

ACTIVISION INC /NY
Form PRER14A
June 03, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 2)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ACTIVISION, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
Vivendi Games, Inc. common stock, par value \$0.01 per share
-
- (2) Aggregate number of securities to which transaction applies:
800 shares of Vivendi Games, Inc. common stock
-
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
\$1,961,635,000, calculated pursuant to Rule 0-11(c)(1)(i) and Rule 0-11(a)(4) of the Securities Exchange Act of 1934, as amended, which represents (i) the book value of Vivendi Games (the securities of which will be received by Activision in the business combination) and (ii) \$1,731,000,000 received for the issuance and sale of 62.9 million shares of Activision common stock.

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(4) Proposed maximum aggregate value of transaction:
\$1,961,635,000, calculated pursuant to Rule 0-11(c)(1)(i) and Rule 0-11(a)(4) of the Securities Exchange Act of 1934, as amended.

(5) Total fee paid:
\$77,092.26

ý Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**PRELIMINARY PROXY STATEMENT
SUBJECT TO COMPLETION**

**3100 Ocean Park Boulevard
Santa Monica, California 90405**

, 2008

Dear Stockholder:

On behalf of our board of directors, we are pleased to deliver to you our proxy statement relating to the proposed combination of Activision and Vivendi Games, Inc., the interactive entertainment business of Vivendi S.A. We believe that Vivendi Games' portfolio of leading franchises, including Blizzard Entertainment, Inc.'s *World of Warcraft*®, will facilitate Activision's expansion into the higher operating margin and fast growing massively multiplayer online games genre and will provide scale benefits to our international business, including establishing a meaningful presence in the rapidly growing Asian markets, which we have identified as top strategic priorities.

In this transaction:

Merger of Vivendi Games. Activision and Vivendi Games will combine their businesses through the merger of a newly formed, wholly-owned subsidiary of Activision with and into Vivendi Games. As a result of the merger, Vivendi Games, the parent company of Blizzard Entertainment, Inc. and Sierra Entertainment, Inc., will become a wholly-owned subsidiary of Activision. VGAC LLC, a subsidiary of Vivendi and the sole stockholder of Vivendi Games, will receive approximately 295.3 million newly issued shares of Activision common stock in the merger, which number is based upon a valuation of Vivendi Games at \$8.121 billion and a per share price for Activision common stock of \$27.50.

Share Purchase by Vivendi. Simultaneously with the merger, Vivendi will purchase from Activision 62.9 million newly issued shares of Activision common stock, at \$27.50 per share, for an aggregate purchase price of approximately \$1.731 billion. Immediately following completion of the merger and share purchase, Vivendi and its subsidiaries are expected to own approximately 52.2% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

Post-Closing Corporate Governance. Upon the closing of the transaction, Activision's certificate of incorporation and bylaws will be amended and restated to provide for, among other things, (a) the change of the combined company's name, (b) the change of the combined company's fiscal year end to December 31, (c) an increase in the authorized number of shares of Activision common stock, (d) certain majority and minority stockholder protections, and (e) certain changes to the structure of the board of the combined company. As a result of these amendments, among other things, Vivendi will be entitled to appoint a majority of the combined company's board of directors.

After the closing of the transaction, the combined company will commence a cash tender offer for up to 146.5 million of its shares (representing approximately 50% of the shares of Activision common stock outstanding immediately prior to the transaction) at \$27.50 per share. If the tender offer is fully subscribed, Vivendi and its subsidiaries are expected to own approximately 68.0% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

Upon closing of the transaction, the combined company will be renamed *Activision Blizzard, Inc.* and its common stock will be traded on The NASDAQ Global Select Market under Activision's current ticker "ATVI."

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Our board of directors has approved the transaction after careful deliberation. We will hold a special meeting of stockholders at _____, on _____, 2008 at _____, local time, to obtain the approval of Activision stockholders for: (a) the issuance of shares of Activision common stock to VGAC in connection with the merger and to Vivendi in connection with the share purchase; (b) the amendment and restatement of our certificate of incorporation; (c) the amendment of Section 7.4(a) of our bylaws; and (d) any motion to adjourn or postpone the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies.

Our board of directors unanimously recommends that you vote "FOR" each of the proposals and subproposals described in this proxy statement. We cannot complete the transaction unless the proposals for the issuance and sale of the shares of Activision common stock in the merger and share purchase, the amendment and restatement of our certificate of incorporation, and the amendment of Section 7.4(a) of our bylaws are approved. Accordingly, a vote against any of the aforementioned proposals and any related subproposals effectively will be a vote against the transaction. The approval of the motion to adjourn or postpone the special meeting is not required to complete the transaction. If the transaction is not completed for any reason, the amendment and restatement of our certificate of incorporation (other than the amendment to increase the number of authorized shares), and the amendment of Section 7.4(a) of our bylaws, even if approved by stockholders at the special meeting, will be abandoned and will not become effective.

We encourage you to carefully review this proxy statement, which contains important information concerning Activision and Vivendi Games, the proposed transaction and the proposals to be voted upon by stockholders at the special meeting. In addition, the section entitled "Risk Factors" of this proxy statement contains a description of risks that you should consider in evaluating the proposals, subproposals and the proposed transaction.

YOUR VOTE IS IMPORTANT. ACCORDINGLY, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU ARE URGED TO PROMPTLY VOTE YOUR SHARES BY PROXY. YOU MAY VOTE ELECTRONICALLY USING THE WEBSITE ADDRESS OR BY TELEPHONE USING THE NUMBER INCLUDED ON THE ACCOMPANYING PROXY CARD. YOU MAY ALSO VOTE BY MAIL. IF YOU CHOOSE TO VOTE BY MAIL, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD AS SOON AS POSSIBLE. NO POSTAGE IS REQUIRED IF THE PROXY CARD IS MAILED WITHIN THE UNITED STATES IN THE ENVELOPE PROVIDED. STOCKHOLDERS WHO ARE PRESENT AT THE SPECIAL MEETING MAY WITHDRAW THEIR PROXY AND VOTE IN PERSON IF THEY SO DESIRE. IT IS IMPORTANT THAT YOU PROVIDE YOUR PROXY PROMPTLY SO THAT ACTIVISION CAN AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION.

We are very excited about this transaction and believe it will better position Activision to capitalize on the continued worldwide growth in interactive entertainment. Thank you for your support.

Robert A. Kotick
Chairman and Chief Executive Officer

Brian G. Kelly
Co-Chairman

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the proposed issuance of shares of Activision common stock in connection with the transaction described in this proxy statement or determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement is dated _____, 2008 and is first being mailed to stockholders on or about _____, 2008.

ADDITIONAL INFORMATION

If you have any questions about the transaction or the special meeting or if you need to obtain copies of this proxy statement, proxy cards, election forms or other documents referenced in this proxy statement, you may contact Morrow & Co., LLC or Innisfree M&A Incorporated, Activision's proxy solicitors, at the addresses and telephone numbers listed below. You will not be charged for any of the documents you request.

Morrow & Co., LLC
470 West Avenue
Stamford, CT 06902

Individuals in the U.S. and Canada please call toll-free:
(800) 573-4804

Banks and brokerage firms please call:
(203) 658-9400

International holders please call:
(203) 658-9400 (collect)

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022

Individuals in the U.S. and Canada please call
toll-free: (877) 456-3422

Banks and brokerage firms please call:
(212) 750-5833

International holders please call:
(412) 232-3651 (collect)

In order to receive timely delivery of the documents in advance of the special meeting, you must make your request for information no later than , 2008.

You may obtain copies of our public filings with the Securities and Exchange Commission, or SEC, without charge by following the instructions in the section entitled "Where You Can Find More Information" of this proxy statement.

3100 Ocean Park Boulevard
Santa Monica, California 90405

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD , 2008**

To the Stockholders of Activision, Inc.:

A special meeting of stockholders of Activision, Inc. will be held at _____, on _____, _____, 2008 at _____, local time to consider and vote on the following proposals:

Proposal No. 1: To approve the issuance of an aggregate of approximately 358.2 million new shares of Activision common stock, par value \$0.000001 per share, to VGAC LLC and Vivendi S.A., in connection with (a) the merger of a wholly-owned subsidiary of Activision with and into Vivendi Games, Inc., and (b) the purchase of shares of Activision common stock by Vivendi, in each case, in accordance with the business combination agreement, dated as of December 1, 2007, by and among Activision, Sego Merger Corporation, Vivendi, VGAC, and Vivendi Games, a copy of which is attached as Annex A to the proxy statement accompanying this notice;

Proposal No. 2: To approve the amendment and restatement of Activision's amended and restated certificate of incorporation in the form attached as Annex B, subject to completion of the transaction, consisting of the following subproposals:

2A a proposal to change the combined company's name from "Activision, Inc." to "Activision Blizzard, Inc.";

2B a proposal to increase the number of authorized shares of capital stock from four hundred fifty-five million (455,000,000) to one billion two hundred five million (1,205,000,000);

2C a proposal to eliminate the Series A Junior Preferred Stock;

2D a proposal to include certain quorum requirements for committees of the board of directors under certain circumstances;

2E a proposal to require supermajority stockholder approval to amend certain sections of the certificate of incorporation;

2F a proposal to limit the power of the board of directors to amend certain provisions of the bylaws without stockholder approval;

2G a proposal to grant the directors designated by Vivendi certain voting powers when other Vivendi designees are not present at board or committee meetings;

2H a proposal to include limitations on certain business activities in which Vivendi may, directly or indirectly, engage or participate;

2I a proposal to establish procedures allocating certain corporate opportunities between Activision Blizzard and Vivendi;

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2J a proposal to require Vivendi or Activision Blizzard to purchase all of the combined company's issued and outstanding shares of common stock if and when Vivendi becomes the record owner of more than 90% of the issued and outstanding shares of common stock;

2K a proposal to establish procedures governing affiliate transactions; and

2L a proposal to cause the combined company to be governed by Section 203 of the Delaware General Corporation Law, a statute which restricts business combinations between corporations and their significant stockholders.

