain or into the possession of persons other than those persons to whom disclosure is authorized hereunder.

(ii) not disclose Publisher's Confidential Information to any person other than an SCEA employee or subcontractor who needs to know or have access to such Confidential Information for the purposes of this Agreement, and only to the extent necessary for such purposes.

(iii) ensure that all written materials relating to or containing Publisher's Confidential Information be maintained in a secure area and plainly marked to indicate the secret and confidential nature thereof.

(iv) at Publisher's request, return promptly to Publisher any and all portions of Publisher's Confidential information, together with all copies thereof.

(v) not use Publisher's Confidential Information, or any portion thereof, except as provided herein, nor shall SCEA remove any proprietary legend set forth on or contained within any of Publisher's Confidential Information

13.2.4 Exceptions. The foregoing restrictions will not apply to any portion of Publisher's Confidential Information which:

- or
- (i) was previously known to SCEA without restriction on disclosure or use, as proven by written documentation of SCEA;
 - (ii) is or legitimately becomes part of information in the public domain through no fault of SCEA, its employees or its subcontractors; or
 - (iii) is independently developed by SCEA's employees or affiliates who have not had access to Publisher's Confidential Information, as proven by written documentation of SCEA; or
 - (iv) is required to be disclosed by administrative or judicial action; provided that SCEA attempted to maintain the confidentiality of Publisher's Confidential Information by asserting in such action the restrictions set forth in this Agreement, and immediately after receiving notice of such action, notified Publisher of such action to give Publisher the opportunity to seek any other legal remedies to maintain such Publisher's Confidential Information in confidence as herein provided; or
 - (vi) is approved for release by written authorization of Publisher.

13.2.5 SCEA's Obligations Upon Unauthorized Disclosure. If at any time SCEA becomes aware of any unauthorized duplication, access, use, possession or knowledge of any of Publisher's Confidential Information, it shall notify Publisher as soon as is reasonably practicable. SCEA shall provide any and all reasonable assistance to Publisher to protect Publisher's proprietary rights in any of Publisher's Confidential Information that may have directly or indirectly disclosed by an SCEA employee and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, SCEA shall take all reasonable steps requested by Publisher to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information:

13.3 Confidentiality of Agreement. The terms and conditions of this Agreement shall be treated as SCEA's Confidential Information and Publisher's Confidential Information; provided that each party may disclose the terms and conditions of this Agreement:

- (i) to legal counsel;
- (ii) in confidence, to accountants, banks and financing sources and their advisors;
- (iii) in confidence, in connection with the enforcement of this Agreement or rights arising under or relating to this Agreement; and
- (iv) if required, in the opinion of counsel, to file -publicly or otherwise disclose the terms of this Agreement under applicable federal or state securities or other laws, the disclosing party shall be required to promptly notify the other party such that the other party has a reasonable opportunity to contest or limit the scope of such required disclosure, and the disclosing party shall request, and shall use its best efforts to obtain, confidential treatment for such sections of this Agreement as the other party may designate.

14. **Term and Termination.**

14.1 **Effective Date; Term.** This Agreement shall not be binding on the parties until it has been signed by each party, in which event it shall be effective from the Effective Date until March 31, 2007, unless earlier terminated pursuant to Section 14.2. The term shall be automatically extended for additional one-year terms thereafter, unless either party provides the other with written notice of its election not to so extend on or before January 31 of the applicable year. Notwithstanding the foregoing the term for the protection of SCEA's Confidential Information and Publisher's Confidential Information shall be as set forth in Sections 13.1.2 and 13.2.2 respectively.

14.2 **Termination by SCEA.** SCEA shall have the right to terminate this Agreement immediately, by providing written notice of such election to Publisher, upon the occurrence of any of the following:

- (i) If Publisher breaches (A) any of its obligations; or (B) any other agreement entered into between SCEA or Affiliates of SCEA and Publisher.
- (ii) The liquidation or dissolution of Publisher or a statement of intent by Publisher to no longer exercise any of the rights granted by SCEA to Publisher.
- (iii) If during the term of this Agreement, a controlling interest in Publisher or in an entity which directly or indirectly has a controlling interest in Publisher is transferred to a party that (A) is in breach of any agreement with SCEA or an Affiliate of SCEA; (13) directly or indirectly holds or acquires a controlling interest in a third party which develops any interactive device or product which is directly or indirectly competitive with the PSP Player; or (C) is in litigation with SCEA or Affiliates of SCEA concerning any proprietary technology, trade secrets or other SCEA Intellectual Property Rights or SCEA's Confidential Information. As used in this Section 14.2, "controlling interest" means, with respect to any form of entity, sufficient power to control the decisions of such entity.
- (iv) If during the term of this Agreement, Publisher or an entity that directly or indirectly has a controlling interest in Publisher enters into a business relationship with a third party with whom Publisher materially contributes to develop core components to an interactive device or product which is directly or indirectly competitive with the PSP Player.
- (v) Publisher files or causes to file litigation against SCEA or any SCE Affiliate.

Publisher shall immediately notify SCEA in writing in the event that any of the events or circumstances specified in this Section occur.

14.3 **Product-by-Product Termination by SCEA.** In addition to the events of termination described in Section 14.2, above, SCEA, at its option, shall be entitled to terminate, on a product-by-product basis, the licenses and related rights herein granted to Publisher in the event that (a) Publisher fails to notify SCEA promptly in writing of any material change to any materials previously approved by SCEA in accordance with Section 5 or Section 6.1 hereto, and such breach is not corrected or cured within thirty (30) days after receipt of written notice of

such breach; (b) Publisher uses a third party that fails to comply with the requirements of Section 3 in connection with the development of any Licensed PSP Product; (c) any third party with whom Publisher has contracted for the development of Executable Software breaches any of its material obligations to SCEA pursuant to such third party's agreement with SCEA with respect to such Licensed PSP Product; or (d) Publisher cancels a Licensed PSP Product or fails to provide SCEA in accordance with the provisions of Section 5 above, with the final version of the Executable Software for any Licensed PSP Product within three (3) months of the scheduled release date according to the Product Proposal (unless a modified final delivery date has been agreed to by the parties), or fails to provide work in progress to SCEA in strict accordance with the Review Process in Section 5.3.

14.4 Options of SCEA in Lieu of Termination. As alternatives to terminating this Agreement or a particular Licensed PSP Product as set forth in Sections 14.2 and 14.3 above, SCEA may, at its option and upon written notice to Publisher, take the following actions. In the event that SCEA elects either of these options, Publisher may terminate this Agreement upon written notice to SCEA rather than allowing SCEA to exercise these options. Election of these options by SCEA shall not constitute a waiver of or compromise with respect to any of SCEA's rights under this Agreement and SCEA may elect to terminate this Agreement with respect to any breach.

14.4.1 Suspension of Agreement. SCEA may suspend this Agreement, entirely or with respect to a particular Licensed PSP Product or program, for a set period of time which shall be specified in writing to Publisher upon the occurrence of any breach of this Agreement.

14.4.2 Liquidated Damages. Whereas a minor breach of any of the events set out below may not warrant termination of this Agreement, but will cause SCEA damages in amounts difficult to quantify, SCEA may require Publisher to pay liquidated damages of [**]:

- (i) Failure to submit Advertising Materials to SCEA for approval (including any required resubmissions);
- (ii) Broadcasting or publishing Advertising Materials without receiving the final approval or consent of SCEA;
- (iii) Failure to make SCEA's requested revisions to Advertising Materials; or
- (iv) Failure to comply with the PSP SourceBook, Manufacturing Specifications or Guidelines which relates in any way to use of Licensed Trademarks.
- (v) any transshipment or attempted transshipment of Licensed Products into unlicensed territories, whether willfully or negligently, without the expressed written permission of the regional SCE Affiliate, in an amount that SCEA deems in sole discretion not to be a material breach of this Agreement.

Liquidated damages shall be invoiced separately or on Publisher's next invoice for Licensed PSP Products. SCEA reserves the right to terminate this Agreement for breach in lieu of seeking liquidated damages or in the event that liquidated damages are unpaid.

14.5 **No Refunds.** In the event of the termination of this Agreement in accordance with any of the provisions of Sections 14.2 through 14.4 above, no portion of any payments of any kind whatsoever previously provided to SCEA hereunder shall be owed or be repayable to Publisher.

15. **Effect of Expiration or Termination.**

15.1 **Inventory Statement.** Within thirty (30) days of the date of expiration or the effective date of termination with respect to any or all Licensed PSP Products or this Agreement, Publisher shall provide SCEA with an itemized statement, certified to be accurate by an officer of Publisher, specifying the number of unsold Units of the Licensed PSP Products as to which such termination applies, on a title-by-title basis, which remain in its inventory or under its control at the time of expiration or the effective date of termination. SCEA shall be entitled to conduct at its expense a physical inspection of Publisher's inventory and work in process upon reasonable written notice during normal business hours in order to ascertain or verify such inventory and inventory statement.

15.2 **Reversion of Rights.** Upon expiration or termination and subject to Section 15.3 below, the licenses and related rights herein granted to Publisher shall immediately revert to SCEA, and Publisher shall cease from any further use of SCEA's Confidential Information. Licensed Trademarks and SCE Materials and any SCEA Intellectual Property Rights therein, and, subject to the provisions of Section 15.3 below, Publisher shall have no further right to continue the development, publication, manufacture, marketing, sale or distribution of any Units of the Licensed PSP Products, or to continue to use any Licensed Trademarks; provided, however, that for a period of one year after termination, and subject to all the terms of Section 13, and provided this Agreement is not terminated due to a breach or default of Publisher, Publisher may retain such portions of SCE Materials and SCEA's Confidential Information as SCEA in its sole discretion agrees are required to support end users of Licensed PSP Products but must return these materials at the end of such one year period. Upon expiration or termination, the licenses and related rights herein granted to SCEA by Publisher shall immediately revert to Publisher, and SCEA shall cease from any further use of Product Information and any Publisher Intellectual Property Rights therein; provided that SCEA may continue the manufacture, marketing, sale or distribution of any SCEA Demo Discs containing Publisher's Product Information which Publisher had approved prior to termination.

15.3 **Disposal of Unsold Units.** Provided that this Agreement is not terminated due to a breach or default of Publisher, Publisher may, upon expiration or termination of this Agreement, sell off existing inventories of Licensed PSP Products, on a non-exclusive basis, for a period of [**] from the date of expiration or termination of this Agreement, and provided such inventories have not been manufactured solely or principally for sale during such period. Subsequent to the expiration of such [**], or in the event this Agreement is terminated as a result of any breach or default of Publisher, any and all Units of the Licensed PSP Products remaining in Publisher's inventory shall be destroyed by Publisher within [**] of such expiration or termination. Within [**] after such destruction, Publisher shall provide SCEA with an itemized statement, certified to be accurate by an officer of Publisher, indicating the number of Units of the Licensed PSP Products which have been destroyed (on a title-by-title basis), the location and date of such destruction and the disposition of the remains of such destroyed materials.

15.4 **Return of SCE Materials and Confidential Information.** Upon the expiration or earlier termination of this Agreement. Publisher shall immediately deliver to SCEA, or if and to the extent requested by SCEA destroy, all SCE Materials and any and all copies thereof, and Publisher and SCEA shall, upon the request of the other party, immediately deliver to the other party, or if and to the extent requested by such party destroy, all Confidential Information of the other party, including any and all copies thereof, which the other party previously furnished to it in furtherance of this Agreement. Within five (5) working days after any such destruction, Publisher or SCEA, as appropriate, shall provide the other party with an affidavit of destruction and an itemized statement, each certified to be accurate by an officer of Publisher indicating the number of copies and units of the SCE Materials and Confidential Information which have been destroyed, the location and date of such destruction and the disposition of the remains of such destroyed materials. In the event that Publisher fails to return the SCE Materials or Confidential Information and SCEA must resort to legal means including without limitation any use of attorneys to recover the SCE Materials or Confidential Information or the value thereof, all costs, including SCEA's reasonable attorney's fees, shall be borne by Publisher, and SCEA may, in addition to SCEA's other remedies, withhold such amounts from any payment otherwise due from SCEA to Publisher under any agreement between SCEA and Publisher.