Proposal No. 3: To approve the amendment of Section 7.4(a) of Activision's third amended and restated bylaws to restrict the amendment of additional sections of the bylaws without stockholder approval, as described in more detail in the proxy statement accompanying this notice, subject to the completion of the transaction; and

Proposal No. 4: To approve any motion to adjourn or postpone the special meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposals set forth above.

Each of the proposals is described more fully in the proxy statement accompanying this notice.

The board of directors of Activision has fixed the close of business on _____, 2008 as the record date for determining the stockholders entitled to receive notice of, and to vote at, the special meeting. Accordingly, only stockholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

The board of directors of Activision unanimously recommends that you vote "FOR" each of the above proposals and subproposals. The approval of each of the listed proposals (other than Proposal No. 4) and subproposals is a condition to the completion of the transaction. Therefore, if Activision stockholders wish to approve the transaction, they must approve all of these proposals and subproposals.

STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON.

YOUR VOTE IS IMPORTANT. ACCORDINGLY, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU ARE URGED TO PROMPTLY VOTE YOUR SHARES BY PROXY. YOU MAY VOTE ELECTRONICALLY USING THE WEBSITE ADDRESS OR BY TELEPHONE USING THE NUMBER INCLUDED ON THE ACCOMPANYING PROXY CARD. YOU MAY ALSO VOTE BY MAIL. IF YOU CHOOSE TO VOTE BY MAIL, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD AS SOON AS POSSIBLE. NO POSTAGE IS REQUIRED IF THE PROXY CARD IS MAILED FROM WITHIN THE UNITED STATES IN THE ENVELOPE PROVIDED. STOCKHOLDERS WHO ARE PRESENT AT THE SPECIAL MEETING MAY WITHDRAW THEIR PROXY AND VOTE IN PERSON IF THEY SO DESIRE. IT IS IMPORTANT THAT YOU PROVIDE YOUR PROXY PROMPTLY SO THAT ACTIVISION CAN AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION.

By order of the Board of Directors,

George L. Rose
Secretary

_____, 2008
Santa Monica, California

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Annexes

Annex A	Business Combination Agreement
Annex B	Form of Amended and Restated Certificate of Incorporation of Activision, Inc.
Annex C	Form of Amended and Restated Bylaws of Activision Blizzard, Inc.
Annex D	Opinion of Allen & Company LLC
Annex E	Kotick Voting and Lock-Up Agreement
Annex F	Kelly Voting and Lock-Up Agreement
Annex G	Credit Agreement

CERTAIN FREQUENTLY USED TERMS

Unless otherwise specified or if the context so requires:

"Activision" or "we" refers to Activision, Inc.;

"Activision Blizzard" refers to the combined company following the completion of the transaction, which will be re-named "Activision Blizzard, Inc." and will be the parent of both Activision's and Vivendi Games' businesses;

"Blizzard" or "Blizzard Entertainment" refers to Blizzard Entertainment, Inc., a wholly-owned indirect subsidiary of Vivendi and VGAC and a direct wholly-owned subsidiary of Vivendi Games;

"Blizzard equity plan" refers to the Blizzard 2006 Equity Incentive Plan, as amended;

"business combination agreement" refers to the Business Combination Agreement, dated as of December 1, 2007, by and among Activision, Merger Sub, Vivendi, VGAC and Vivendi Games, a copy of which is attached as Annex A to this proxy statement;

"closing date" refers to the date on which the transaction is consummated;

"Merger Sub" refers to Sego Merger Corporation, a newly formed, wholly-owned direct subsidiary of Activision;

"MMOG" refers to massively multiplayer online games;

"MMORPG" refers to massively multiplayer online role-playing games;

"new credit facilities" refers to the debt agreements which may be entered into by Activision prior to the closing date in accordance with the business combination agreement with either (1) banks or other financial institutions or (2) Vivendi or one or more of Vivendi's affiliates, on market terms in an arm's-length transaction;

"post-closing bylaws" refers to the amended and restated bylaws of the combined company immediately following the consummation of the transaction, which includes the amendment contemplated by the bylaw amendment proposal and certain other amendments contemplated in the business combination agreement to be adopted by the board of directors at closing, a form of which is attached as Annex C to this proxy statement;

"post-closing certificate of incorporation" refers to the amended and restated certificate of incorporation of the combined company immediately following the consummation of the transaction, which includes the amendments contemplated in the charter amendment proposals, a form of which is attached as Annex B to this proxy statement;

"Sierra" refers to Sierra Entertainment, Inc., a wholly-owned indirect subsidiary of Vivendi and VGAC and a direct wholly-owned subsidiary of Vivendi Games;

"Sierra Online" refers to Sierra Online, a division of Vivendi Games focused on short-and mid-session casual games;

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"Termination Event" refers to the Vivendi Voting Interest falling and remaining below 10% for ninety (90) consecutive days;

"transaction" refers to the combination of the respective businesses of Activision and Vivendi Games pursuant to the merger and the share purchase by Vivendi contemplated by the business combination agreement;

"Triggering Event" refers to the Vivendi Voting Interest falling and remaining below 50% for ninety (90) consecutive days;

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"VGAC" refers to VGAC LLC, a wholly-owned indirect subsidiary of Vivendi and the sole stockholder of Vivendi Games;

"VHIC" refers to Vivendi Holding I Corp., a wholly-owned indirect subsidiary of Vivendi;

"Vivendi" refers to Vivendi S.A., a *société anonyme* organized under the laws of France, the stock of which is traded on Euronext Paris;

"Vivendi Games" refers to Vivendi Games, Inc., a wholly-owned indirect subsidiary of Vivendi and a wholly-owned direct subsidiary of VGAC;

"Vivendi Games Mobile" refers to Vivendi Games Mobile, a division of Vivendi Games focused on developing and distributing games playable on mobile phone handsets; and

"Vivendi Voting Interest" refers to the percentage of outstanding Activision Blizzard common stock owned of record by Vivendi and its controlled affiliates.

QUESTIONS AND ANSWERS

QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

Q1: What is the transaction?

A1: Activision and Vivendi are proposing to combine Vivendi Games, Vivendi's interactive entertainment business, with Activision's businesses. The transaction is summarized in the section entitled "Summary The Transaction" and is described more fully therein.

In the transaction:

Merger of Vivendi Games. Activision and Vivendi Games will combine their businesses through the merger of a newly formed, wholly-owned subsidiary of Activision with and into Vivendi Games. As a result of the merger, Vivendi Games, the parent company of Blizzard Entertainment and Sierra, will become a wholly-owned subsidiary of Activision. VGAC will receive approximately 295.3 million newly issued shares of Activision common stock in the merger, which number is based upon a valuation of Vivendi Games at \$8.121 billion and a per share price for Activision common stock of \$27.50.

Share Purchase by Vivendi. Simultaneously with the merger, Vivendi will purchase from Activision 62.9 million newly issued shares of Activision common stock, at \$27.50 per share, for an aggregate purchase price of approximately \$1.731 billion. Immediately following completion of the merger and share purchase, Vivendi and its subsidiaries are expected to own approximately 52.2% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

Post-Closing Corporate Governance. Upon the closing of the transaction, Activision's certificate of incorporation and bylaws will be amended and restated to provide for, among other things, (a) the change of the company's name, (b) the change of the combined company's fiscal year end to December 31, (c) an increase in the authorized number of shares of Activision common stock, (d) certain majority and minority stockholder protections, and (e) certain changes to the structure of the board. As a result of these amendments, among other things, Vivendi will be entitled to appoint a majority of the combined company's board of directors.

After the closing of the transaction, the combined company will commence a cash tender offer for up to 146.5 million of its shares (representing approximately 50% of the shares of Activision common stock outstanding immediately prior to the transaction) at \$27.50 per share. If the tender offer is fully

subscribed, Vivendi and its subsidiaries are expected to own approximately 68.0% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

For additional information regarding the transaction, see the section below entitled "The Transaction."

Q2: What happens to my Activision common stock as a result of the transaction?

A2: If the transaction is completed, your shares of Activision common stock will continue to remain outstanding, and no physical change will occur. Upon closing of the transaction, your shares of Activision common stock will represent an ownership interest in Activision Blizzard, the combined company, parent of both Activision's and Vivendi Games' businesses. You will not be required to sell or exchange your shares of Activision common stock in the transaction.

Q3: What symbol will the shares of the combined company's common stock trade under after completion of the transaction?

A3: Upon closing of the transaction, shares of common stock of the combined company, which will be renamed "Activision Blizzard, Inc.," will be traded on The NASDAQ Global Select Market, which is referred to in this proxy statement as "NASDAQ," under Activision's current ticker symbol "ATVI."

Q4: What percentage of Activision Blizzard will Activision's current stockholders own after completion of the transaction and the tender offer?

A4: Immediately upon closing of the transaction, our current stockholders will own approximately 47.8% of the issued and outstanding shares of common stock of Activision Blizzard on a fully diluted basis. If the post-closing tender offer is fully subscribed, our current stockholders are expected to own approximately 32.0% of the issued and outstanding shares of Activision Blizzard on a fully diluted basis upon closing of the tender offer.

Q5: Will any of the cash proceeds received by Activision in connection with the transaction be distributed to Activision's stockholders?

A5: No. We will not distribute any of the cash or other consideration that we receive in connection with the transaction to our stockholders. After the closing of the transaction, however, the combined company will commence a cash tender offer for up to 146.5 million of the issued and outstanding shares of its common stock at a price of \$27.50 per share. You will be given the opportunity to tender some or all of your Activision shares in the tender offer, subject to proration if the tender offer is oversubscribed. For more information about the tender offer see the section entitled "The Business Combination Agreement The Tender Offer."

Q6: Will Activision or its stockholders acquire any ownership interest in Vivendi as a result of the transaction?

A6: No. Neither Activision nor its stockholders will acquire any ownership interest in Vivendi as a result of the transaction. Upon completion of the transaction, Vivendi Games will become a wholly-owned subsidiary of Activision.

Q7: Are there any risks related to the transaction?

A7: Yes. The transaction may not achieve the expected benefits because of the risks and uncertainties discussed in the section entitled "Risk Factors" of this proxy statement, which we urge you to read and consider carefully. Our board of directors considered a variety of potential risks in its deliberations concerning the transaction, including, without limitation:

After completion of the transaction, the combined company may not successfully

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integrate the operations of Activision and Vivendi Games in a timely manner, or at all, and the combined company may not realize the anticipated benefits or synergies of the transaction to the extent, or in the timeframe, anticipated;

As a result of the transaction and the tender offer, Vivendi will own between 52.2% and 68.0% of the combined company's common stock on a fully diluted basis, and will have the ability to determine the outcome of matters submitted to Activision Blizzard stockholders;

The transaction would make it difficult for another party to acquire Activision Blizzard or otherwise effect a change of control unless Vivendi supported such a transaction;

After the transaction, Vivendi will have the ability, subject to certain limitations, to sell its shares of Activision Blizzard common stock, which could adversely affect the combined company's stock price; and

If the amendment to our certificate of incorporation is approved, we will be able to issue more shares of common stock than currently authorized, which could have a dilutive effect on earnings per share and the voting power of Activision Blizzard stockholders.

Q8: When does Activision expect to complete the transaction?

A8: If Activision's stockholders approve each of the proposals and subproposals set forth in this proxy statement, we will complete the transaction when all of the other conditions set forth in the business combination agreement have been satisfied or waived. We are working toward satisfying these conditions and completing the transaction as quickly as possible. We currently anticipate completing the transaction in July 2008. Because the transaction is subject to a number of other conditions, some of which are beyond our control, the exact timing cannot be predicted.

Q9: What are the United States Federal income tax consequences to the Activision stockholders of the transaction?

A9: Activision stockholders will not recognize any gain or loss for United States federal income tax purposes as a result of (a) the consummation of the transaction or (b) the adoption of the proposed amendments to Activision's certificate of incorporation. For more information about the United States federal income tax consequences, see the section entitled "The Transaction Material United States Federal Income Tax Consequences" of this proxy statement.

Q10: Do I have appraisal or dissenters' rights?

A10: No. You will not be entitled to exercise any appraisal or dissenters' rights in connection with the transaction.

QUESTIONS AND ANSWERS ABOUT THE TENDER OFFER

Q11: What is the tender offer?

A11: Under the terms of the business combination agreement, after the closing of the transaction, the combined company has agreed to commence a self tender offer to repurchase up to 146.5 million shares of its common stock (representing approximately 50% of the shares of Activision common stock outstanding immediately prior to the transaction) at a purchase price of \$27.50 per share.

The tender offer will offer liquidity to Activision Blizzard stockholders at \$27.50 per share, regardless of the then-current market price per share, subject to proration if the tender offer is oversubscribed, and will allow Vivendi and any other non-tendering stockholders to increase their respective percentage ownership of Activision Blizzard. Activision Blizzard stockholders will not be diluted by the tender offer except to the extent Vivendi purchases additional shares of Activision Blizzard as it is required to

do if the aggregate tender offer consideration exceeds \$2.928 billion. Activision Blizzard stockholders are not required to participate in the tender offer. The commencement of the tender offer will not prohibit Activision Blizzard stockholders, including directors, officers, and employees of Activision Blizzard, from selling shares of Activision Blizzard common stock in open market transactions or otherwise, including during the period of the tender offer.

If the maximum number of shares are tendered, the aggregate purchase price for the shares of common stock of Activision Blizzard purchased in the tender offer will be approximately \$4.028 billion.

For a more detailed discussion of the tender offer, see the section entitled "The Business Combination Agreement The Tender Offer."

Q12: Who can participate in the tender offer?

A12: Only stockholders as of the record date may participate in the tender offer. Vivendi has agreed that neither it nor any of its subsidiaries will tender any of their respective shares in the tender offer. Further, Messrs. Robert A. Kotick, Activision's Chairman and Chief Executive Officer, and Brian G. Kelly, Activision's Co-Chairman, have agreed not to tender or otherwise sell more than one third ($\frac{1}{3}$) of their shares of common stock and other equity securities of Activision Blizzard.

Q13: How do I tender my shares of Activision common stock in the tender offer?

A13: The procedure for tendering your shares of Activision common stock (which will represent an interest in the combined company, Activision Blizzard, after closing of the transaction) in the tender offer and other important information relating to the tender offer will be addressed in an offer to purchase and related materials that we intend to file with the SEC after the closing of the transaction. These materials will also be mailed to you as a stockholder and will be available free of charge at the SEC's website at <http://www.sec.gov>, or from the information agent to be named in the tender offer materials.

Q14: When does Activision expect to commence and complete the tender offer?

A14: We expect to commence the tender offer within five (5) business days after the closing of the transaction, which we expect to occur in July 2008, and to complete the tender offer approximately twenty (20) business days after commencement. The time period for completing the tender offer may be extended under certain circumstances described more fully in the section entitled "The Business Combination Agreement The Tender Offer."

Q15: Can Activision Blizzard decrease the price per share of the tender offer?

A15: No. The price per share in the tender offer will be \$27.50 per share, regardless of the trading price of shares of Activision Blizzard common stock at the time of the commencement of the tender offer.

Q16: Will Activision Blizzard buy all shares that are tendered?

A16: The tender offer will not be subject to any minimum condition on the number of shares tendered. As a result, subject to the other conditions of the tender offer being satisfied and the proration described in the following sentence, Activision Blizzard will purchase any and all shares that are tendered, even if the total number of shares tendered by all of our stockholders is less than 146.5 million shares. If the total number of shares of Activision Blizzard common stock tendered is more than 146.5 million shares, Activision Blizzard will purchase the shares pro rata, which means that each stockholder who accepts the offer will have only a

portion of such stockholder's shares bought by Activision Blizzard so that Activision Blizzard purchases not more than the maximum of 146.5 million shares.

Q17: How will Activision Blizzard fund the purchase of shares that are tendered?

A17: Under the terms of the business combination agreement, Activision and Vivendi have agreed the purchase of the shares tendered in the tender offer will be funded as follows:

the first \$2.928 billion of the aggregate consideration will be funded by Activision Blizzard with proceeds from the share purchase described above, available cash on hand and, if necessary, borrowings made under the new credit facilities issued by Vivendi;

if the aggregate consideration is more than \$2.928 billion, Vivendi has agreed to purchase from Activision Blizzard, at a purchase price of \$27.50 per share, additional newly issued shares of Activision Blizzard common stock in an amount equal to the lesser of (a) \$700 million and (b) the excess of the aggregate consideration over \$2.928 billion, which amount will be used to fund the amount of the aggregate consideration that is in excess of \$2.928 billion; and

if the aggregate consideration exceeds \$3.628 billion, Activision will fund the additional amount of the aggregate consideration that is in excess of \$3.628 billion (up to the maximum aggregate consideration of \$4.028 billion) through borrowings made under the new credit facilities issued by Vivendi. See "The Transaction - New Credit Facilities."

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Q18: Why am I receiving this proxy statement?

A18: You are receiving this proxy statement because you have been identified as a stockholder of Activision and, as an Activision stockholder, you are entitled to vote at the special meeting to approve the matters below in order for us to complete the transaction. This proxy statement contains important information about the business combination agreement, the transaction, the tender offer, the special meeting and other related matters. You should read this proxy statement, including all of the annexes, carefully and in their entirety.

Q19: What matters will be voted on at the special meeting?

A19: At the special meeting, you will be asked to consider and vote on the following proposals:

Proposal No. 1: To approve the issuance of an aggregate of approximately 358.2 million new shares of Activision common stock in connection with the transaction. This proposal is referred to in this proxy statement as the "*share issuance proposal*."

Proposal No. 2: To approve the amendment and restatement of our amended and restated certificate of incorporation (including all related subproposals), subject to the completion of the transaction. This proposal is referred to in this proxy statement as the "*charter amendment proposal*."

Proposal No. 3: To approve the amendment of Section 7.4(a) of our third amended and restated bylaws, subject to the completion of the transaction. This proposal is referred to in this proxy statement as the "*bylaw amendment proposal*."

Proposal No. 4: To approve any motion to adjourn or postpone the special meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposals set forth above. This proposal is referred to in this proxy statement as the "*adjournment proposal*."

You may also be asked to act on other business, if any, that may properly come before the special meeting (or any adjournment or postponement thereof). We currently do not anticipate that any other business will be presented at the special meeting.

Q20: What vote is required to approve each proposal?

A20: The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote is required to approve the charter amendment proposal and the bylaw amendment proposal.

The affirmative vote of a majority of the votes cast affirmatively or negatively is required to approve the share issuance proposal and the adjournment proposal.

Q21: How does the Activision board of directors recommend that I vote on each of the proposals?

A21: After careful consideration, our board of directors *unanimously* recommends that you vote:

"FOR" Proposal No. 1 the issuance of shares of our common stock in connection with the transaction;

"FOR" Proposal No. 2 the amendment and restatement of our amended and restated certificate of incorporation (including all related subproposals);

"FOR" Proposal No. 3 the amendment of Section 7.4(a) of our third amended and restated bylaws; and

"FOR" Proposal No. 4 adjournment of the special meeting, if necessary.

For a more complete description of the recommendations of our board of directors as well as the reasons underlying the recommendations, see the sections entitled "The Transaction Activision's Reasons for the Transaction and Tender Offer" and "Summary Recommendations of the Board of Directors of Activision."

Q22: When and where will the special meeting of Activision stockholders be held?

A22: Unless adjourned or postponed, the special meeting will be held at _____ at _____, local time, on _____, _____, 2008. Subject to space availability, all stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at _____, local time.

Q23: Who is entitled to attend and vote at the special meeting?

A23: You are entitled to receive notice of, and vote at, the special meeting (and any adjournment or postponement thereof) only if you were a stockholder of Activision at the close of business on _____, 2008, the record date for the special meeting.