15.5 **Extension of this Agreement; Termination Without-Prejudice.** SCEA shall be under no obligation to extend this Agreement notwithstanding any actions taken by either of the parties prior to the expiration of this Agreement. Upon the expiration of this Agreement, neither party shall be liable to the other for any damages (whether direct, indirect, consequential or incidental, and including, without limitation, any expenditures, loss of profits or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration. The expiration or termination of this Agreement shall be without prejudice to any rights or remedies which one party may otherwise have against the other party, and shall not excuse either party from any such expiration or termination.

16. **Miscellaneous Provisions.**

16.1 **Notices.** All notices or other communications required or desired to be sent to either of the parties shall be in writing and shall be sent by registered or certified mail, postage prepaid, or sent by recognized international courier service, telegram or facsimile, with charges prepaid. The address for all notices or other communications required to be sent to SCEA or Publisher, respectively, shall be the mailing address stated in the preamble hereof, or such other address as may be provided by written notice from one party to the other on at least ten (10) days' prior written notice. Any such notice shall be effective upon the date of actual or tendered delivery, as confirmed by the sending party.

16.2 **Audit Provisions.** Publisher shall keep full, complete, and accurate books of account and records covering all transactions relating to this Agreement. Publisher shall preserve such books of account, records, documents and material for a period of [**] after the expiration or earlier termination of this Agreement. Acceptance by SCEA of an accounting statement, purchase order, or payment hereunder will not preclude SCEA from challenging or questioning

the accuracy thereof at a later time. In the event that SCEA reasonably believes that the Wholesale Price provided by Publisher with respect to any Licensed PSP Product is not accurate, SCEA shall be entitled to request additional documentation from Publisher to support the listed Wholesale Price for such Licensed PSP Product. In addition, during the Term and for a period of [**] thereafter and upon the giving of reasonable written notice to Publisher, representatives of SCEA shall have access to, and the right to make copies and summaries of, such portions of all of Publisher's books and records as pertain to the Licensed PSP Products and any payments due or credits received hereunder. In the event that such inspection reveals an under-reporting of any payment due to SCEA, Publisher shall immediately pay SCEA such amount. In the event that any audit conducted by SCEA reveals that Publisher has under-reported any payment due to SCEA hereunder by [**] or more for that audit period, then in addition to the payment of the appropriate amount due to SCEA, Publisher shall reimburse SCEA for all reasonable audit costs for that audit and any and all collection costs to recover the unpaid amount.

16.3 **Force Majeure.** Neither SCEA nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform or failure to cure any of its obligations under this Agreement results from any event or circumstance beyond its reasonable control, including, without limitation, any natural disaster, fire, flood, earthquake or other act of God; shortage of equipment, materials, supplies or transportation facilities; strike or other industrial dispute; war or rebellion; shutdown or delay in power, telephone or other essential service due to the failure of computer or communications equipment or otherwise; provided, however, that the party promptly, and, in any event, within fifteen (15) business days of discovery of any such Force Majeure condition. If notice of the existence of any Force Majeure condition is provided within such period, the time for performance or cure shall be extended for a period equal to the duration of the Force Majeure event or circumstance described in such notice, except that any such cause shall not excuse the payment of any such sums owed to SCEA prior to, during or after any such Force Majeure condition. In the event that the Force Majeure condition continues for more than sixty (60) days, SCEA may terminate this Agreement for cause by providing written notice to Publisher to such effect.

16.4 **No Agency, Partnership or Joint Venture.** The relationship between SCEA and Publisher, respectively, is that of licensor and licensee. Both parties are independent contractors and are not the legal representative, agent, joint venturer, partner or employee of the other party for any purpose whatsoever. Neither party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other party, whether express or implied, or to bind the other party in any respect whatsoever.

16.5 **Assignment.** SCEA has entered into this Agreement based upon the particular reputation, capabilities and experience of Publisher and its officers, directors and employees. Accordingly, Publisher may not assign this Agreement or any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of SCEA shall first be obtained. This Agreement shall not be assigned in contravention of Section 14.2 (iii). Any attempted or purported assignment, delegation or other such transfer, directly or indirectly, without the required consent of SCEA shall be void. Subject to the foregoing, this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns (other than under the conditions set forth in Section 14.2 (iii)). SCEA shall have the right to assign any and all of its rights and obligations hereunder to any Sony affiliate(s).

16.6 **Subcontractors.** Publisher shall not sell, assign, delegate, subcontract, sublicense or otherwise transfer or encumber all or any portion of the licenses herein granted without the prior written approval of SCEA, provided, however, that Publisher may retain those subcontractors who provide services which do not require access to SCE Materials or SCEA's Confidential Information without such prior approval. Publisher may retain those subcontractor(s) to assist with the development, publication and marketing of Licensed PSP Products (or portions thereof) which have signed (i) an PSP LPA or PSP LDA with SCEA (the "PSP Agreement") in full force and effect throughout the term of such development and marketing; or (ii) an SCEA-approved subcontractor agreement ("Subcontractor Agreement"); and SCEA has approved such subcontractor in writing, which approval shall be in SCEA's sole discretion. Such Subcontractor Agreement shall provide that SCEA is a third-party beneficiary of such Subcontractor Agreement and has the full right to bring any actions against such subcontractors to comply in all respects with the terms and conditions of this Agreement. Publisher shall provide a copy of any such Subcontractor Agreement to SCEA prior to and following execution thereof. Publisher shall not disclose to any subcontractor any of SCEA's Confidential information, including, without limitation, any SCE Materials, unless and until either a PSP Agreement or a Subcontractor Agreement has been executed and approved by SCEA. Notwithstanding any consent which may be granted by SCEA for Publisher to employ any such permitted subcontractor(s), or any such separate agreement(s) that may be entered into by Publisher with any such permitted subcontractor, Publisher shall remain fully liable for its compliance with all of the provisions of this Agreement and for the compliance of any and all permitted subcontractors with the provisions of any agreements entered into by such subcontractors in accordance with this Section. Publisher shall use its best efforts to cause its subcontractors retained in furtherance of this Agreement to comply in all respects with the terms and conditions of this Agreement, and hereby unconditionally guarantees all obligations of its subcontractors. SCEA may subcontract any of its rights or obligations hereunder.

16.7 **Compliance with Applicable Laws.** The parties shall at all times comply with all applicable regulations and orders of their respective countries and other controlling jurisdictions and all conventions and treaties to which their countries are a party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement. Each party, at its own expense, shall negotiate and obtain any approval, license or permit required in the performance of its obligations, and shall declare, record or take such steps to render this Agreement binding, including, without limitation, the recording of this Agreement with any appropriate governmental authorities (if required).

16.8 **Governing Law; Consent to Jurisdiction.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, excluding that body of law related to choice of laws, and of the United States of America. Any action or proceeding brought to enforce the terms of this Agreement or to adjudicate any dispute arising hereunder shall be brought in the Superior Court of the County of San Mateo, State of California or the United States District Court for the Northern District of California. Each of the parties hereby submits itself to the exclusive jurisdiction and venue of such courts for purposes of any such action and agrees that any service of process may be effected by delivery of the summons in the manner provided in the delivery of notices set forth in Section 16.1 above. In addition, each party hereby waives the right to a jury trial in any action or proceeding related to this Agreement.

16.9 **Legal Costs and Expenses.** In the event it is necessary for either party to retain the services of an attorney or attorneys to enforce the terms of this Agreement or to file or defend any action arising out of this Agreement, then the prevailing party in any such action shall be entitled, in addition to any other rights and remedies available to it at law or in equity to recover from the other party its reasonable fees for attorneys and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction. The term “prevailing party for the purposes of this Section shall include a defendant who has by motion, judgment, verdict or dismissal by the court, successfully defended against any claim that has been asserted against it.

16.10 **Remedies.** Unless expressly set forth to the contrary, either party’s election of any remedies provided for in this Agreement shall not be exclusive of any other remedies, and all such remedies shall be deemed to be cumulative. Any breach of Sections 3, 4, 5, 6.1, 11 and 13 of this Agreement would cause significant and irreparable harm to SCEA, the extent of which would be difficult to ascertain. Accordingly, in addition to any other remedies including without limitation equitable relief to which SCEA may be entitled, in the event of a breach by Publisher or any of its employees or permitted subcontractors of any such Sections of this Agreement, SCEA shall be entitled to the immediate issuance without bond of ex parte injunctive relief or, if a bond is required under applicable law, on the posting of a bond in an amount not to exceed [**], enjoining any breach or threatened breach of any or all of such provisions. In addition, if Publisher fails to comply with any of its obligations as set forth herein, SCEA shall be entitled to an accounting and repayment of all forms of compensation, commissions, remuneration or benefits which Publisher directly or indirectly realizes as a result of or arising in connection with any such failure to comply. Such remedy shall be in addition to and not in limitation of any injunctive relief or other remedies to which SCEA may be entitled under this Agreement or otherwise at law or in equity. In addition, Publisher shall indemnify SCEA for all losses, damages, liabilities, costs and expenses (including reasonable attorneys’ fees and all reasonable related costs) which SCEA may sustain or incur as a result of any breach under this Agreement.

16.11 **Severability.** In the event that any provision of this Agreement (or portion thereof) is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision (or portion thereof) shall be enforced to the extent possible consistent with the stated intention of the parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

16.12 **Sections Surviving Expiration or Termination.** The following sections shall survive the expiration or earlier termination of this Agreement for any reason: 4, 5.8, 6.2, 6.4, 8, 9, 10, 11, 13, 14.5, 15, and 16.

16.13 **Waiver.** No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision respecting any future event or circumstance.

This Agreement is entered into on 27 September 2005 by and between

SONY COMPUTER ENTERTAINMENT EUROPE LIMITED
of 30 Golden Square, London W1F 9LD (hereinafter referred to as "SCEE")

and

ACTIVISION UK LIMITED
of Parliament House, St. Laurence way, Slough, Berks, SL1 2BW
(hereinafter referred to as "Publisher")
PUBLISHER AUTHORISATION #: 056

Recitals

- (A) SCEE, its parent company Sony Computer Entertainment Inc., and/or certain of their affiliates and companies within the group of companies of which any of them form part (hereinafter jointly and severally referred to as "Sony") have developed, and are licensing core components of, a computer entertainment system known and hereinafter referred to as "**PlayStation® Portable**" or "**PSP**", and are the owners of, or have the right to grant licences of, certain proprietary information and intellectual property rights pertaining to PSP.
- (B) Publisher desires to be granted a non-exclusive licence, on a product by product basis, to market, distribute and sell Licensed Products (as defined below), and for such Licensed Products and associated materials to be manufactured by an authorised manufacturing facility licensed by SCEE, on the terms and subject to the conditions set forth in this Agreement.
- (C) SCEE is willing, on the terms and subject to the conditions of this Agreement, to grant Publisher the desired non-exclusive licences.

In consideration of the undertakings, representations and warranties given herein, and of other good and valuable consideration the receipt and sufficiency of which is acknowledged, Publisher and SCEE agree as follows:

1. Definitions

- 1.1 "Licensed Products" means the PSP format Software games listed in Schedule 3, and such further PSP format Software games as shall, from time to time, achieve unconditional pass status under SCEE's product assessment process, in unique UMD format software discs and shells.
- 1.2 "Licensed Territory" means the countries specified in Schedule 1.
- 1.3 "Sony Intellectual Property Rights" means all worldwide current and future rights in or in relation to the Licensed Trademarks, any patents, inventions, designs, copyrights, rights in databases, trademarks, service marks, trade names (including any goodwill associated with any trademarks

or names), semi-conductor topography rights, Confidential Information of Sony, rights in technical information and know-how, rights in the nature of unfair competition rights and rights to sue for passing off and all other proprietary or intellectual property rights (and the equivalents of each of the foregoing under the laws of any jurisdiction) of Sony pertaining to Sony Materials and/or PSP (including, without limitation, all registrations, applications to register and rights to apply for registration of the same) for their full term including all renewals and extensions thereof.