On the record date, there were _____ shares of Activision common stock issued and outstanding and entitled to vote. Each share of Activision common stock outstanding on the record date will be entitled to one (1) vote on each matter presented for action at the special meeting.

Q24: What constitutes a quorum?

A24: Stockholders who hold a majority of all of the shares of capital stock

of Activision entitled to vote at the special meeting must be present in person or represented by proxy in order to constitute a quorum to conduct business. Abstentions and broker non-votes will be included for purposes of determining whether a quorum is present at the special meeting.

Q25: What is a broker non-vote?

A25: A broker non-vote occurs when a broker, bank or other nominee record holder holding shares for you does not vote on a particular proposal because the broker, bank or other nominee record holder does not have discretionary voting power with respect to that proposal under the rules applicable to broker-dealers and has not received voting instructions from you.

Q26: How do I vote?

A26: You are being asked to vote both any shares held directly in your name as a stockholder of record and any shares you hold in "street name" as a beneficial owner. Shares held in "street name" are shares held in a stock brokerage account or shares held by a bank, broker or other nominee record holder.

If you hold your shares directly as a record holder, you may vote prior to the special meeting by:

calling the number shown on your proxy card;

visiting the website shown on your proxy card to vote via the Internet; and

completing, dating, signing and returning your proxy card in the enclosed postage-prepaid return envelope.

You may also cast your vote in person at the special meeting.

If your shares are held in "street name" by a bank, broker or other nominee record holder, your bank, broker or other nominee record holder will send you separate instructions describing the procedure for voting your shares.

"Street-name" stockholders who wish to vote in person at the special meeting will need to obtain a proxy from the bank, broker or other nominee record holder that holds their shares.

Q27: May I change my vote after I have delivered my proxy or voting instruction card?

A27: Yes. If you hold your shares in your name as an Activision stockholder of record, you may change your vote at any time before your shares are voted at the special meeting by:

delivering a signed written notice to our Corporate Secretary stating that you are revoking your proxy;

completing, signing and submitting a new, valid proxy card bearing a later date (which automatically revokes any earlier proxy);

submitting a new proxy by telephone or via the Internet (in which case, your latest telephone or Internet voting instructions will be followed); or

attending the special meeting and voting in person. However, your attendance at the special meeting in and of itself will **not** cause your previously granted proxies to be revoked; you must vote at the special meeting to revoke any prior proxies.

If your shares are held in "street name," and you have instructed a bank, broker or other nominee record holder to vote your shares, you must follow the directions you receive from your bank, broker or other nominee record holder in order to change or revoke your vote. You may also change your vote by attending the special meeting and voting in person provided that you have obtained a signed proxy from

the record holder (*i.e.*, your bank, broker or other nominee record holder) giving you the right to vote those shares.

Q28: When does an abstention occur?

A28: An abstention occurs when you affirmatively instruct a vote to be withheld (by checking the "abstain" or "withhold authority to vote" box on the proxy card) or when a stockholder who has not given a proxy is present at the special meeting but does not cast a ballot or submit a proxy card in person.

Q29: What happens if I fail to vote on the proposals or if I abstain from voting?

A29: Your failure to vote on (a) the charter amendment proposal (and related subproposals), or (b) the bylaw amendment proposal will have the same effect as a vote *against* each of these proposals. This is because the vote that is required to approve these proposals is based upon the number of shares outstanding as of the record date and entitled to vote thereon (rather than upon the shares actually voted). Similarly, if you respond with an "abstain" vote or are present in person or by proxy and do not vote any of your shares on these proposals, this will have the same effect as a vote *against* these proposals.

Your failure to vote on (a) the share issuance proposal or (b) the adjournment proposal will have no effect on the outcome of the vote for such proposals. This is because the vote that is required to approve these proposals is based upon the number of shares actually voted. Similarly, if you respond with an "abstain" vote, your proxy will not affect the outcome of the vote, because such abstentions will be counted in determining the presence of a quorum but they will not be considered to be voted for purposes of any proposal.

Q30: How will broker non-votes be treated?

A30: Under the rules applicable to broker-dealers, brokers, banks and other nominee record holders holding shares in "street name" have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers, banks and other nominee record holders are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as the approval of the proposals set forth in this proxy statement. As a result, absent specific instructions from the beneficial owner, brokers, banks and other nominee record holders are not empowered to vote those "street name" shares.

Since the vote required for approval of (a) the charter amendment proposal and (b) the bylaw amendment proposal is based on a percentage of the shares outstanding, broker non-votes will have the same effect as a vote *against* these proposals. However, broker non-votes will have no effect on the outcome of the vote for the share issuance proposal or the adjournment proposal because the vote required for approval of these proposals is based on the number of shares actually voted, whether in person or by proxy.

Q31: Is it possible to vote via the Internet or by telephone?

A31: If you hold your shares directly as a record holder, you may vote your shares via the Internet or by telephone by following the instructions included with your proxy card.

If your shares are held in "street name" by your broker, bank or other nominee record holder, please check the voting instruction card you received or contact your broker, bank or other nominee record holder to determine whether you will be able to vote your shares via the Internet or by telephone.

Q32: What do I do if I receive more than one proxy card or set of voting instructions?

A32: If you hold shares in both "street name" and directly as a record holder, you may receive more than one proxy card or voting instruction card relating to the special meeting. Please complete, date, sign and return separately all of the proxy cards or voting instruction cards that you receive (or submit your proxy via the Internet or by telephone) to ensure that all of your shares are voted.

Q33: What if I can't find where my Activision shares are held?

A33: To determine if you are a holder of record, please contact our transfer agent, Continental Stock Transfer & Trust Company, toll-free at (800) 509-5586 or, if you are an international holder, at (212) 509-4000. If you are a record holder, Continental will be able to assist you with your stock ownership needs. If you are not, please contact your bank, broker or other nominee record holder to determine who the record holder of your shares is.

Q34: Who can help answer my questions?

A34: If you have additional questions about the transaction after reading this proxy statement, or if you need assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please call Activision's proxy solicitors, Morrow & Co., LLC, toll-free at (800) 573-4804, or Innisfree M&A Incorporated, toll-free at (877) 456-3422. Banks and brokerage firms please call Morrow at (203) 658-9400 or Innisfree at (212) 750-5833. International holders may call Morrow collect at (203) 658-9400 or Innisfree collect at (412) 232-3651.

If your shares are held in a stock brokerage account or by a bank or other nominee record holder in "street name," you should also call your broker, bank or other nominee record holder for additional information.

SUMMARY

The following summary highlights certain information contained in this proxy statement. This summary may not contain all of the information that may be important to you. For a more complete description of the business combination agreement and the transactions contemplated thereby, we encourage you to read this proxy statement, including all of the annexes, carefully and in their entirety. You may obtain copies of our public filings with the SEC without charge by following the instructions set forth in the section entitled "Where You Can Find More Information" in this proxy statement.

The Transaction

Activision and Vivendi have entered into a business combination agreement to combine Vivendi Games, Vivendi's interactive entertainment business, with Activision. We believe that Vivendi Games' portfolio of leading franchises, including Blizzard Entertainment's *World of Warcraft*®, will facilitate Activision's expansion into the higher operating margin and fast growing massively multiplayer online games genre and will provide scale benefits to our international business, including establishing a meaningful presence in the rapidly growing Asian markets, which we have identified as top strategic priorities.

The transaction will be governed by the terms of the business combination agreement, a copy of which is attached as Annex A to this proxy statement. We encourage you to read the business combination agreement, including all of the exhibits thereto, carefully and in their entirety. For more information on the business combination agreement, see the section entitled "The Business Combination Agreement."

In the transaction:

Merger of Vivendi Games. Activision and Vivendi Games will combine their businesses through the merger of a newly formed, wholly-owned subsidiary of Activision with and into Vivendi Games. As a result of the merger, Vivendi Games, the parent company of Blizzard Entertainment and Sierra, will become a wholly-owned subsidiary of Activision. VGAC will receive approximately 295.3 million newly issued shares of Activision common stock in the merger, which number is based upon a valuation of Vivendi Games at \$8.121 billion and a per share price for Activision common stock of \$27.50.

Share Purchase by Vivendi. Simultaneously with the merger, Vivendi will purchase from Activision 62.9 million newly issued shares of Activision common stock, at \$27.50 per share, for an aggregate purchase price of approximately \$1.731 billion. Immediately following completion of the merger and share purchase, Vivendi and its subsidiaries are expected to own approximately 52.2% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

Post-Closing Corporate Governance. Upon the closing of the transaction, Activision's certificate of incorporation and bylaws will be amended and restated to provide for, among other things, (a) the change of the combined company's name, (b) the change of the combined company's fiscal year end to December 31, (c) an increase in the authorized number of shares of Activision common stock, (d) certain majority and minority stockholder protections, and (e) certain changes to the structure of the board of the combined company. As a result of these amendments, among other things, Vivendi will be entitled to appoint a majority of the combined company's board of directors.

After the closing of the transaction, the combined company will commence a cash tender offer for up to 146.5 million of its shares (representing approximately 50% of the shares of Activision common stock outstanding immediately prior to the transaction) at \$27.50 per share. If the tender offer is fully subscribed, Vivendi and its subsidiaries are expected to own approximately 68.0% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

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For a more complete description of Activision's ownership structure following the transaction, see the section entitled "The Business Combination Agreement The Share Purchase Ownership of Activision Common Stock Following the Transaction."

The following diagrams illustrate (a) the steps of the transaction and (b) the organizational structure of Activision Blizzard and its subsidiaries immediately after the transaction:

Transaction

Post-Transaction Structure

-
- (1) If the post-transaction self tender offer is fully-subscribed, (a) Vivendi and its subsidiaries are expected to own approximately 68.0% of the issued and outstanding shares of Activision Blizzard common stock and (b) Activision's existing stockholders are expected to own approximately 32.0% of the issued and outstanding shares of Activision Blizzard common stock, in each case on a fully diluted basis.
 - (2) Includes Blizzard Entertainment, Sierra, Sierra Online and Vivendi Games Mobile.

The Business Combination Agreement

Parties to the Business Combination Agreement

Activision, Inc.

We are a leading international developer, publisher and distributor of interactive entertainment software and peripheral products covering diverse game categories, including action/adventure, action sports, racing, role-playing, simulation, first-person action, music-based gaming and strategy.

Our publishing business involves the development, marketing and sale of products either directly, by license or through our affiliate label program with certain third-party publishers. Our product portfolio includes top-selling franchises for PC and console platforms, such as Guitar Hero , Call of Duty® and the Tony Hawk series, as well as Spider-Man , X-Men , Shrek®, James Bond and TRANSFORMERS .

Our distribution business consists of operations in Europe that provide logistical and sales services to third-party publishers of interactive entertainment software, Activision's own publishing operations and manufacturers of interactive entertainment hardware.

We maintain operations in the United States, Canada, the United Kingdom, France, Germany, Ireland, Italy, Japan, Australia, Sweden, Spain, the Netherlands and South Korea. Activision's headquarters are located at 3100 Ocean Park Boulevard, Santa Monica, California 90405, Telephone: (310) 255-2000.

Sego Merger Corporation

Sego Merger Corporation, a Delaware corporation and a wholly-owned subsidiary of Activision, or Merger Sub, was formed on November 29, 2007 for the purpose of effecting the merger contemplated by the business combination agreement. Merger Sub has not conducted any activities or operations to

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date, except for those incidental to its formation and undertaken in connection with the transaction. Merger Sub's headquarters are located at 3100 Ocean Park Boulevard, Santa Monica, California 90405, Telephone: (310) 255-2000.

Vivendi S.A.

Vivendi S.A., a *société anonyme* (a form of limited liability company) organized under the laws of France, or Vivendi, is a global leader in digital entertainment with activities in music, television, cinema, mobile, Internet, and games through its ownership of Universal Music Group, Canal+ Group, SFR, Maroc Telecom and Vivendi Games. In 2007, Vivendi had revenues of over €21 billion and a global headcount of 37,000 employees. Listed on the Paris stock market, NYSE Euronext, compartiment A, under the symbol "VIV," Vivendi is a member of the CAC 40 (one of the main Euronext stock indices).

Vivendi's media business is comprised of (a) Vivendi Games, a global developer, publisher and distributor of multi-platform interactive entertainment; (b) Universal Music Group, the world's No. 1 music content company; (c) the Canal+ Group, the French leader in premium and theme television channel distribution and programming; and (d) a 20% interest in NBC Universal, one of the world's leading media companies.

Vivendi's headquarters are located at 42 avenue de Friedland, 75380 Paris Cedex 08, France, Telephone: +33-1-71-71-10-00.

Vivendi Games, Inc. and VGAC LLC

Vivendi Games, Inc., a Delaware corporation, or Vivendi Games, is a direct wholly-owned subsidiary of VGAC LLC, which is a Delaware limited liability company and an indirect wholly-owned subsidiary of Vivendi.

Vivendi Games is a global developer, publisher and distributor of multi-platform interactive entertainment. Vivendi Games is the leader in terms of subscriber base and revenues in the subscription-based MMORPG category, has a traditional PC, console, handheld and mobile games business, and has entered the casual online and mobile gaming segments. Through its subsidiary, Blizzard Entertainment, Vivendi Games' portfolio includes the MMORPG hit *World of Warcraft* and the *Warcraft*®, *StarCraft*®, and *Diablo*® series.

Vivendi Games has two principal publishing labels, Blizzard Entertainment and Sierra, which are wholly-owned subsidiaries of Vivendi Games. Vivendi Games' headquarters are located at 6060 Center Drive, 5th Floor, Los Angeles, California 90045, Telephone: (310) 431-4000.

After the closing of the transaction, we anticipate that Sierra, Sierra Online, and Vivendi Games Mobile will become divisions of Activision Publishing, Inc.

Merger

At the effective time of the transaction, Merger Sub, a newly formed, wholly-owned subsidiary of Activision, will merge with and into Vivendi Games, an indirect wholly-owned subsidiary of Vivendi and the parent of Blizzard Entertainment and Sierra. Vivendi Games will survive the merger and become a wholly-owned subsidiary of Activision.

Consideration to be Received in the Merger

Vivendi Games Common Stock. At the effective time of the merger, each outstanding share of Vivendi Games common stock will be converted into the right to receive 369,136.36364 newly issued shares of Activision common stock, which is referred to in this proxy statement as the "exchange ratio." Activision will issue approximately 295.3 million shares of Activision common stock to VGAC, the sole stockholder of Vivendi Games, in the merger, which number is based upon a valuation of Vivendi

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Games at \$8.121 billion and a per share price for Activision common stock of \$27.50. For a more complete description of the merger consideration, see the section entitled "The Business Combination Agreement The Merger Consideration to be Received in the Merger."

Treatment of Equity Grants under the Blizzard Equity Plan. Certain Blizzard Entertainment employees participate in the Blizzard Entertainment 2006 Equity Incentive Plan, which is referred to in this proxy statement as the "Blizzard equity plan," pursuant to which they have been granted options to acquire shares of Blizzard common stock and/or shares of restricted Blizzard common stock. Under the terms of the Blizzard equity plan, at the effective time of the transaction, all outstanding and unexercised options to acquire shares of Blizzard common stock as well as all outstanding shares of restricted Blizzard common stock will be cancelled and converted into the right to receive an amount in cash, each in accordance with the terms of the Blizzard equity plan. The estimated aggregate cash payments to be made by Activision Blizzard to Blizzard equity plan participants will be \$116.2 million at the closing of the transaction and an additional \$91.8 million eighteen months after such closing, in each case assuming the Blizzard equity plan participants remain employed at Blizzard through the applicable date. For a more complete description of the treatment of the equity grants and certain payments required to be made by the combined company under the Blizzard equity plan, see the section entitled "The Business Combination Agreement The Merger Treatment of Equity Grants under the Blizzard Equity Plan."

Share Purchase

Simultaneously with the closing of the merger, Vivendi will purchase from Activision, at a purchase price of \$27.50 per share, approximately 62.9 million newly issued shares of Activision common stock for an aggregate purchase price of approximately \$1.731 billion in cash. For a more complete description of the share purchase, see the section entitled "The Business Combination Agreement The Share Purchase."

Name Change

Upon closing of the transaction, the combined company will be renamed "Activision Blizzard, Inc."

Post-Closing Corporate Governance

Upon closing of the transaction, our certificate of incorporation and bylaws will be amended and restated to provide for, among other things, (a) the change of the combined company's name, (b) the change of the combined company's fiscal year end to December 31, (c) an increase in the authorized number of shares of Activision common stock, (d) certain majority and minority stockholder protections, and (e) certain changes to the structure of the board. As a result of these amendments, among other things, Vivendi will be entitled to appoint a majority of the combined company's board of directors.

As a result of these changes to our certificate of incorporation and bylaws, effective as of the closing of the transaction, the board of directors of Activision Blizzard will consist of 11 members: six (6) directors designated by Vivendi, two (2) Activision executive directors and three (3) independent directors.

The Vivendi designated directors initially will be Messrs. René Pénisson, Jean-Bernard Lévy, Bruce L. Hack, Doug Morris, Philippe Capron and Frédéric Crépin. The executive directors initially will be Messrs. Robert A. Kotick, our Chairman and Chief Executive Officer, and Brian G. Kelly, our Co-Chairman. The three independent directors initially will be Messrs. Robert J. Corti, Robert J. Morgado and Richard Sarnoff, each of whom currently serves on our board of directors.

Initially, René Pénisson will be Chairman of Activision Blizzard.

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Following the completion of the transaction, Robert A. Kotick will be President and Chief Executive Officer and Brian G. Kelly will be Co-Chairman of Activision Blizzard. Bruce L. Hack, current Chief Executive Officer of Vivendi Games, will serve as Vice-Chairman and Chief Corporate Officer of Activision Blizzard, responsible for leading the merger integration and the finance, human resources and legal functions. Michael J. Griffith will serve as President and Chief Executive Officer of Activision Publishing, which after closing will include the Sierra, Sierra Online and Vivendi Games Mobile divisions in addition to the Activision Publishing business. Michael Morhaime will continue to serve as President and Chief Executive Officer of Blizzard Entertainment. Thomas Tipl, currently Chief Financial Officer of Activision Publishing, will be appointed Chief Financial Officer of Activision Blizzard, and Jean-François Grollemund, currently Chief Financial Officer of Vivendi Games, will be appointed Chief Accounting Officer of Activision Blizzard.

Tender Offer

Under the terms of the business combination agreement, within five (5) business days after the closing of the transaction, Activision Blizzard has agreed to commence a cash self tender offer to purchase up to 146.5 million shares of its common stock (representing approximately 50% of the shares of Activision common stock outstanding immediately prior to the transaction) at a purchase price of \$27.50 per share.

The tender offer will offer liquidity to Activision Blizzard stockholders at \$27.50 per share, regardless of the then-current market price per share, subject to proration if the tender offer is oversubscribed, and will allow Vivendi and any other non-tendering stockholders to increase their respective percentage ownership of Activision Blizzard. Activision Blizzard stockholders will not be diluted by the tender offer except to the extent Vivendi purchases additional shares of Activision Blizzard as it is required to do if the aggregate tender offer consideration exceeds \$2.928 billion. Activision Blizzard stockholders are not required to participate in the tender offer. The commencement of the tender offer will not prohibit Activision Blizzard stockholders, including directors, officers, and employees of Activision Blizzard, from selling shares of Activision Blizzard common stock in open market transactions or otherwise, including during the period of the tender offer.

The tender offer will not be subject to any minimum condition on the number of shares tendered. Subject to the other conditions of the tender offer being satisfied and the proration described in the following sentence, Activision Blizzard will purchase any shares that are tendered even if the number of shares tendered is less than 146.5 million shares, the maximum number of shares to be purchased in the tender offer. If the number of shares of Activision Blizzard common stock tendered is greater than 146.5 million shares, Activision Blizzard will purchase the shares pro rata, which means that each stockholder who accepts the offer will have only a portion of such stockholder's shares purchased by Activision Blizzard.