- 1.4 “Specifications” means such specifications relating to the content and/or manufacture of Licensed Products, Printed Materials, Advertising Materials and/or related matters or materials as may from time to time be promulgated by Sony, which specifications (and/or procedures relating to the testing or verification of all such materials for conformity to the Specifications and/or relating to the ordering and manufacture of Licensed Products and associated materials) are incorporated into and form part of this Agreement and may be amended from time to time upon reasonable notice to Publisher.
- 1.5 “Licensed Trademarks” means the “PS” family logo and PlayStation Portable and “PSP” logotypes and such other trademarks, service marks, trade dress, logos and other icons or indicia as shall be specified in the Specifications or otherwise designated by SCEE from time to time. SCEE may amend such Licensed Trademarks upon reasonable notice to Publisher.
- Publisher is not authorised to use the PlayStation, PSone, PlayStation 2, “PS2”, playstation.com or psp.com logos and/or logotypes or the PlayStation Shapes devices, other than as expressly permitted by separate agreement. Nothing contained in this Agreement shall in any way grant Publisher the right to use the trademark “Sony” in any manner as (or as part of) a trademark, trade name, service mark or logo or otherwise howsoever.
- 1.6 “Advertising Materials” means all advertising, merchandising, promotional and display materials of or concerning the Licensed Products.
- 1.7 “Printed Materials” means all artwork and mechanicals to be set forth on the Licensed Product itself, and on the box (or other) packaging for the Licensed Product and all instruction manuals, inlays, inserts, stickers and other user information and/or materials to be inserted in or affixed to such box and/or packaging.
- 1.8 “Manufactured Materials” means all units of the Licensed Products, of the Printed Materials to be set forth on the Licensed Products themselves and of the boxes for such Licensed Products (which expression shall include any alternative form of container for Licensed Products subsequently introduced by SCEE).
- 1.9 “Licensed Developer Software” means Licensed Developer’s application source code and data (including audio and visual material) developed by Licensed Developer in accordance with its LDAP which, when integrated with any software (whether in object code or source code form) provided by SCEE, creates PSP format Software.
- 1.10 “Licensed Developer” means Publisher or such other third party as shall have developed Licensed Developer Software and PSP format Software pursuant to a then current LDAP.
- 1.11 “LDAP” means the PSP Licensed Developer Agreement between Licensed Developer of the applicable PSP format Software and SCEE (or an equivalent such agreement between Licensed Developer and an Affiliate of SCEE).
- 1.12 “Article 6” means Article 6 of Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs.

- 1.13 “Affiliate of SCEE” means, as applicable, either Sony Computer Entertainment Inc in Japan, Sony Computer Entertainment America Inc in the USA, Sony Computer Entertainment Korea or such other Sony Computer Entertainment entity as may be established by Sony from time to time.
- 1.14 “PSP format Software” means Publisher’s object code software, which includes Licensed Developer Software and any software (whether in object code or source code form) which is provided by SCEE and intended to be combined with Licensed Developer Software for execution on PSP and has the ability to communicate with the software resident in PSP.
- 1.15 “Sony Materials” means any hardware, data, object code, source code, documentation (or any part(s) of any of the foregoing) and related peripheral items provided to the Licensed Developer of any PSP format Software pursuant to the LDAP applicable for such PSP format Software.
- 1.16 “Confidential Information of Sony” means the content and/or substance of this Agreement (including the Schedules hereto and the Specifications) and any and all confidential and/or proprietary information, documents and related materials of whatever nature (including, without limitation, all information made available to Publisher on www.publisher.scee.net or other Sony websites or otherwise and all processes, hardware, software, inventions, trade secrets, ideas, designs, research, know-how, business methods, production plans and marketing plans) concerning PSP and related products, developed or owned by, licensed to or under the control of Sony and, without limitation, information otherwise related to Sony’s technology, know-how, products, potential products, research projects, trials, promotional advertising and marketing plans, schedules and budgets, licensing terms and pricing, customer lists and details, commercial relationships or negotiations, services, financial models and other business information, whether relating to PSP or otherwise including relating to Sony’s “PlayStation” and “PlayStation 2” predecessor video and computer entertainment system(s), disclosed by whatever means, whether directly or indirectly, by or on behalf of Sony to Publisher at any time, whether disclosed orally, in writing or in machine-readable or other form, or otherwise discovered by Publisher (or any parent company, subsidiary or affiliate of Publisher) as a result of any information or materials provided (whether directly or indirectly) by or on behalf of Sony to Publisher (or any parent company, subsidiary or affiliate of Publisher).
- 1.17 “UMD” means Universal Media Disc, a proprietary disc format developed by or on behalf of Sony.
- 1.18 “Third Party Intellectual Property Rights” means all worldwide current and future rights in or in relation to any patents, inventions, designs, copyrights, rights in databases, trademarks, service marks, trade names (including any goodwill associated with any trademarks or names), semiconductor topography rights, trade secret rights, technical information and know-how, rights in the nature of unfair competition rights and rights to sue for passing off and all other proprietary or intellectual property rights (and the equivalents of each of the foregoing under the laws of any jurisdiction) of any third party other than Publisher or Sony (including, without limitation, all registrations, applications to register and rights to apply for registrations of the same) for their full term including all renewals and extensions thereof.
- 1.19 “Term” means, subject to Clause 2.2, the period from [**] and continuing thereafter unless and until terminated by not less than [**] notice on either side given to expire on such date or any subsequent [**].
- 1.20 “CNDA (PSP)” means the Confidentiality & Non-Disclosure (or similar) Agreement between Publisher and SCEE or an Affiliate of SCEE relating to PSP and to Confidential Information of Sony and/or of Publisher thereunder.
- 1.21 “Confidential Information of Publisher” means any and all confidential and/or proprietary information, documents and related materials of whatever nature (including, without limitation,

all processes, hardware, software, inventions, trade secrets, ideas, designs, research, know-how, business methods, production plans and marketing plans) concerning PSP format Software developed or owned by, licensed to or under the control of Publisher and, without limitation, information otherwise related to Publisher's technology, know-how, products, potential products, research projects, trials, promotional advertising and marketing plans, schedules and budgets, licensing terms and pricing, customer lists and details, commercial relationships or negotiations, services, financial models and other business information, whether relating to PSP format Software or otherwise, disclosed by whatever means, whether directly or indirectly, by or on behalf of Publisher to SCEE at any time, whether disclosed orally, in writing or in machine-readable or other form, or otherwise discovered by SCEE as a result of any information or materials provided (whether directly or indirectly) by or on behalf of Publisher to SCEE, which information is designated by Publisher as, or becomes known to SCEE under circumstances indicating that such information is, confidential or proprietary.

2. Grant of Licence

- 2.1 SCEE hereby grants to Publisher, and Publisher hereby accepts, within the Licensed Territory only and under the Sony Intellectual Property Rights, a non-exclusive non-transferable licence, without the right to sub-license (except as specifically provided herein), to publish Licensed Products in such genres or categories as SCEE shall from time to time designate in the Specifications, and the right and obligation to use the Licensed Trademarks, in the form and manner prescribed in the Specifications, strictly, only and directly in connection with such publication.
- 2.2 For these purposes, to "publish" shall mean any or all of the following: (i) produce Advertising Materials and Printed Materials; (ii) to issue to SCEE purchase orders for Manufactured Materials as prescribed in Clause 6; (iii) to market and advertise Licensed Products; (iv) to distribute and sell Licensed Products (and to authorise others so to do) save that, until [**], such rights shall be limited to the distribution and sale of Licensed Products to trade only; and (iv) from [**], to sub- license to end users the right to use Licensed Products for non-commercial purposes only and not for public performance. Failure to take all measures necessary to ensure that Licensed Products are not made available to consumers prior to [**] will be a material breach of this Agreement not capable of remedy and an infringement of the Licensed Trademarks.

3. Limitations

- 3.1 Publisher shall publish Licensed Products only if based on Licensed Developer Software developed by a Licensed Developer strictly in accordance with all the terms and conditions of such Licensed Developer's LDAP and shall not, subject to Article 6, publish or attempt to publish any other software whatsoever intended for or capable of execution on PSP. The onus of evidencing that each Licensed Product satisfies the foregoing criteria shall rest on Publisher and SCEE reserves the right to require Publisher to furnish evidence satisfactory to SCEE that the foregoing criteria are satisfied.
- 3.2 Publisher shall not publish PSP format Software or Licensed Products outside the Licensed Territory unless and until Publisher shall be authorised and licensed so to do pursuant to a current license agreement with the applicable Affiliate of SCEE. Further, Publisher shall not sub-publish PSP format Software or Licensed Products through a third party either within or outside the Licensed Territory unless and until such sub-publisher shall be authorised and licensed so to do either pursuant to a current PSP Licensed Publisher Agreement with SCEE or a current PSP licence agreement with the applicable Affiliate of SCEE.

- 3.3 The licence granted in this Agreement extends only to the publication, marketing, distribution and sale of Licensed Products in such formats as may be designated by SCEE. Without limiting the generality of the foregoing and except as otherwise provided herein, Publisher and, if applicable, its sub-publishers shall at all times and in all territories be strictly prohibited from undertaking or authorising the distribution or transmission of PSP format Software or Licensed Products through electronic means or any other means now known or hereafter devised, including without limitation, via wireless, cable, fibre optic means, telephone lines, microwave and/or radio waves, or over a network of interconnected computers or other devices. Notwithstanding this limitation, Publisher may (i) authorise the sharing of insubstantial parts of PSP format Software between PSPs (so called “game sharing”) and ad hoc playing of a PSP format Software game between PSPs and, in each case by the use of the wireless features of the PSP and not via the internet or other publicly available network; (ii) undertake or authorise the distribution or transmission of PSP format Software, or user-contributed content for use with PSP format Software, over the internet or other publicly available network, and the playing of PSP format Software games between players via the internet or other publicly available network strictly for non-commercial purposes (so that no rights are granted under this Agreement where Publisher receives any direct or indirect income from such downloads or services including, without limitation, one-off payments, subscriptions, revenue sharing, advertising revenue or a combination of all or any of the same); and (iii) electronically transmit PSP format Software from site to site, or from machine to machine over a computer network, for the sole purpose of facilitating development; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorised interception or retransmission of such transmissions.
- 3.4 Subject only to Article 6, Publisher and, if applicable, its sub-publishers shall at all times be strictly prohibited from disassembling or decompiling software, peeling semiconductor components or otherwise reverse engineering or attempting to reverse engineer or derive source code or create derivative works from PSP format Software, from permitting or encouraging any third party so to do, and from acquiring or using any materials from any third party who does so. Publisher shall in all cases be primarily liable for the payment of Platform Charge to the applicable authorised manufacturing facility licensed by SCEE in accordance with Clause 7 hereof in respect of any product published by Publisher, or, if applicable, any of its sub-publishers, which utilises Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony. The onus of evidencing that any such product is not so published shall rest on Publisher and SCEE reserves the right to require Publisher to furnish evidence satisfactory to SCEE that the applicable of the foregoing criteria are satisfied.
- 3.5 Publisher shall inform all such sub-publishers of the obligations imposed by this Agreement and shall obtain their commitment to abide by the same.
- 3.6 Publisher acknowledges and agrees that; (i) no rights are granted under this Agreement in respect of non-game products or products which contain significant elements of, or are a hybrid with, audio or video profile products for UMDs; (ii) no Licensed Product shall, except as specifically authorised in advance writing by SCEE in each case, incorporate (in whole or in part) more than 1 (one) game product; and (iii) it may publish, market, distribute, sell or otherwise dispose of Licensed Products only on a standalone basis, and may not do the same in conjunction or bundled with any other goods, products or services except as specifically authorised in advance in writing by SCEE in each case.

- 3.7 Any breach of the provisions of this Clause 3 shall be a material breach of this Agreement not capable of remedy.

4. Reservations

- 4.1 This Agreement does not grant any right or licence, under any Sony Intellectual Property Rights or otherwise, except as expressly provided herein, and no other right or licence is to be implied by or inferred from any provision of this Agreement or the conduct of the parties hereunder. Subject only to the rights of Publisher under this Agreement, all right, title and interest in and to the Sony Materials and the Sony Intellectual Property Rights are and shall be the exclusive property of Sony, and Publisher shall not make use of, or do or cause to be done any act or thing contesting or in any way impairing or tending to impair any of Sony's right, title or interest in or to, any of the Sony Materials, Sony Intellectual Property Rights and PSP except as authorised by and in compliance with the provisions of this Agreement or as may otherwise expressly be authorised in writing by Sony; provided however that the foregoing shall not be taken to preclude Publisher from challenging the validity of any Sony Intellectual Property Rights. No right, licence or privilege has been granted to Publisher hereunder concerning the development of any collateral product or other use or purpose of any kind whatsoever which displays or depicts any of the Licensed Trademarks. No promotional or novelty items or premium products (including, by way of illustration but without limitation, T-shirts, posters, stickers, etc) displaying or depicting any of the Licensed Trademarks shall be developed, manufactured, marketed, sold and/or distributed by, with the authority of or on behalf of, Publisher without the prior written consent and authorisation of SCEE in each case.
- 4.2 The Licensed Trademarks and the goodwill associated therewith are and shall be the exclusive property of Sony. Nothing herein shall give Publisher any right, title or interest in or to any of the Licensed Trademarks, other than the non-exclusive licence and privilege to display and use the Licensed Trademarks solely in accordance with the provisions of this Agreement. Publisher shall not do or cause to be done any act or thing contesting or in any way impairing or tending to impair any of Sony's right, title or interest in or to any of the Licensed Trademarks, nor shall Publisher register or apply to register any trademark in its own name or in the name of any other person or entity, or obtain or seek to obtain rights to employ internet domain name(s) or address(es), which is or are similar to or is or are likely to be confused with any of the Licensed Trademarks; provided however that the foregoing shall not be taken to preclude Publisher from challenging the validity of any Licensed Trademarks.
- 4.3 Publisher or Licensed Developer (as applicable) retains all right, title and interest in and to Licensed Developer Software, including Licensed Developer's intellectual property rights therein and any names or other designations used as titles therefor, and nothing in this Agreement shall be construed to restrict the right of Licensed Developer to develop and/or the right of Publisher to publish products incorporating Licensed Developer Software alone (which do not contain or rely on Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony), and/or under such names or other designations, for any hardware platform or service other than PSP.
- 4.4 Subject to the proviso to Clauses 4.1 and 4.2 above, Publisher shall, at the expense of SCEE, take all such steps as SCEE may reasonably require, including the execution of licences and obtaining registrations, to assist SCEE in maintaining the validity and enforceability of Sony Intellectual Property Rights.

- 4.5 Without prejudice to Clause 11, Publisher or SCEE (as applicable) shall promptly and fully notify the other in writing in the event that it discovers or otherwise becomes aware of any actual, threatened or suspected infringement of, or challenge to, any of the intellectual property or trademark rights of the other embodied in any of the Licensed Products, and of any claim of infringement or alleged infringement by the other of any Third Party Intellectual Property Rights, and shall at the request and expense of the other do all such things as may reasonably be required to assist the other in taking or resisting any proceedings in relation to any such infringement or claim.

5. Quality Standards

- 5.1 Each Licensed Product, including without limitation the title and content thereof, and/or Publisher's use of any of the Licensed Trademarks, shall be required to conform to the Specifications. Testing or verification for conformity to the Specifications shall be conducted by SCEE or, at Publisher's election, by an independent external testing service (if and when such service becomes available).
- 5.2 Publisher shall submit for testing for conformity to the Specifications such information and materials relating to the PSP format Software for each Licensed Product as shall be specified in the Specifications. Such Specifications shall be comparable with the specifications applied by Sony with respect to its own PSP format software products. SCEE acknowledges and agrees that such Specifications shall be of prospective application only and shall not be applied to any inventory units of the Licensed Products manufactured prior to, or in the active process of manufacture at the date of, the promulgation thereof by SCEE.
- 5.3 For each Licensed Product, Publisher shall be responsible, at Publisher's expense, for the origination of all Printed Materials, and for the manufacture and delivery to the manufacturer of such Licensed Product of all Printed Materials other than those to be set forth on the Licensed Product itself, all of which Printed Materials shall conform in all material respects to the Specifications. The Specifications referred to above shall be comparable with the specifications applied by Sony with respect to its own PSP format software products. SCEE acknowledges and agrees that such Specifications shall be of prospective application only and shall not be applied to any inventory units of the Licensed Products manufactured prior to, or in the active process of manufacture at the date of, the promulgation thereof. All materials to be submitted pursuant to this Clause 5.3 shall be delivered by such means and in such form as shall be prescribed in the Specifications and at Publisher's sole risk and expense. Publisher undertakes that the quality of such Printed Materials shall be of the same quality as that associated with high quality consumer products.
- 5.4 SCEE (or, where applicable, an independent external testing service as aforesaid) will test or verify for conformity to the Specifications (as the case may be) all materials submitted by Publisher pursuant to Clause 5.2 and Clause 5.3. Where such testing or verification is conducted by SCEE, SCEE shall advise Publisher of the results of such testing or verification within the applicable of the timeframes specified in the Specifications. Where such testing or verification is conducted by such independent external testing service, such service shall advise Publisher of the results of such testing or verification within timeframes agreed between such service and Publisher (and SCEE shall have no responsibility or liability whatsoever arising from a failure by such service to meet such timeframes). If any of such materials (or any element(s) thereof) fail to conform to the Specifications, SCEE (or, where applicable, such independent external testing service) shall specify the reasons for such failure and state what revisions are required. After making the required revisions, Publisher may resubmit such materials in such revised form for re-testing or re-verification by SCEE (or, where applicable, such independent external testing

service). The procedures described in this Clause 5.4 shall if necessary be repeated until all such materials for each Licensed Product shall expressly have been certified as conforming to the Specifications, such certification to be validly given only if in writing and signed by the duly authorised representative(s) of SCEE as specified in the Specifications (or, where applicable, by the duly authorised representative(s) of such independent external testing service). SCEE shall have no liability to Publisher for the accuracy or content (including translations and localisations) of Printed Materials (except only items required to be included in accordance with the Specifications) or in respect of costs incurred or irrevocably committed by Publisher as a result of any failure to conform to Specifications (even where certified for conformity) or in relation to, or to the use of, Printed Materials which shall not have been given a certificate of conformity by SCEE (or, where applicable, by such independent external testing service). No production units of any Licensed Product shall be manufactured, marketed, distributed or sold by, with the authority of or on behalf of, Publisher unless and until such a certificate of conformity of such Licensed Product shall first have been given by SCEE (or, where applicable, by such independent external testing service). No certificate of conformity from SCEE (or, where applicable, from such independent external testing service) of any element of the materials so submitted or resubmitted shall be deemed a certificate of conformity of any other element of such materials, nor shall any such certificate of conformity be deemed to constitute a waiver of any of SCEE's rights under this Agreement.

The generality of the foregoing notwithstanding, in the event that Publisher wishes to contest a finding by SCEE of non- conformity to the Specifications as an alternate to making required revisions and resubmissions as above, or in the event that Publisher wishes to contest the outcome of SCEE's product assessment process in relation to any specific product. Publisher may have recourse to the appeals process specified in the Specifications.

- 5.5 Publisher shall not change in any material respect any of the materials for which a certificate of conformity shall have been given by SCEE (or, where applicable, by an independent external testing service) pursuant to Clause 5.4 (or, if applicable, pursuant to Clause 5.6) (or, alternately, which shall have been held to conform to the Specifications following recourse by Publisher to the appeals process specified in the Specifications). If any of the Licensed Products and/or related materials published by, with the authority of or on behalf of, Publisher fail to conform to the Specifications and the materials for which SCEE (or, where applicable, such independent external testing service) shall from time to time have given a certificate of conformity, then the provisions of Clause 14.2 shall apply.
- 5.6 SCEE reserves the right to require that pre-production samples of all Advertising Materials shall be submitted by Publisher to SCEE or, at Publisher's election, to an independent external testing service (if and when such service becomes available), [**] and in accordance with the procedure specified in the Specifications, for verification for conformity to the Specifications (including specifically, but without limitation, in relation to the usage of any of the Licensed Trademarks), prior to any actual production, use or distribution of any such items by, with the authority or on behalf of, Publisher. No such proposed Advertising Materials shall be produced, used or distributed directly or indirectly by Publisher without first obtaining a certificate of conformity to the Specifications. Where such verification is conducted by SCEE, SCEE shall advise Publisher of the results of such verification within the applicable of the timeframes specified in the Specifications. Where such verification is conducted by such independent external testing service, such service shall advise Publisher of the results of such verification within timeframes agreed between such service and Publisher (and SCEE shall have no responsibility or liability whatsoever arising from a failure by such service to meet such timeframes). If any such Advertising Materials (or any element(s) thereof) fail to conform to the Specifications, SCEE (or, where applicable, such independent external testing service) shall

specify the reasons for such failure and state what revisions are required. After making the required revisions, Publisher may resubmit such materials in such revised form for re-verification by SCEE (or, where applicable, by such independent external testing service). The procedures described in this Clause 5.6 shall if necessary be repeated until all such Advertising Materials for each Licensed Product shall expressly have been certified as conforming to the Specifications, such certification to be validly given only if in writing and signed by the duly authorised representative(s) of SCEE as specified in the Specifications (or, where applicable, by the duly authorised representative(s) of such independent external testing service). SCEE shall have no liability to Publisher in respect of costs incurred or irrevocably committed by Publisher in relation to, or to the use of, Advertising Materials which shall not have been given a certificate of conformity by SCEE (or, where applicable, by such independent external testing service). No certificate of conformity from SCEE (or, where applicable, from such independent external testing service) of any element of Advertising Materials so submitted or resubmitted shall be deemed a certificate of conformity of any other element of such Advertising Materials, nor shall any such certificate of conformity be deemed to constitute a waiver of any of SCEE's rights under this Agreement.

The generality of the foregoing notwithstanding, in the event that Publisher wishes to contest a finding of non-conformity to the Specifications by SCEE, and as an alternate to making required revisions and resubmissions as above, Publisher may have recourse to the appeals process specified in the Specifications.

Subject in each instance to the prior written consent of SCEE, Publisher may use such textual and/or pictorial advertising matter (if any) as may be created by, with the authority or on behalf of, Sony pertaining to the Sony Materials and/or to the Licensed Trademarks on such Advertising Materials as may, in Publisher's judgement, promote the sale of Licensed Products within the Licensed Territory. Sony shall have the right to use Licensed Products and/or other materials relating to Publisher's PSP format Software games in any advertising or promotion for PSP at Sony's expense, subject to giving Publisher reasonable prior notice of such advertisement or promotion. Sony shall confer with Publisher regarding the text of any such advertisement.

- 5.7 No Licensed Product may be published in any country of the Licensed Territory unless the Licensed Product itself and associated Printed Materials bear a consumer advisory age rating either: (i) as required by local law; or (ii) where no such local law obtains, as prescribed under the Pan European Games Information age rating system ("PEGI") promulgated by the Interactive Software Federation of Europe. Each such rating shall be displayed as prescribed by local law or under PEGI as the case may be. Publisher shall also conform to local law or to the requirements of PEGI as the case may be in relation to the display of consumer advisory age ratings in Advertising Materials. No Licensed Product, nor any Printed Materials or Advertising Materials, may bear more than one consumer advisory age rating.

6. Manufacture of Licensed Products & Associated Materials

- 6.1 Subject only to Article 6, Publisher acknowledges and agrees that it shall purchase Manufactured Materials only from an authorised manufacturing facility licensed by SCEE. SCEE shall have the right, but no obligation, to subcontract the whole or any part or phase of the production of any or all of the Manufactured Materials or any part(s) thereof.
- 6.2 Promptly following the giving by SCEE (or, where applicable, by an independent external testing service as aforesaid) of a certificate of conformity to the Specifications (or, alternately, a holding of conformity to the Specifications following recourse by Publisher to the appeals process specified in the Specifications) for each Licensed Product pursuant to Clause 5.4, SCEE shall

create (from one of the copies of the finally tested version of the PSP format Software as submitted by Publisher pursuant to Clause 5.2) an encrypted copy of such PSP format Software for transmission to the authorised manufacturing facility licensed by SCEE for the creation of the master UMD Disc ("Master UMD Disc") from which all other copies of the Licensed Product are to be replicated in compliance with the Specifications effective at the time of replication. Where such certificate of conformity shall have been given by such an independent external testing service, then the copy of the finally tested version of the PSP format Software as submitted by Publisher pursuant to Clause 5.2 from which the Master UMD Disc is to be created shall be furnished to SCEE by such service. Publisher will retain duplicates of all such PSP format Software. SCEE shall not be liable for loss of or damage to any copies of the PSP format Software furnished to SCEE hereunder. There will be no technology exchange between Sony and Publisher under this Agreement. The encryption and mastering process being of a proprietary and commercially confidential nature, neither SCEE nor any manufacturing subcontractor of SCEE will under any circumstances release any Master UMD Discs or other in-process materials to Publisher. All such physical materials shall be and remain the sole property of Sony.