If the maximum number of shares (146.5 million shares) is tendered in the offer, the aggregate purchase price for the shares of common stock purchased in the tender offer will be approximately \$4.028 billion. Under the terms of the business combination agreement, Activision and Vivendi have agreed the purchase of the shares tendered in the tender offer will be funded as follows:

the first \$2.928 billion of the aggregate consideration will be funded by Activision Blizzard with proceeds from the share purchase described above, available cash on hand and, if necessary, borrowings made under the new credit facilities issued by Vivendi;

if the aggregate consideration is more than \$2.928 billion, Vivendi has agreed to purchase from Activision Blizzard, at a purchase price of \$27.50 per share, additional newly issued shares of Activision Blizzard common stock in an amount equal to the lesser of (a) \$700 million and (b) the excess of the aggregate consideration over \$2.928 billion, which amount will be used to fund the amount of the aggregate consideration that is in excess of \$2.928 billion; and

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if the aggregate consideration exceeds \$3.628 billion, Activision Blizzard will fund the additional amount of the aggregate consideration that is in excess of \$3.628 billion (up to the maximum aggregate purchase price of \$4.028 billion) through borrowings made under the new credit facilities issued by Vivendi. See "The Transaction New Credit Facilities."

For a more complete description of the tender offer, see the section entitled "The Business Combination Agreement The Tender Offer."

Conditions to Closing

The respective obligations of the parties to effect the transaction are subject to the satisfaction or, to the extent permitted under applicable laws and the terms of the business combination agreement, waiver of a number of conditions, including, among other things, the following:

the approval by Activision's stockholders of the principal terms of the business combination agreement and the transaction, including the issuance of shares of Activision common stock in the transaction and the amendments to the certificate of incorporation and bylaws of Activision;

the expiration or earlier termination of the waiting period under U.S. antitrust laws (which waiting period expired on January 16, 2008);

the receipt of all approvals required from governmental authorities in the European Union (which approval was received on April 16, 2008) as well as any other required regulatory approvals;

the absence of any injunction, legal restraints or prohibitions preventing the consummation of the transaction; and

the obtainment by Activision of one or more new credit facilities from either third party lenders or from Vivendi to fund a portion of the tender offer, which has occurred. See "The Transaction New Credit Facilities."

The respective obligations of Activision and Merger Sub to effect the transaction are subject to the satisfaction or waiver of several additional conditions (any of which may be waived in writing by Activision), including:

the accuracy of representations and warranties of Vivendi, VGAC and Vivendi Games as of the closing date, other than those failures to be true and correct that would not reasonably be expected to have a material adverse effect on Vivendi Games;

the performance in all material respects by Vivendi, VGAC and Vivendi Games of the obligations required to be performed by each of them under the business combination agreement at or prior to the closing date;

the absence of any pending litigation, commenced by any stockholder of Vivendi or Vivendi Games after the date of the business combination agreement, against Vivendi, VGAC or any of its directors before any governmental entity relating to (a) the business combination agreement, (b) any ancillary document thereto, or (c) the transactions contemplated by the business combination agreement or the ancillary documents thereto that would render it impossible or unlawful to consummate the transaction;

the taking of all necessary actions by Vivendi, VGAC and Vivendi Games to provide that, immediately prior to the closing of the transaction, (a) all intercompany arrangements, other than licenses entered into in the ordinary course of business, between Vivendi and VGAC, on the one hand, and Vivendi Games and its subsidiaries, on the other hand, have been terminated, and (b) all monies owed pursuant to such intercompany arrangements have been paid in full; and

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the delivery by Vivendi to Activision of executed copies of each of the ancillary documents to the business combination agreement to which either Vivendi, VGAC or Vivendi Games is a party.

The respective obligations of Vivendi, VGAC and Vivendi Games to effect the transaction are subject to the satisfaction or waiver of several additional conditions (any of which may be waived in writing by Vivendi), including:

the accuracy of representations and warranties of Activision and Merger Sub as of the closing date other than those failures to be true and correct that would not reasonably be expected to have a material adverse effect on Activision;

the performance in all material respects by Activision and Merger Sub of the obligations required to be performed by each of them under the business combination agreement at or prior to the closing date;

the absence of any pending litigation, commenced by any stockholder of Activision after the date of the business combination agreement, against Activision or any of its directors before any governmental entity relating to (a) the business combination agreement, (b) any ancillary document thereto, or (c) the transactions contemplated by the business combination agreement or the ancillary documents thereto that would render it impossible or unlawful to consummate the transaction; and

the receipt of NASDAQ authorization for listing of the shares of Activision common stock to be issued to VGAC in connection with the merger and to Vivendi in connection with the share purchase (which authorization was received on May 23, 2008).

The transaction is expected to be completed in July 2008. However, it is possible that factors outside of the parties' control could require the parties to complete the transaction at a later time or not to complete it at all. For a more complete discussion of the conditions to the transaction, see the section entitled "The Business Combination Agreement - Conditions to the Transaction."

Restrictions on Recommendation Withdrawal

The business combination agreement generally restricts the ability of Activision's board of directors to withdraw its recommendation that Activision stockholders approve the proposals set forth in this proxy statement. However, if Activision's board of directors determines in good faith (after consultation with its outside counsel) that the failure to withdraw this recommendation would be reasonably expected to be a breach of its fiduciary duties under applicable law, then Activision's board of directors may withdraw its recommendation.

Restrictions on Solicitation of Third Party Acquisition Proposals

Activision has agreed not to, directly or indirectly, solicit or engage in discussions or negotiations with any person or group with respect to an Activision acquisition proposal, which includes any offer relating to an acquisition, merger or other business combination that would result in such person or group acquiring more than a 20% interest in Activision's total outstanding securities or a sale of more than 20% of the assets of Activision and its subsidiaries. The business combination agreement does not, however, prohibit Activision from considering a bona fide acquisition proposal from a third party if certain specified conditions are met.

Each of Vivendi and Vivendi Games has agreed not to, directly or indirectly, solicit or engage in discussions or negotiations with any person or group with respect to a Vivendi Games acquisition proposal, which includes any offer relating to an acquisition, merger or other business combination that would result in the person or group acquiring more than a 20% interest in Vivendi Games' total outstanding securities or a sale of more than 20% of the assets of Vivendi Games and its subsidiaries.

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For a discussion of the restrictions imposed on the solicitation of acquisition proposals from third parties, see the section entitled "The Business Combination Agreement Restrictions on Solicitation of Acquisition Proposals" of this proxy statement.

Termination of the Business Combination Agreement

The business combination agreement may be terminated by mutual written consent of all parties at any time before the closing date. The business combination agreement may also be terminated by either Activision or Vivendi if:

the transaction is not completed on or before the ten (10) month anniversary of the execution of the business combination agreement;

any law that makes the consummation of the transaction illegal in the United States or any foreign jurisdiction in which Activision or Vivendi has substantial business and operations has been enacted, entered, enforced or deemed applicable to the transaction by a governmental entity;

a governmental entity in the United States or any foreign jurisdiction in which Activision or Vivendi has substantial business and operations issues an order, decree or ruling making the transaction illegal in the United States or any such foreign jurisdiction, and such order, decree or ruling has become final and non-appealable;

the required approval of the Activision stockholders has not been obtained; or

the other party breached any representation, warranty, covenant or agreement in the business combination agreement in a way that the related condition to closing would not be satisfied, and this breach is not cured or is incurable prior to the ten (10) month anniversary of the execution of the business combination agreement.

In addition, Vivendi may terminate the business combination agreement if:

Activision's board of directors or any committee thereof withdraws (or modifies in a manner adverse to Vivendi in any material respect), or publicly proposes to withdraw (or modify in a manner adverse to Vivendi in any material respect) its recommendation that Activision stockholders approve the proposals set forth herein, or publicly proposes to adopt or recommend any Activision acquisition proposal; or

Activision's board of directors fails to reaffirm publicly its recommendation that Activision stockholders approve the proposals set forth herein within ten (10) business days following the commencement of a third-party tender or exchange offer for Activision's capital stock.

In addition, Activision may terminate the business combination agreement in response to a superior proposal from a third party in compliance with the restrictions on solicitation provisions discussed above.

Termination Fee and Expenses

Activision has agreed to pay to Vivendi a termination fee of \$180 million if:

Vivendi terminates the business combination agreement because Activision's board of directors withdraws (or modifies in a manner adverse to Vivendi in any material respect), or publicly proposes to withdraw (or modify in a manner adverse to Vivendi in any material respect), its recommendation of the business combination agreement and the transaction, or publicly proposes to adopt or recommend any Activision acquisition proposal;

Vivendi terminates the business combination agreement because our board of directors fails to reaffirm publicly its recommendation of the business combination agreement and the transaction

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within ten (10) business days following the commencement of a third-party tender or exchange offer for our capital stock;

Activision terminates the business combination agreement in response to a superior proposal from a third party in compliance with the restrictions on solicitation provisions discussed above; or

each of the following has occurred: (a) prior to the special meeting, an Activision acquisition proposal has been made directly to Activision's stockholders or has become publicly known, or any person has publicly announced an intention to make an Activision acquisition proposal; (b) thereafter, the business combination agreement is terminated by either Vivendi or Activision because the Activision stockholder approval has not been obtained at a duly convened meeting; and (c) within twelve (12) months after such termination, Activision enters into a definitive contract to consummate, or otherwise close, a transaction constituting an Activision acquisition proposal.

Under specified conditions, Activision must also pay the actual and reasonably documented out-of-pocket expenses (including reasonable attorneys' fees) actually incurred by Vivendi, VGAC and Vivendi Games in connection with the business combination agreement and the transaction, up to a maximum of \$15 million. For more information, see the section entitled "The Business Combination Agreement Termination; Termination Fees and Expenses."