- 6.3 Publisher shall be solely responsible for the delivery, direct to an authorised manufacturing facility licensed by SCEE and in accordance with Clause 6.4, of [**] of the number of sets of the Printed Materials (other than those set forth on the applicable Licensed Product itself) required to fulfil Publisher's purchase order for Manufactured Materials of each PSP format Software game, which Printed Materials shall be in strict compliance with the Specifications. SCEE shall, at Publisher's request, give Publisher all reasonable assistance in arranging the manufacture of Printed Materials to be used in conjunction with Licensed Products not manufactured in reliance on Article 6 through SCEE's authorised manufacturing facility (if a Sony company), but SCEE shall have no responsibility with respect to pricing, delivery or any other related matter whatsoever in connection with such manufacture.
- 6.4 Subject to the giving by SCEE of a certificate of conformity to the Specifications (or, alternately, a holding of conformity following recourse by Publisher to the appeals process specified in the Specifications) for the applicable PSP format Software and Printed Materials pursuant to Clause 5, and to the delivery to an authorised manufacturing facility licensed by SCEE of the materials to be delivered under Clause 6.3, the applicable authorised manufacturing facility licensed by SCEE will, [**] and as applicable, manufacture, assemble, package and deliver the Manufactured Materials and the Printed Materials in accordance with the terms and conditions set forth in this Clause 6 and such other conditions as Publisher and the applicable authorised manufacturing facility may agree. The delivery of the materials specified in Clause 6.3 shall be made in accordance with the timetable for such delivery specified in the Specifications.
- 6.5 Publisher shall issue to the applicable authorised manufacturing facility licensed by SCEE purchase order(s) via SCEE's Electronic Order System (or otherwise as specified by SCEE from time to time) in accordance with, and in compliance with the timetable specified in, the Specifications. No such order shall be issued unless and until all necessary certificates of conformity shall have been given (or, alternately, there shall have been a holding of conformity following recourse by Publisher to the appeals process specified in the Specifications) pursuant to Clause 5. Each such order shall reference Publisher authorisation number and purchase order reference number, specify quantities of Licensed Products by title by pack sku (in multiples of the minimum box shipment advised from time to time by the authorised manufacturing facility licensed by SCEE), state requested ex-factory delivery date and all packaging information together with such other information as SCEE shall reasonably require and shall be for not less than the applicable minimum order quantity as specified from time to time by SCEE or the

applicable authorised manufacturing facility licensed by SCEE. All such purchase orders shall be subject to acceptance by the applicable authorised manufacturing facility licensed by SCEE (and approval by SCEE), which acceptance will be advised to Publisher not more than [**] following delivery in accordance with Clause 6.4 of the materials required to be delivered under Clauses 6.2 and 6.3. The applicable authorised manufacturing facility shall use all reasonable endeavours, subject to available manufacturing capacity, to fulfil Publisher's purchase orders by Publisher's requested ex-factory delivery date but does not in any event guarantee so to do. Publisher shall have no right to cancel or reschedule any purchase order or reorder (or any portion thereof) for any Licensed Product unless the parties shall first have reached mutual agreement as to Publisher's financial liability with respect to any desired cancellation or rescheduling of any such purchase order or reorder (or any portion thereof).

- 6.6 Subject only to the provisions of Clause 6.3 in relation to Printed Materials, neither SCEE nor any authorised manufacturing facility licensed by SCEE shall be under any obligation to store finished units of Manufactured Materials or of associated Printed Materials beyond the actual ex-factory delivery date thereof. Delivery of Manufactured Materials shall be made ex- factory the applicable authorised manufacturing facility licensed by SCEE in the Licensed Territory. All risk of loss or damage in transit to any and all Manufactured Materials manufactured pursuant to Publisher's orders shall pass to Publisher forthwith upon first handling by Publisher's carrier.
- 6.7 Publisher must advise the applicable authorised manufacturing facility in writing where any finished units of such Manufactured Materials fail to conform to the Specifications and/or any description(s) contained in this Agreement. Publisher and the applicable authorised manufacturing facility shall agree the terms, if any, for any rejection, rectification or remedy with respect to such units.
- 6.8 In no circumstances shall SCEE or its authorised manufacturing facility treat any of Publisher's Licensed Products in any way more or less favourably, in terms of production turnaround times or otherwise, than the Licensed Products of any other Licensed Publisher of SCEE or than PSP format software games published by SCEE itself.

7. Platform Charge

- 7.1 The all-in Platform Charge for finished units of Manufactured Materials in respect of which the applicable authorised manufacturing facility licensed by SCEE accepts Publisher's purchase order in accordance with Clause 6.5 shall be as specified in Schedule 2 (but subject to adjustment as therein provided) and shall be paid to the applicable authorised manufacturing facility licensed by SCEE. The all-in Platform Charge reflects monies due to SCEE in respect of each unit manufactured and the raw materials costs and production services provided by the applicable manufacturing facility licensed by SCEE for each such unit. Such Platform Charge shall be subject to change by SCEE at any time upon reasonable notice to Publisher and SCEE shall advise Publisher of such changes; provided, however, that such Platform Charge shall not be changed with respect to any units of Manufactured Materials which are the subject of an effective purchase order or reorder but which have not yet been delivered by the applicable authorised manufacturing facility licensed by SCEE. Such Platform Charge for finished units of Manufactured Materials is exclusive of any value-added or similar sales tax, customs and excise duties and other similar taxes or duties, which the applicable authorised manufacturing facility licensed by SCEE may be required to collect or pay as a consequence of the sale or delivery of finished units of Manufactured Materials. Publisher shall be solely responsible for the payment or reimbursement of any such taxes or duties, and other such charges or assessments applicable to the sale and/or purchase of finished units of Manufactured Materials.

The Platform Charge for products developed utilising Sony Materials and/or Sony Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC, Confidential Information of Sony, but manufactured in reliance on Article 6, shall be the otherwise applicable Platform Charge less only such sum as represents from time to time the costs of raw materials and for production services (including for utilisation of Sony's proprietary Disc Mastering technology) for the products concerned which would otherwise have been deducted from SCEE's receipts from its authorised manufacturing facility ("the Article 6 Platform Charge"). If Publisher has products so manufactured in reliance on Article 6, then Publisher shall furnish SCEE, within [**]: (i) a written reporting of the number of inventory units (by product title) of products so manufactured during such [**]; (ii) an external auditor's certificate (or similar independent certificate reasonably acceptable to SCEE) confirming the completeness and accuracy of such reporting; (iii) Publisher's remittance for the Article 6 Platform Charge multiplied by the number of inventory units reflected in such reporting. Any failure fully and promptly to comply with the foregoing reporting and payment obligations shall constitute a breach of this Agreement not capable of remedy, entitling SCEE forthwith to terminate the Term pursuant to Clause 13.1(i); and upon termination by SCEE for such cause, the provisions of Clause 14.2 shall come into effect.

SCEE shall upon reasonable written request provide Publisher with details of the aforementioned costs of raw materials and production services if Publisher has legitimately exercised its rights under Article 6 or genuinely intends to exercise and rely upon such rights. However, SCEE reserves the right to require Publisher to execute a separate Non-Disclosure Agreement before making such information available.

- 7.2 No costs incurred in the development, manufacture, marketing, sale and/or distribution of Licensed Products and/or associated materials shall be deducted from any Platform Charge payable to the applicable authorised manufacturing facility licensed by SCEE hereunder. Similarly, there shall be no deduction from the Platform Charge otherwise payable to the applicable authorised manufacturing facility licensed by SCEE hereunder as a result of any uncollectable accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third party customer in respect of any units of Licensed Products and/or associated materials, or for any taxes, fees, assessments, or expenses of any kind which may be incurred by Publisher in connection with its sale and/or distribution of any units of Licensed Products and/or associated materials, and/or arising with respect to the payment of Platform Charge hereunder. Publisher shall furnish to the applicable authorised manufacturing facility licensed by SCEE official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate the fact of the deduction of any withholding taxes and/or other such assessments which may be imposed by any governmental authority with respect to such payments of Platform Charge hereunder and the amount of each such deduction.
- 7.3 Publisher shall effect payment for the Platform Charge specified in Clause 7.1 for the finished units of Manufactured Materials the subject matter of each purchase order issued pursuant to Clause 6.5 in accordance with the Specifications. SCEE hereby confirms that in respect of each purchase order, the applicable authorised manufacturing facility licensed by SCEE is entitled to collect on behalf of SCEE the proportion of the Platform Charge due to SCEE after deduction of the cost of raw materials and production services in respect of Manufactured Materials. Each delivery of Manufactured Materials to Publisher shall constitute a separate sale obligating Publisher to pay therefor, whether said delivery be whole or partial fulfilment of any order. No claim for credit due to shortage of Manufactured Materials as delivered to carrier will be allowed unless it is made within [**] from the date of receipt at Publisher's receiving

destination. Title to Manufactured Materials the subject of each such purchase order shall pass to Publisher only upon payment in full of the Platform Charge due in respect thereof. The receipt and deposit by SCEE of monies in accordance with this Agreement shall be without prejudice to any rights or remedies of SCEE and shall not restrict or prevent SCEE from thereafter successfully challenging the basis for calculation and/or the accuracy of such payment. SCEE reserves the right, upon reasonable notice to Publisher, to require that such payments due to SCEE shall be made to such other Sony entity as SCEE may designate from time to time.

- 7.4 SCEE may, subject to reasonable prior notice to Publisher vary the payment process set out in this Clause 7, including but not limited to changing the recipient of the Platform Charge in respect of Manufactured Materials.

8. Marketing & Distribution

Publisher shall, [**], diligently market, distribute and sell Licensed Products throughout (but only in) the Licensed Territory, and shall use all reasonable efforts consistent with its best business judgement to stimulate demand therefore in the Licensed Territory and to supply any resulting demand. Publisher shall not market, distribute or sell Licensed Products outside the Licensed Territory or to any person, firm, corporation or entity having its place of business, or to any purchasing agency located, outside the Licensed Territory.

Publisher shall use all reasonable efforts consistent with its best business judgement to protect Licensed Products from and against illegal reproduction and/or copying by end users or by any other persons or entities. Such methods of protection may include, without limitation, markings or insignia providing identification of authenticity and packaging seals as may be specified in the Specifications. SCEE shall be entitled, at SCEE's sole cost and expense, to manufacture or have manufactured up to [**] additional units of Manufactured Materials (or such greater number of additional units as shall be agreed by Publisher, such agreement not unreasonably to be withheld or delayed) for each PSP format Software game (and to purchase from Publisher, at a price equal to the actual cost thereof to Publisher, a corresponding number of units of Printed Materials for each such PSP format Software game), for the purposes of or in connection with the marketing and promotion of PSP; provided however that SCEE shall not directly or indirectly resell any such units of Manufactured Materials (and, if applicable, of Printed Materials) within the Licensed Territory without Publisher's prior written consent. Further, SCEE shall be entitled to utilise Publisher's name and/or logo and the audio-visual content of, and/or the Printed Materials for, PSP format Software games (not to exclude the likenesses of any recognisable talent) for the purposes of or in connection with such marketing and promotion.

9. Confidentiality

- 9.1 All the terms and provisions of the CNDA(PSP) shall apply to Confidential Information of Sony and, if and to the extent applicable, Confidential Information of Publisher.
- 9.2 Where Confidential Information of Publisher is not protected by the CNDA(PSP), SCEE shall hold the same in confidence and shall take all reasonable steps necessary to preserve such confidentiality. Except as may expressly be authorised by Publisher, SCEE shall not at any time, directly or indirectly: (i) disclose any Confidential Information of Publisher to any person other than a Sony employee who needs to know or have access to such information for the purposes of this Agreement, and only to the extent necessary for such purposes; (ii) except for the purposes of this Agreement, duplicate or use the Confidential Information of Publisher for any other purpose whatsoever; or (iii) remove any copyright notice, trademark notice and/or other proprietary legend set forth on or contained within any of the Confidential Information of Publisher.
- 9.3 The provisions of Clause 9.2 hereof shall not apply to any Confidential Information of Publisher which: (i) has become part of information in the public domain through no fault of SCEE; (ii) was

known to SCEE prior to the disclosure thereof by Publisher; (iii) properly comes into the possession of SCEE from a third party which is not under any obligation to maintain the confidentiality of such information. SCEE may disclose Confidential Information of Publisher pursuant to a judicial or governmental order provided that SCEE promptly advises Publisher in writing prior to any such disclosure so that Publisher may seek other legal remedies to maintain the confidentiality of such Confidential Information of Publisher, and SCEE shall comply with any applicable protective order or equivalent.

- 9.4 Unless and until a public announcement regarding this Agreement shall have been made by Sony (or SCEE shall otherwise have agreed in writing), the fact that the parties have entered into this Agreement shall be Confidential Information of Sony and shall be treated in all respects accordingly. The content of, and the timing and method of the making of, any such public announcement shall be determined by SCEE in its best business judgement. However, SCEE will give reasonable consideration to any notice from Publisher requesting that no such public announcement be made at or prior to a particular time or at all.

10. Warranties

- 10.1 SCEE represents and warrants solely for the benefit of Publisher that SCEE has the right, power and authority to enter into, and fully to perform its obligations under, this Agreement.
- 10.2 SCEE warrants that units of the UMDs comprising Licensed Products manufactured by the authorised manufacturing facility licensed by SCEE for Publisher pursuant to Clause 6 hereof shall be free from defects in materials and workmanship under normal use and service at time of delivery in accordance with Clause 6.6. The sole obligation of SCEE under this warranty shall be, for a period of [**] from the date of delivery of such UMDs in accordance with Clause 6.6, at SCEE's election, either (i) to replace such defective UMDs or (ii) to issue credit for, or to refund to Publisher the Platform Charge of such defective UMDs and to reimburse Publisher its reasonable return shipping costs. Such warranty is the only warranty applicable to Licensed Products manufactured by the authorised manufacturing facility licensed by SCEE for Publisher pursuant to Clause 6. This warranty shall not apply to damage resulting from accident, fair wear and tear, wilful damage, alteration, negligence, abnormal conditions of use, failure to follow directions for use (whether given in instruction manuals or otherwise howsoever) or misuse of Licensed Products, or to UMDs comprising less than [**] in the aggregate of the total number of Licensed Products manufactured by the authorised manufacturing facility licensed by SCEE for Publisher per purchase order of any PSP format Software game. If, during such [**] period, defects appear as aforesaid, Publisher shall notify SCEE and, upon request by SCEE (but not otherwise), return such defective UMDs, with a written description of the defect claimed, to such location as SCEE shall designate, SCEE shall not accept for replacement, credit or refund as aforesaid any Licensed Products except factory defective UMDs (i.e. UMDs that are not free from defects in materials and workmanship under normal use and service). All returns of defective UMDs shall be subject to prior written authorisation by SCEE, not unreasonably to be withheld. If no defect exists or the defect is not such as to be covered under the above warranty, Publisher shall reimburse SCEE for expenses incurred in processing and analysing the UMDs.
- 10.3 Publisher represents, warrants, covenants and agrees that: (i) Publisher has the right, power and authority to enter into, and fully to perform its obligations under, this Agreement; (ii) the making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person, firm, corporation or entity, and, throughout the Term, Publisher shall not make any separate agreement with any person or entity which is inconsistent with any of the provisions hereof; (iii) both Licensed Developer Software and, to the

extent not comprised of any software provided by SCEE, PSP format Software, and any name, designation or title used in conjunction therewith, shall be free from any valid third party claim of infringement of any Third Party Intellectual Property Rights; (iv) there is no litigation, proceeding or claim pending or threatened against Publisher or any subsidiary or affiliate of Publisher which may materially affect Publisher's rights in and to Licensed Developer Software, the names, designations or titles used in conjunction therewith, the works and performances embodied therein and/or the copyrights pertaining thereto;

(v) Publisher shall have made or shall make any and all payments required to be made to any person, firm, corporation or other entity, or to any body or group representing authors or participants in the production of the works or performances embodied in Licensed Developer Software and PSP format Software, or to publishers or other persons having legal or contractual rights of any kind to participate in any income arising in respect of the exploitation of such works or performances; (vi) neither Publisher nor any subsidiary or affiliate of Publisher shall make any representation or give any warranty to any person or entity expressly or impliedly on Sony's behalf, or to the effect that Licensed Products are connected in any way with Sony (other than that Licensed Products have been developed, marketed, manufactured, sold and/or distributed under licence from Sony); (vii) each Licensed Product shall be marketed, sold and distributed in an ethical manner and in accordance with all applicable laws and regulations; and (viii) Publisher's policies and practices with respect to the marketing, sale and/or distribution of Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of Sony.

- 10.4 Further, Publisher represents, warrants, covenants and agrees that neither Publisher nor any parent company, subsidiary or affiliate of Publisher shall during the Term, whether for itself or for the benefit of any other person, firm, corporation or entity, whether by itself or by its officers, employees or agents, directly or indirectly, induce or seek to induce, on an individually targeted basis, the employment of, or the engagement of the services of, any Relevant Employee. For these purposes "Relevant Employee" shall mean and include any employee of SCEE or of any subsidiary of SCEE (or any of their subsidiaries or branch offices outside the United Kingdom), the services of which employee are (a) specifically engaged in product development (or directly related) functions or (b) otherwise reasonably deemed by his/her employer to be of material importance to the protection of its legitimate business interests, and with which employee Publisher (or any parent company, subsidiary or affiliate of Publisher) shall have had contact or dealings during the Term. The foregoing provisions shall continue to apply for a period of [**] following expiry or earlier termination of the Term and are hereby deemed substituted for any corresponding provisions in any agreement(s) previously entered into between the parties hereto in relation to PSP and/or to Sony's "PlayStation 2" predecessor computer entertainment system.

11. Indemnities

- 11.1 SCEE shall indemnify and hold Publisher harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with a breach of any of the warranties provided by SCEE herein; provided however that Publisher shall give prompt written notice to SCEE of the assertion of any such claim, and provided further that SCEE shall have the right to select counsel and control the defence and/or settlement thereof, subject to the right of Publisher to participate in any such action or proceeding at its own expense with counsel of its own choosing. SCEE shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to such matters as shall be deemed appropriate by SCEE. Publisher shall provide SCEE, at no expense to Publisher, reasonable assistance and co-operation concerning any such matter. Publisher shall not agree to the compromise, settlement or abandonment of any such claim, action or proceeding without SCEE's prior written consent.

- 11.2 Publisher shall indemnify and hold SCEE harmless from and against any and all claims, losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, and including costs incurred in the settlement or avoidance of any such claim, which result from or are in connection with (i) a breach of any of the warranties provided by Publisher herein or any breach of Publisher's confidentiality obligations as referred to in Clause 9.1 hereof, or (ii) any claim of infringement or alleged infringement of any Third Party Intellectual Property Rights with respect to Licensed Developer Software, or (iii) any claim of or in connection with any injury (including death) or property damage, by whomsoever such claim is made, arising (in whole or in part) out of the manufacture, sale and/or use of any of the Manufactured Materials unless resulting from the proven negligence of Sony; provided however that SCEE shall give prompt written notice to Publisher of the assertion of any such claim, and provided further that Publisher shall have the right to select counsel and control the defence and/or settlement thereof, subject to the right of SCEE to participate in any such action or proceeding at its own expense with counsel of its own choosing. Publisher shall have the exclusive right, at its discretion, to commence and/or prosecute at its own expense any lawsuit or to take such other action with respect to such matter as shall be deemed appropriate by Publisher. SCEE shall provide Publisher, at no expense to SCEE, reasonable assistance and co-operation concerning any such matter. SCEE shall not agree to the compromise, settlement or abandonment of any such claim, action or proceeding without Publisher's prior written consent.

12. Limitations of Liability

- 12.1 In no event shall Sony or its suppliers be liable for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damage is direct, indirect special, incidental or consequential) arising out of or in connection with this Agreement or any collateral contract (including without limitation the breach of this Agreement by SCEE), whether known, foreseen or foreseeable and whether under theory of contract, tort (including negligence), indemnity, product liability or otherwise.
- 12.2 In no event shall Sony or its suppliers be liable for any indirect, special, incidental or consequential loss or damage of any kind arising out of or in connection with this Agreement or any collateral contract (including without limitation the breach of this Agreement by SCEE), whether known, foreseen or foreseeable and whether under theory of contract, tort (including negligence), indemnity, product liability or otherwise.
- 12.3 Publisher acknowledges and agrees that no representations were made prior to the entering into of this Agreement and that, in entering into this Agreement, it does not rely on any statement, representation, warranty or understanding (whether negligently or innocently made) of any person (whether party to this Agreement or not) other than as expressly set out in this Agreement. Publisher shall have no remedy in respect of any representation (whether written or oral) made to it upon which it relied in entering into this Agreement and Sony shall have no liability to Publisher other than pursuant to the express terms of this Agreement.
- 12.4 Except as expressly set forth herein, no Sony entity, nor any of their respective directors, officers, employees or agents, shall bear any risk, or have any responsibility or liability, of any kind to Publisher or to any third parties with respect to the functionality and/or performance of Licensed Products.

- 12.5 In no event shall Sony's liability arising under or in connection with this Agreement, or any collateral contract, exceed [**] within the [**] to the date of the first occurrence of the event or circumstances giving rise to such liability.
- 12.6 In no event shall Publisher be liable to SCEE for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damage is direct, indirect, special, incidental or consequential) arising out of or in connection with this Agreement or any collateral contract (including without limitation the breach of this Agreement by Publisher), whether known, foreseen or foreseeable and whether under theory of contract, tort (including negligence), indemnity, product liability or otherwise, provided that Publisher expressly agrees that such limitations shall not apply to damages resulting from Publisher's breach of Clauses 2, 3, 4, 7, 9 or 11.2 of this Agreement.
- 12.7 [**]
- 12.8 Nothing in this Agreement shall exclude or limit Sony's liability in relation to claims arising from deceit, the injury or death of any person resulting from the proven negligence of Sony or any other liability which may not be excluded or limited by applicable law.

13. Termination by SCEE

- 13.1 SCEE shall have the right forthwith to terminate this Agreement by written notice to Publisher at any time after the occurrence of any of the following events or circumstances: (i) any material breach of Publisher's obligations under this Agreement or the CNDA(PSP) (or, if Publisher shall also have executed a PlayStation Non-Disclosure Agreement and/or PlayStation 2 Confidentiality & Non-Disclosure Agreement which shall have been breached by Publisher, or a PlayStation Licensed Developer Agreement, a PlayStation Licensed Publisher Agreement, a PlayStation 2 Tools & Materials Loan Agreement, a PlayStation 2 Licensed Developer Agreement, a PlayStation 2 Licensed Publisher Agreement, a PSP Tools & Materials Loan Agreement, and/or a PSP Licensed Developer Agreement with SCEE, or a PlayStation, PlayStation 2 or PSP non-disclosure, licensed developer, development system or licensed publisher agreement (or equivalent) with an Affiliate of SCEE, which shall have been terminated for breach by SCEE or by such party) which breach, if capable of remedy, shall not have been corrected or cured in full within [**] following notice from SCEE specifying and requiring the correction or cure of such breach, or any repetition of a prior material breach of any such obligation, whether or not capable of remedy; (ii) any refusal or failure by Publisher to effect payment of Platform Charge, promptly in accordance with Clauses 7.1 or 7.3 or at all, or a statement that Publisher is or will be unable to pay, any sum(s) due hereunder, or Publisher being unable to pay its debts generally as the same fall due; (iii) Publisher's filing of an application for, or consenting to or directing the appointment of, or the taking of possession by, a receiver, administrator, custodian, trustee or liquidator (or the equivalent of any of the foregoing under the laws of any jurisdiction) of any of Publisher's property (whether tangible or intangible and wherever located), assets and/or