Special Meeting

Stockholders Entitled to Vote; Vote Required

Unless adjourned or postponed, the special meeting of Activision stockholders will be held on _____, _____, 2008 at _____, local time, at _____. At the special meeting, you will be asked to approve the proposals described in this proxy statement:

- Proposal No. 1:* To approve the issuance of an aggregate of approximately 358.2 million new shares of Activision common stock in connection with the transaction.
- Proposal No. 2:* To approve the amendment and restatement of our certificate of incorporation (including all related subproposals), subject to the completion of the transaction.
- Proposal No. 3:* To approve the amendment of Section 7.4(a) of our bylaws, subject to the completion of the transaction.
- Proposal No. 4:* To approve any motion to adjourn or postpone the special meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposals set forth above.

You may also be asked to act on other business, if any, that may properly come before the special meeting (or any adjournment or postponement thereof). We currently do not anticipate that any other business will be presented at the special meeting.

Only holders of record of shares of Activision common stock at the close of business on _____, 2008, which our board of directors has set as the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were _____ shares of Activision common stock outstanding and entitled to vote at the special meeting.

Approval of the charter amendment proposal and the bylaw amendment proposal require the affirmative vote of the holders of a majority of the outstanding shares of Activision common stock entitled to vote thereon. Approval of the share issuance proposal and the adjournment proposal will require the affirmative vote of the holders of a majority of the votes cast affirmatively or negatively.

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For more information on the special meeting see the section of this proxy statement entitled "The Special Meeting."

Recommendations of the Board of Directors of Activision

After careful consideration, the Activision board of directors has unanimously approved the business combination agreement and has determined that the business combination agreement and all related documents and exhibits thereto are in the best interest of Activision and its stockholders.

The Activision board of directors unanimously recommends that the holders of Activision common stock vote:

"**FOR**" Proposal No. 1 the issuance of shares of our common stock in connection with the transaction,

"**FOR**" Proposal No. 2 the amendment and restatement of our certificate of incorporation (including all related subproposals),

"**FOR**" Proposal No. 3 the amendment of Section 7.4(a) of our bylaws, and

"**FOR**" Proposal No. 4 adjournment of the special meeting, if necessary.

For a more complete description of Activision's reasons for the transaction, see the section entitled "The Transaction Activision's Reasons for the Transaction and Tender Offer."

Opinion of Activision's Financial Advisor

Activision's financial advisor, Allen & Company LLC, delivered a written opinion to the Activision board of directors to the effect that, as of December 1, 2007, taking into account the transactions contemplated by the business combination agreement as a whole and subject to various qualifications and assumptions described in the written opinion, the per share transaction price of the share purchase, the exchange ratio of the merger, and the per share transaction price of the tender offer were fair, from a financial point of view, to Activision and its stockholders.

The full text of the Allen & Company opinion, dated December 1, 2007, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Allen & Company in rendering its opinion, is attached as Annex D to this proxy statement. We urge you to read the opinion carefully and in its entirety.

Allen & Company provided its opinion for the use and benefit of our board of directors in connection with its consideration of the transactions contemplated by the business combination agreement. The Allen & Company opinion addressed only the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger, and the per share transaction price of the tender offer as of the date of the Allen & Company opinion. The Allen & Company opinion is not intended to be and does not constitute a recommendation to any stockholder as to how that stockholder should vote or act with respect to the transactions contemplated by the business combination agreement or any other matter described in this proxy statement. Allen & Company was not requested to opine as to, and its opinion does not in any manner address, Activision's underlying business decision to proceed with or effect the transactions contemplated by the business combination agreement. The summary of the Allen & Company opinion in this proxy statement is qualified in its entirety by reference to the full text of the opinion.

Pursuant to the terms of the engagement letter between Allen & Company and Activision, Allen & Company was paid a fee upon delivery of the opinion to the Activision board of directors, with such fee creditable against any transaction fee subsequently paid to Allen & Company upon the completion of the transaction. For a more complete description of the fee arrangement and the Allen & Company opinion, see the section entitled "The Transaction Opinion of Activision's Financial Advisor." See also Annex D to this proxy statement.

Interests of Directors and Executive Officers in the Transaction

In considering the recommendations of the Activision board of directors with respect to the business combination agreement and the transaction, you should be aware that certain executive officers and directors of Activision have interests in the transaction that may be different from, or in addition to, the interests of Activision stockholders generally. These interests include:

the rights of certain officers to receive payments or other benefits, including grants of equity awards and the modification of vesting schedules of existing equity awards, following the completion of the transaction;

the continuing service of several of Activision's existing directors and executive officers in the combined company after the closing date;

the amendment of employment arrangements with certain of Activision's executive officers to provide incentives for their continued service to the combined company after the closing date; and

the continued indemnification of Activision's directors post-closing.

The Activision board of directors was aware of these interests and considered them, among other things, in making its recommendation that Activision stockholders vote for the approval of the share issuance proposal, the charter amendment proposal and the bylaw amendment proposal.

Other Matters

Risk Factors

In evaluating the business combination agreement, the transaction and, in particular, the issuance of new shares of Activision common stock in connection with the transaction and the tender offer, Activision stockholders should carefully read this proxy statement and especially consider the factors discussed in the section entitled "Risk Factors."

Rights Plan Amendment

On April 18, 2000, Activision's board of directors approved a stockholder rights plan, pursuant to which each common stockholder at the close of business on April 19, 2000 received a dividend of one right for each share of common stock held. Activision has amended the rights plan concurrent with the execution of the business combination agreement to provide that (a) the rights plan will not be triggered by the business combination agreement or the transaction and (b) the rights plan will terminate upon the completion of the transaction and all rights existing under the rights plan will be extinguished.

For a more complete discussion of the rights plan amendment, see the section entitled "The Transaction Rights Plan Amendment" of this proxy statement.

New Credit Facilities

On April 29, 2008, Activision, acting on behalf of the combined company, entered into a senior unsecured credit agreement with Vivendi, borrowings under which cannot be effected until the closing of the transaction. The credit agreement will provide Activision Blizzard, after the closing of the transaction, with (a) a term loan credit facility, or the Tranche A Facility, in an aggregate amount of up to \$400.0 million to be applied to fund that portion of the post-closing tender offer consideration, if any, in excess of \$3.628 billion, as discussed in the section of this proxy statement entitled "The Business Combination Agreement The Tender Offer Funding of the Tender Offer," (b) a term loan credit facility, or the Tranche B Facility, in an aggregate amount of up to \$150.0 million to be applied to repay the Vivendi Games Loan Facility, as discussed in the section of this proxy statement entitled

"The Transaction Vivendi Games Loan Facility," and (c) a revolving credit facility, or the Revolving Facility, in an aggregate amount at any time outstanding of up to \$475.0 million to be used after the closing of the transaction for general corporate purposes. The Tranche A Facility, the Tranche B Facility and the Revolving Facility are referred to in the proxy statement, collectively, as the new credit facilities. In the event that the business combination agreement terminates prior to the closing date of the transaction, the new credit facilities will terminate effective on the same date. See "The Transaction New Credit Facilities."

Listing of Common Stock

Upon closing of the transaction, shares of common stock of the combined company, which will be renamed "Activision Blizzard, Inc.", will be traded on NASDAQ under Activision's current ticker symbol "ATVI."

Material United States Federal Income Tax Consequences

Activision stockholders will not recognize any gain or loss for United States federal income tax purposes as a result of (a) the consummation of the transaction or (b) an adoption of the proposed amendments to Activision's certificate of incorporation. See the section entitled "The Transaction Material United States Federal Income Tax Consequences."

Accounting Treatment of the Transaction

The transaction will be accounted for as a reverse acquisition under the purchase method of accounting under U.S. GAAP. For this purpose, Vivendi Games will be deemed to be the accounting acquiror and Activision will be deemed to be the accounting acquiree. Accordingly, Activision Blizzard will account for the transaction as a purchase business combination, using Vivendi Games' historical financial information and accounting policies and applying fair value estimates to the acquired assets, liabilities and commitments of Activision as of the date of the transaction.

No Appraisal Rights

Under Section 262 of the General Corporation Law of the State of Delaware, which is referred to in this proxy statement as the "DGCL," Activision stockholders do not have appraisal rights in connection with the transaction.

Regulatory Matters

Activision and Vivendi are required, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, to notify and furnish required information to the Antitrust Division of the U.S. Department of Justice and to the U.S. Federal Trade Commission prior to completing the transaction. Activision and Vivendi have made these filings, and the waiting period under the HSR Act expired on January 16, 2008.

In addition, the transaction is subject to, and the parties' obligations to effect the transaction are conditioned on, approval by governmental authorities in the European Union, which approval was received on April 16, 2008.

For a more complete discussion of the regulatory matters relating to the transaction, see the section entitled "The Transaction U.S. Federal or State and Foreign Regulatory Matters" of this proxy statement.

Per Share Market Price Data

Activision common stock trades on NASDAQ under the symbol "ATVI." The following table shows the high and low closing sale prices in U.S. dollars for Activision common stock for the periods indicated, as reported on NASDAQ after adjustments to account for any subsequent dividends or stock splits. The prices reflect inter-dealer prices and do not include retail markups, markdowns or commissions.

The closing sale price of Activision common stock as reported on NASDAQ on November 30, 2007, the last business day prior to the public announcement of the proposed transaction, was \$22.15 per share. The closing sale price of Activision common stock as reported on NASDAQ on _____, 2008, the record date for the Activision special meeting, was \$ _____ per share. As of that date, there were _____ holders of record of Activision common stock based on information provided by Activision's transfer agent.

	<u>High</u>	<u>Low</u>
Calendar Year 2006		
First Quarter	\$ 15.69	\$ 11.91
Second Quarter	14.92	10.75
Third Quarter	15.57	10.72
Fourth Quarter	17.94	14.27
Calendar Year 2007		
First Quarter	\$ 19.01	\$ 16.26
Second Quarter	21.27	18.43
Third Quarter	21.59	17.11
Fourth Quarter	29.70	18.92
Calendar Year 2008		
First Quarter	\$ 28.43	\$ 25.81
Second Quarter (through May 30, 2008)	\$ 33.75	\$ 27.03

Activision has never paid cash dividends on its common stock and has no present plans to do so. Activision expects that earnings will be retained for the continued growth and development of the business. Future dividends, if any, will depend on Activision's (or, following completion of the transaction, Activision Blizzard's) earnings, financial condition, cash requirements, future prospects, and other factors deemed relevant by our board of directors.