undertaking; (iv) the making by Publisher of a general assignment for the benefit of creditors; (v) an adjudication in any jurisdiction that Publisher is a bankrupt or insolvent; (vi) the commencing by Publisher of, or Publisher's intention to commence, a voluntary case under applicable bankruptcy laws of any jurisdiction; (vii) the filing by Publisher of, or Publisher's intention to file, a petition seeking to take advantage of any other law(s) of any jurisdiction providing for the relief of debtors; (viii) Publisher's acquiescence in, intention to acquiesce in, or failure to have dismissed within [**] any petition filed against it in any involuntary case brought pursuant to the bankruptcy or other law(s) of any jurisdiction referred to in (vi) and (vii) above; (ix) a controlling partnership or equity interest [or any such interest (other than an acquisition of less than [**], in the case of a transfer to any party which (a) shall previously have executed a PlayStation Non-Disclosure Agreement, a PlayStation 2 Confidentiality & Non-Disclosure Agreement or a PSP Confidentiality & Non-Disclosure Agreement which shall have been breached by such party, or a PlayStation Licensed Developer Agreement, a PlayStation Licensed Publisher Agreement, a PlayStation 2 Tools and Materials Loan Agreement, a PlayStation 2 Licensed Developer Agreement, a PlayStation 2 Licensed Publisher Agreement, a PSP Tools & Materials Loan Agreement, a PSP Licensed Developer Agreement or a PSP Licensed Publisher Agreement, or a PlayStation, PlayStation 2 or PSP non-disclosure, licensed developer, development system or licensed publisher agreement (or equivalent) with an Affiliate of SCEE, which shall have been terminated for breach by SCEE or by such party, or (b) is, or which directly or indirectly holds or acquires a partnership or equity interest in, the developer of (or other owner of intellectual property rights in) any interactive hardware device or product which is or will be directly or indirectly competitive with PSP, or (c) is in litigation with Sony concerning any proprietary technology, trade secrets and/or intellectual property matter(s) and/or has challenged the validity of any Sony Intellectual Property Rights] in Publisher or in all or substantially all of Publisher's property (whether tangible or intangible), assets and/or undertaking, being acquired, directly or indirectly, by any person, firm, corporation or other entity; (x) Publisher enters into any third party business relationship pursuant to which Publisher makes a material contribution to the development of the core components of any interactive hardware device or product which is or will be directly or indirectly competitive with PSP, or if Publisher directly or indirectly holds or acquires a partnership or equity interest (other than a holding or acquisition of less than [**] in, or otherwise forms a strategic commercial relationship with, any third party firm, corporation or other entity which has developed or during the Term develops (or which owns or during the Term acquires ownership of intellectual property rights in) any such device or product; (xi) Publisher failing to submit materials relating to any new PSP format Software in accordance with Clause 5.2, and/or failing to issue any purchase orders for Manufactured Materials in accordance with Clause 6.5, during any period of [**]; (xii) Publisher (or any parent company, subsidiary or affiliate of Publisher) being in litigation with Sony concerning any proprietary technology, trade secrets and/or intellectual property matter(s) and/or challenging the validity of any Sony Intellectual Property Rights; or (xiii) Publisher or any of its officers or employees engaging in so-called "hacking" of any PSP format software or in activities which facilitate the same by any third party. As used in this Clause 13.1, "controlling interest" means (i) in relation to a body corporate, the power of the holder of such interest to secure - (a) by means of the holding of shares or the possession of voting power in, or in relation to, that or any other body corporate or (b) by virtue of any powers conferred by the Articles of Association or other document regulating that or any other body corporate - that the affairs of such body corporate be conducted in accordance with the wishes of the holder of such interest, and (ii) in relation to a partnership, the right to a share of more than [**]

Forthwith upon such occurrence, Publisher shall notify SCEE of the occurrence of any of the events or circumstances specified in (ii) to (x) or (xiii) above; and Publisher's failure so to do shall be a material breach of this Agreement not capable of remedy. In the event of termination by SCEE pursuant to Clause 13.1 (xiii) SCEE shall have the right also to terminate any prior PlayStation agreements between SCEE and Publisher.

- 13.2 Further, SCEE shall have the right by written notice to Publisher forthwith to terminate the licences and related rights herein granted to Publisher in relation to any PSP format Software at any time after the occurrence of any of the following events: (i) any failure by Publisher to submit to SCEE the materials required to be submitted under Clauses 5.2 and 5.3 (or, if applicable, under Clause 5.6) in the form and manner and in conformity with the standards and specifications therein prescribed; and (ii) any failure by Publisher promptly to notify SCEE in writing of any material change to any of the materials approved by SCEE pursuant to Clause 5.4 (or, if applicable, pursuant to Clause 5.6); provided however that SCEE shall not be entitled to exercise such right of termination if Publisher's failure under (i) above is directly caused by SCEE's failure to comply with any of its material obligations expressly set forth herein.

14. Effect of Expiration or Termination

- 14.1 Notwithstanding the giving of notice to terminate the Term pursuant to Clause 1.19, Publisher shall be entitled to continue to publish Licensed Products comprising PSP format Software games the development of which shall have been approved prior to or during the Term hereof by SCEE (or by an Affiliate of SCEE) pursuant to the applicable LDAP, and to use the Licensed Trademarks strictly, only and directly in connection with such publication, until the expiration of the Term or, if later, until [**]. Upon expiration of the Term or, if applicable, such extended period for publishing Licensed Products, Publisher may sell off existing inventories of Licensed Products relating to the applicable PSP format Software games, on a non-exclusive basis, for a period of [**]; provided always that such inventory thereof shall not have been manufactured solely or principally for sale within such sell-off period.
- 14.2 However, upon the exercising by SCEE of its right of termination, either of this Agreement pursuant to Clauses 13.1(i) to (viii), (xii) or (xiii) or in relation to any PSP format Software pursuant to Clause 13.2, all rights, licences and privileges licensed or otherwise granted to Publisher hereunder, either generally or in relation to such PSP format Software (as applicable), shall forthwith and without further formality revert absolutely to SCEE and Publisher shall forthwith cease and desist from any further use of the Sony Materials, any Sony Intellectual Property Rights related thereto and the Licensed Trademarks, and, subject to Clause 14.3, shall have no further right to continue the marketing, sale and/or distribution of any units of Licensed Product or of any units of Licensed Product derived from such PSP format Software (as applicable).
- 14.3 In the event of termination by SCEE pursuant to Clause 13.1(ix), (x) or (xi) or by Publisher pursuant to Clause 25, Publisher may sell off then unsold units of Licensed Product(s), for a period of [**]; provided always that such inventory thereof shall not have been manufactured solely or principally for sale within such sell-off period. Subsequent to the expiry of such [**] sell-off period, or in the event of termination by SCEE pursuant to Clauses 13.1(i) to (viii), (xii) or (xiii) or Clause 13.2, any and all units of Licensed Products or the applicable Licensed Products (as the case may be) remaining in Publisher's inventory and/or under its control shall be destroyed by Publisher within [**] following such expiry or effective date of

termination. Within [**], Publisher shall furnish SCEE an itemised statement, certified accurate by a duly authorised officer, partner or other representative (as applicable) of Publisher, specifying the number of then unsold units of Licensed Product(s) to which such termination applies, on a PSP format Software game-by-game basis, which remain in its inventory and/or under its control at such date, confirming the number of units of Licensed Products destroyed, on a PSP format Software game-by- game basis, and indicating the location and date of such destruction and the disposition of the remains of such destroyed materials. SCEE shall be entitled to conduct a physical inspection of Publisher's inventory during normal business hours in order to ascertain or verify such inventory and/or statement.

- 14.4 Upon termination of the Term by SCEE pursuant to Clause 13.1, Publisher shall forthwith deliver up to SCEE (or, if so requested by SCEE in writing, destroy and promptly furnish SCEE a certificate of such destruction signed by a duly authorised officer, partner or other representative (as applicable) of Publisher) all Sony Materials, and any Confidential Information of Sony of which Publisher shall have become apprised and which has been reduced to tangible or written form, and any and all copies thereof then in the possession, custody or control of Publisher.
- 14.5 SCEE shall be under no obligation to renew or extend this Agreement notwithstanding any actions taken by either of the parties prior to its expiration or earlier termination. In the event of termination pursuant to Clauses 13.1 or 13.2, no part of any payment(s) whatsoever theretofore made to SCEE hereunder (or, if Publisher shall also have executed a LDAP, thereunder) shall be owed or repayable to Publisher, and nor shall either party be liable to the other for any damages (whether direct, consequential or incidental, and including without limitation any expenditures, loss of profits or prospective profits) sustained or arising out of, or alleged to have been sustained or to have arisen out of, such expiration or earlier termination. However, the expiration or earlier termination of this Agreement shall not excuse either party from any prior breach of any of the terms and provisions of this Agreement or from any obligations surviving such expiration or earlier termination, and full legal and equitable remedies shall remain available for any breach or threatened breach of this Agreement or of any obligations arising therefrom.
- 14.6 The expiration or earlier termination of this Agreement (whether by SCEE pursuant to Clause 13 or otherwise howsoever) shall be without prejudice to any and all rights and remedies which either party may then or subsequently have against the other party.
- 15. Notices**
- 15.1 All notices under this Agreement shall be in writing and shall be given by courier or other personal delivery, by registered or certified mail, by recognised international courier service or by facsimile transmission (with an immediate confirmation copy by regular mail or any of the methods specified above) at the appropriate address hereinbefore specified or at a substitute address designated by notice by the party concerned (and in the case of notices to SCEE shall be directed to its Senior Vice President, Third Party & Business Affairs or such other Sony representative as shall from time to time be designated by notice by SCEE). Notices given other than by facsimile transmission shall be deemed given and effective when delivered. Notices given by facsimile transmission shall be deemed given only upon receipt of confirmation copy as aforesaid but, upon such receipt, shall be deemed effective as of the date of transmission.
- 15.2 Whenever Publisher is required to obtain the authorisation, consent or approval of SCEE, Publisher shall request the same by notice to SCEE as aforesaid, and with a copy under separate cover to its Director of Third Party Relations or such other Sony representative as shall from time to time be designated by notice to Publisher. Such authorisation, consent or approval shall not be deemed to be granted unless and until SCEE shall have given a written affirmative response to each request therefor and shall in no event be implied or inferred from any delay or failure of SCEE to give such or any response.

16. Force Majeure

Neither SCEE nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform, or failure to cure any breach of, its obligations under this Agreement results from any events or circumstances beyond its reasonable control, including without limitation any natural disaster, fire, flood, earthquake or other act of God, inevitable accidents, lockout, strike or other labour dispute, riot or civil commotion, act of public enemy, enactment, rule, order or act of any government or governmental authority, failure of technical facilities, or failure or delay of transportation facilities.

17. Relationship of the Parties

The relationship hereunder between SCEE and Publisher respectively is that of licensor and licensee. Publisher is an independent contractor and shall not in any respect act as or be deemed to be the legal representative, agent, joint venturer, partner or employee of SCEE for any purpose whatsoever. Neither party shall have any right or authority to assume or create any obligations of any kind or to make any representation or warranty (express or implied) on behalf of the other party or to bind the other party in any respect whatsoever.

18. Assignability

SCEE has entered into this Agreement based on the particular reputation, capabilities and experience of Publisher and of its officers, directors and employees. Accordingly, Publisher may not assign, pledge or otherwise dispose of this Agreement or of any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of SCEE shall first have been obtained in each case. Any attempted or purported assignment, pledge, delegation or other disposition in contravention of this Clause 18 shall be null and void and a material breach of this Agreement not capable of remedy. SCEE shall be entitled, without the consent of Publisher, to assign its rights and obligations hereunder to any corporation or other entity in which Sony Corporation (or any successor in interest thereto) holds a controlling interest (as defined in Clause 13.1), whether directly or indirectly. Subject to the foregoing, this Agreement shall enure to the benefit of the parties and their respective successors and permitted assigns.

Save as expressly provided in this Agreement and save that Sony may enforce the terms of Clauses 2, 3, 4, 5.6, 6.2, 7, 9, 10, 11, 12, 14, 38, 20, 21, 22, 23, 24, 25 and 27 of this Agreement, a person who is not party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement. This provision does not affect any right or remedy of any person which exists or is available otherwise than pursuant to such Act.

19. Compliance with Applicable Laws

The parties shall at all times comply with all applicable regulations and orders of their respective countries and all conventions and treaties to which their countries are party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement. Each party, at its own expense, shall negotiate and obtain any approval, licence or permit required for the performance of its obligations hereunder, and shall declare, record or take such steps as may be necessary to render this Agreement binding, including without limitation any required filing of this Agreement with any appropriate governmental authorities.

20. Governing Law

This Agreement shall be governed by, construed and interpreted in accordance with English Law, without giving effect to the conflict of laws principles thereof. The parties irrevocably agree for the exclusive benefit of SCEE that the English Courts shall have jurisdiction to adjudicate any proceeding, suit or action arising out of or in connection with this Agreement. However, nothing contained in this Clause 20 shall limit the right of SCEE to take any such proceeding, suit or action against Publisher in any other court of competent jurisdiction, nor shall the taking of any such proceeding, suit or action in one or more jurisdictions preclude the taking of any other such proceeding, suit or action in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction. Publisher shall have the right to take any such proceeding, suit or action against SCEE only in the English Courts.

21. Remedies

Publisher acknowledges and agrees that any breach by Publisher of this Agreement may cause Sony irreparable harm and damage which may not be capable of remedy by damages alone and therefore that in the event of any such breach SCEE may seek equitable (including injunctive) relief against Publisher in addition to damages and/or any other remedy available to SCEE at law or in equity. Either party's election to avail itself of any of the remedies provided for in this Agreement shall not be exclusive of any other remedies available hereunder or otherwise at law or in equity, and all such remedies shall be cumulative. Publisher shall indemnify SCEE for all losses, liabilities, damages, expenses and costs, including without limitation reasonable fees for lawyers, expert witnesses and litigation costs, which SCEE may sustain or incur as a result of any breach or threatened breach by Publisher of this Agreement.

22. Severability

In the event that any provision of this Agreement (or any part(s) thereof), other than a provision in respect of which SCEE gives a notice of amendment pursuant to Clause 25, is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision (or part(s) thereof) shall be enforced to the extent possible consistent with the stated intention of the parties or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, but not in any way so as to affect the validity or enforceability of any other provisions of this Agreement which shall continue in full force and effect.

23. Provisions Surviving Expiration or Termination

The following provisions of this Agreement shall survive and continue in full force and effect notwithstanding its expiration or earlier termination (whether by SCEE pursuant to Clause 13 hereof or otherwise howsoever):

- Clause 3 Sub-Publishers
- Clause 4 Reservations
- Clause 5.7 Consumer Advisory Age Ratings
- Clause 6 Manufacture of Licensed Products
- Clause 7 Platform Charge
- Clause 9 Confidentiality
- Clause 10.2 to 10.4 Warranties
- Clause 11 Indemnities
- Clause 12 Limitations of Liability
- Clause 14 Effect of Expiration or Termination
- Clause 18 Assignability

Clause 20	Governing Law
Clause 21	Remedies
Clause 22	Severability

24. Waiver

No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to enforce such waiver. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision in relation to any future event or circumstance.

25. Amendments

SCEE reserves the right, at any time upon reasonable notice to Publisher, to amend the relevant provisions of this Agreement, the Schedules hereto and/or the specifications herein referred to, to take account of or in response to any decision or order of, or objection raised by, any court or governmental or other competition authority of competent jurisdiction and/or any statutory or similar measures which might be implemented to give effect to any such decision, which apply to this Agreement, the Schedules hereto and/or the Specifications herein referred to (and from which this Agreement, the Schedules hereto and/or the Specifications herein referred to are not exempt) or to reflect any undertaking given by Sony to any such authority in relation to any and all such matters aforesaid. Any such amendment shall be of prospective application only and shall not be applied to any Licensed Product materials which shall have been submitted to SCEE by Publisher pursuant to Clause 5.2 and/or 5.3 prior to the date of SCEE's notice of amendment. In the event that Publisher is unwilling to accept any such amendment, then Publisher shall have the right forthwith to terminate this Agreement by written notice to SCEE given not more than [**] following the date of SCEE's notice of amendment. The provisions of Clause 14.3 shall come into effect upon any such termination by Publisher.

Subject to the foregoing and except as otherwise provided herein, this Agreement shall not be subject to amendment, change or modification other than by another written instrument duly executed by both of the parties hereto.

26. Headings

The clause and other headings contained in this Agreement are intended primarily for reference purposes only and shall not alone determine the construction or interpretation of this Agreement or any provision(s) hereof.

27. Integration

This document (including the Schedules hereto) constitutes the entire agreement between the parties with respect to the subject matter contained herein, and supersedes all prior or contemporaneous agreements, proposals, understandings and communications between Sony and Publisher, whether oral or written, with respect to the subject matter hereof. However, the generality of the foregoing notwithstanding, the CNDA (PSP) and, if applicable, the LDAP executed by Publisher shall continue in full force and effect.

28. Counterparts

This Agreement may be executed in 2 (two) counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first above written.

SONY COMPUTER ENTERTAINMENT EUROPE LIMITED

ACTIVISION UK LIMITED

By: /s/ John Brunning

By: /s/ George Rose

Print Name: John Brunning

Print Name: George Rose

Title: SVP, Third Party Relations and Business Affairs

Title: Sr. VP & Gen. Counsel

SCHEDULE 1

to the PSP Licensed Publisher Agreement dated 27 September 2005 between Sony Computer Entertainment Europe Limited and Activision UK Limited

Licensed Territory (Clause 1.2)

Algeria	Andorra	Australia	Austria
Bahrain	Belgium	Belorussia	Bosnia Herzegovina
Bulgaria	Croatia	Cyprus	Czech Republic
Denmark	Egypt	Estonia	Finland
France	Georgia	Germany	Greece
Hungary	Iceland	India	Iran
Ireland	Israel	Italy	Jordan
Kenya	Kuwait	Latvia	Lebanon
Libya	Liechtenstein	Lithuania	Luxembourg
Malta & Gozo	Monaco	Montenegro	Morocco
Netherlands	New Zealand	Nigeria	Norway
Oman	Pakistan	Poland	Portugal
Qatar	Romania	Russia	San Marino
Saudi Arabia	Serbia	Slovakia	Slovenia

Together with:

- (1) All other countries which from time to time are members of the European Union or have otherwise implemented the Treaty on a European Economic Area or where Articles 81 & 82 of the Treaty establishing the European Community (or provisions similar thereto) have been implemented or are otherwise directly effective.
- (2) Such countries in addition to those specified above which SCEE, in its sole discretion as representative of Sony Computer Entertainment worldwide, determines from time to time to include within the Licensed Territory by notice to Publisher. Without limiting the generality of the foregoing, SCEE shall have the right not to include within the Licensed Territory or, having included, subsequently to exclude from the Licensed Territory by reasonable notice to Publisher (and intends so to exclude) any such country or countries in which, in SCEE's best business judgement, the laws or enforcement of such laws do not adequately protect Sony Intellectual Property Rights. By not later than the expiry of any such notice of exclusion, Publisher shall cease and desist, in the country or countries concerned, from any further use of the Sony Materials, any Sony Intellectual Property Rights related thereto and the Licensed Trademarks and shall have no further right to continue or authorise the marketing, sale and/or distribution of any units of Licensed Products.

SCHEDULE 2

to the PSP Licensed Publisher Agreement dated 27 September 2005 between Sony Computer Entertainment Europe Limited and Activision UK Limited

Platform Charge (Clause 7.1) (retail products only)

[**]

For these purposes, “maximum price to trade” shall mean -

Publisher’s (or, where applicable, Publisher’s distributor’s) highest price net of trade margin to any trade customer in the European Economic Area and Australia for Publisher’s (or, where applicable, Publisher’s distributor’s) minimum order quantity of the relevant inventory, net of year end (or similar) volume rebates (if any) properly attributable to sales of Licensed Products, but prior to any credit, deduction or rebate for co-op advertising or other marketing support, returns or otherwise howsoever.

Where Publisher’s business (with the trade or through distributors) is conducted in local currencies other than €, the local currency/€ exchange rates to be applied for purposes of conforming to maximum price to trade for any given Band will be the closing mid-point spot rate as quoted in the London “Financial Times” on the first business day of each 6 month period, commencing 1 September 2005. Such exchange rate will then reset for each successive 6 month period thereafter

The local currency maximum price to trade for any given game will then be that derived by applying the exchange rate obtaining for the 6 month period (as above) in which Publisher places its first purchase order for the game concerned and will continue to apply for that game unless and until Publisher places its first PO in a different Band in a subsequent 6 month period. SCEE reserves the right to review local currency maximum prices to trade per Band applicable for any given 6 month period (as above) in the event of a material exchange rate fluctuation, deemed for these purposes to be +/- 5%.

The foregoing assumes a standard 1-disc UMD product and covers mastering, disc and shell, 4-colour disc label, PSP box (or other packaging) and automated assembly of all components, but excludes the cost of Printed Materials other than disc label.

Shrink Wrap is available as an option subject to incremental charges (in addition to the otherwise applicable Platform Charge specified above) of [**] (or as individually quoted in each case for products in non-standard packaging).

The foregoing assumes a standard 1-disc UMD product and covers mastering, disc and shell, 4-colour disc label, PSP box (or other packaging) and automated assembly of all components, but excludes the cost of Printed Materials other than disc label.

Shrink Wrap is available as an option subject to incremental charges (in addition to the otherwise applicable Platform Charge specified above) of [**] (or as individually quoted in each case for products in non-standard packaging).

The Platform Charge and minimum order and reorder quantities for other “non-standard” Manufactured Materials and/or production processes (subject to availability) shall be as individually quoted in each case.

Demo Discs

PSP Demo Discs are also available. Demos must be from one game profile UMD Publisher only, and content will be limited to a maximum of [**] playable and/or [**] non-playable demo segments (each such segment to feature [**]). Platform Charge is [**]. Demos will have a standard 4-colour disc label and be supplied in a plastic pochette (included in Platform Charge). An Inlay may be provided as Printed Materials. The charge for manual insertion of Inlays shall be as individually quoted in each case. Order quantities shall be multiples of the minimum box shipment advised from time to time by SCEE or the authorised manufacturing facility licensed by SCEE. However, where a separate Demo Disc sku is required for Germany (to comply with German law which requires consumer advisory age ratings to appear not only on the outer packaging but also on the disc label ~ and please note this applies only for product distributed in the German market), the minimum order quantity for initial and reorders of that sku is [**]. Demo discs may not be sold (directly or indirectly) or offered as premium cost items to, or used in the redemption of paid pre-orders for retail Licensed Products by, consumers.

Delivery

SCEE offers free delivery to EEA countries (only) by regular road (and/or, where applicable, sea) services, with airfreight or other expedited delivery available but the incremental costs thereof for Publisher’s account. The minimum quantity per game per drop is [**].

Audit

In order to verify conformity with the Band structure for Licensed Products described above, SCEE will require from time to time at its own expense to inspect and audit the relevant of Publisher’s financial records (and, where applicable, those of Publisher’s associated companies, subsidiaries and/or branch offices in the Licensed Territory). Any such inspection and audit shall take place during normal business hours at Publisher’s principal place of business (or such other location as the relevant books and records are maintained) upon reasonable prior notice and shall, at SCEE’s sole election, be conducted either by an independent chartered or certified accountant or by an appropriately professionally qualified member of SCEE’s staff.

Initialled by



Sony Computer Entertainment Europe

Initialled by



Activision UK Limited

SCHEDULE 3

to the PSP Licensed Publisher Agreement dated 27 September 2005 between Sony Computer Entertainment Europe Limited and Activision UK Limited

PSP format Software games (Clause 1.1)

[**]

CERTIFICATION

I, Robert A. Kotick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Activision Blizzard, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2022

/s/ ROBERT A. KOTICK

Robert A. Kotick
Chief Executive Officer and
Principal Executive Officer of
Activision Blizzard, Inc.

CERTIFICATION

I, Armin Zerza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Activision Blizzard, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2022

/s/ ARMIN ZERZA

Armin Zerza

*Chief Financial Officer and Principal Financial Officer of
Activision Blizzard, Inc.*

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Activision Blizzard, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert A. Kotick, Chief Executive Officer and Principal Executive Officer of the Company, certify, to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2022

/s/ ROBERT A. KOTICK

Robert A. Kotick
*Chief Executive Officer and
Principal Executive Officer of
Activision Blizzard, Inc.*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Activision Blizzard, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Armin Zerza, Chief Financial Officer and Principal Financial Officer of the Company, certify, to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2022

/s/ ARMIN ZERZA

Armin Zerza

*Chief Financial Officer and Principal Financial Officer of
Activision Blizzard, Inc.*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.