Vivendi Games is a privately-held company. Accordingly, per share historical data of Vivendi Games is omitted.

Selected Historical Financial Data of Activision

The following selected historical financial data as of and for each of the years in the five-year period ended March 31, 2008 has been derived from Activision's audited consolidated financial statements.

This selected information is only a summary and you should read it together with Activision's historical consolidated financial statements and the related notes thereto included elsewhere in this proxy statement.

	Year Ended March 31,				
	2008	2007	2006	2005	2004
(in thousands, except per share data)					
Summary Operating Data					
Net revenues	\$ 2,898,136	\$ 1,513,012	\$ 1,468,000	\$ 1,405,857	\$ 947,656
Cost of sales	1,645,435	978,065	940,362	844,946	567,147
Operating income	479,614	73,147	15,226	179,608	104,537
Income before tax provision	530,868	109,825	45,856	192,700	110,712
Net income	344,883	85,787	40,251	135,057	74,098
Basic earnings per share(1)	1.19	0.31	0.15	0.54	0.31
Diluted earnings per share(1)	1.10	0.28	0.14	0.49	0.29
Basic weighted average common shares outstanding(1)	288,957	281,114	273,177	250,023	236,887
Diluted weighted average common shares outstanding(1)	314,731	305,339	294,002	277,712	258,350

	Year Ended March 31,				
	2008	2007	2006	2005	2004
Summary Balance Sheet Data					
Total assets	\$ 2,530,673	\$ 1,793,947	\$ 1,418,255	\$ 1,305,919	\$ 966,220
Total liabilities	582,781	382,415	195,632	208,645	136,079
Cash, cash equivalents and short term investments	1,449,212	954,849	944,960	840,864	587,649
Capitalized software development and intellectual property licenses	193,337	231,196	147,665	127,340	135,201
Goodwill	279,161	195,374	100,446	91,661	76,493
Working capital	1,423,324	1,060,064	922,199	913,819	675,796
Long term debt					
Stockholders' equity	1,947,892	1,411,532	1,222,623	1,097,274	830,141

- (1) Consolidated financial information for fiscal years 2005-2004 reflects the restated amounts for the effect of Activision's four-for-three stock split effected in the form of a 33¹/₃% stock dividend paid on October 24, 2005 to stockholders of record as of October 10, 2005.

Selected Historical Financial Data of Vivendi Games

The following selected historical financial data as of and for each of the years in the five-year period ended December 31, 2007 has been derived from Vivendi Games' audited consolidated financial statements. The following selected historical financial data for the three months ended March 31, 2008 and 2007 and as of March 31, 2008 has been derived from Vivendi Games' unaudited interim consolidated financial statements. In the opinion of Vivendi Games' management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of its financial position and results of operations for such periods. Interim results for the three months ended March 31, 2008, are not necessarily indicative of, and are not projections for, the results to be expected for the full year ending December 31, 2008.

This selected information below is only a summary and you should read it together with Vivendi Games' historical consolidated financial statements and the notes related thereto included elsewhere in this proxy statement.

Three Months Ended March 31,		Year Ended December 31,				
2008	2007	2007	2006	2005	2004	2003

(in thousands)

(unaudited)

Summary Operating Data

Net sales	\$ 323,054	\$ 384,748	\$ 1,395,418	\$ 1,017,656	\$ 780,325	\$ 567,419	\$ 637,518
Operating income (loss)	63,285	136,769	220,421	122,441	42,069	(252,591)	(291,353)
Income (loss) from continuing operations before income taxes	64,132	132,150	215,345	106,034	33,376	(263,846)	(299,117)
Income (loss) from continuing operations	42,248	118,935	251,698	139,280	45,130	(274,259)	(299,964)
Net income (loss)	42,248	118,935	251,698	139,280	45,130	(263,527)	(291,691)

As of December 31,

As of March 31, 2008	2007	2006	2005	2004	2003
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(in thousands)

(unaudited)

Summary Balance Sheet Data

Total assets	\$ 814,245	\$ 902,622	\$ 824,284	\$ 591,736	\$ 685,174	\$ 780,041
Total liabilities	588,705	638,135	477,842	330,973	383,455	303,918
Cash and cash equivalents(1)	47,354	62,241	67,969	32,439	50,349	17,826
Capitalized software development costs, net and royalties and license agreements, net	90,503	93,051	45,432	39,511	56,537	108,395
Goodwill	207,262	203,417	202,094	178,422	131,640	131,640
Working capital (deficit)	(163,072)	(144,473)	(24,620)	(17,908)	84,657	241,317
Owner's equity(2)	225,540	264,487	346,442	260,763	301,719	476,123

(1)

"Cash and cash equivalents" reflect cash balances not transferred to Vivendi via a cash pooling agreement at the end of the applicable period. See Note 11 to the Vivendi Games historical consolidated financial statements for more information about the cash pooling agreement.

(2)

Net cash transfers under a cash pooling agreement with Vivendi are included in "Owner's equity" as part of net transfers to Vivendi.

Summary Unaudited Pro Forma Condensed Combined Financial Data

The following summary unaudited pro forma condensed combined financial data has been derived from and should be read together with the unaudited pro forma condensed combined financial information and accompanying notes. This information is based on the historical consolidated balance sheets and statements of operations of both Activision and Vivendi Games which have been presented elsewhere in this proxy statement. The transaction will be accounted for as a reverse acquisition under the purchase method of accounting. For this purpose, Vivendi Games will be deemed the accounting acquiror and Activision will be deemed the accounting acquiree. The unaudited pro forma condensed combined financial information is based on estimates and assumptions set forth in the notes to such statements, which estimates are preliminary and have been made solely for the purposes of developing such pro forma information.

The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2008 and the year ended December 31, 2007 gives effect to the transaction as if it had occurred on January 1, 2007. The unaudited pro forma balance sheet assumes that the transaction took place on March 31, 2008, and combines Activision's historical consolidated balance sheet as of March 31, 2008 with Vivendi Games' historical balance sheet as of March 31, 2008.

No additional pro forma adjustments have been made to reflect the repurchase of 146.5 million shares of Activision Blizzard common stock at \$27.50 per share, under the cash tender offer commencing within five (5) business days after the closing of the transaction, because the Activision common stock price exceeds the tender offer price as of the date of this proxy statement. As of May 30, 2008 the closing price of Activision common stock was \$33.75. It is expected that the level of participation in the tender offer may be limited to the extent that the Activision Blizzard stock trades significantly above the \$27.50 tender offer price throughout the tender offer period.

The businesses may have performed differently had they been combined during the periods presented. Therefore, the unaudited pro forma condensed combined financial information is not necessarily indicative of results that would have been achieved had the businesses been combined during the periods presented or the results that Activision Blizzard will experience after the transaction and tender offer are consummated.

	Three Months Ended March 31, 2008	Year Ended December 31, 2007(1)
(in thousands, except per share data) (unaudited)		
Pro Forma Statement of Operations:		
Net sales	\$ 925,505	\$ 4,293,554
Net income	44,215	305,609
Net income per share:		
Basic	0.07	0.47
Diluted	0.07	0.45
Adjusted Pro Forma Statement of Operations(2):		
Net sales	\$ 925,505	\$ 4,293,554
Net income	44,215	305,609
Net income per share:		
Basic	0.07	0.47
Diluted	0.07	0.45

	Pro Forma as of March 31, 2008	Adjusted Pro Forma as of March 31, 2008(2)
	(in thousands) (unaudited)	
Balance Sheet:		
Total assets	\$ 14,436,656	\$ 14,436,656
Working capital	2,983,470	2,983,470
Long term debt	33,259	33,259
Stockholders' equity	12,718,945	12,718,945

- (1) The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2007 combines the full year ended March 31, 2008 for Activision with the year ended December 31, 2007 for Vivendi Games. The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2008 combines the three months ended March 31, 2008 for Activision with the three months ended March 31, 2008 for Vivendi Games. Therefore, the statement of operations for Activision for the period January 1, 2008 to March 31, 2008 has been presented in both the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2008, and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2007. Activision's net revenues and net income for the three months ended March 31, 2008 were \$602.5 million and \$44.2 million, respectively.
- (2) No additional pro forma adjustments have been made to reflect the repurchase of 146.5 million shares of Activision Blizzard common stock at \$27.50 per share, available to be purchased under the cash tender offer commencing within five (5) business days after the closing of the transaction, because the current stock price exceeds the tender offer price. As of May 30, 2008 the closing price of Activision common stock was \$33.75. It is expected that the level of participation in the tender offer may be limited to the extent that the Activision Blizzard stock trades significantly above the \$27.50 tender offer price throughout the tender offer period. See the sections entitled "The Business Combination Agreement The Share Purchase," "The Business Combination Agreement The Tender Offer" and "The Transaction Credit Facility."

Please see "Unaudited Pro Forma Condensed Combined Financial Information" for a description of the accounting treatment of the transaction, the unaudited pro forma condensed combined financial statements and notes thereto, and the pro forma adjustments to the historical financial information of Activision and Vivendi Games showing the effect of the transaction and tender offer contemplated by the business combination agreement.

Comparative Per Share Data

The following tables set forth the Activision historical net income per share for the year ended March 31, 2008, and the book value per share as of March 31, 2008, and net income per share for Activision Blizzard on an unaudited pro forma combined basis for the three months ended March 31, 2008 and year ended December 31, 2007, and book value per share as of March 31, 2008.

The pro forma combined data were derived from and should be read together with the unaudited pro forma condensed combined financial statements and accompanying notes. This information is based on the historical consolidated balance sheets and related historical consolidated statements of operations of Activision and Vivendi Games. The pro forma combined data give effect to the transaction using the purchase method of accounting for business combinations as a reverse acquisition in which Vivendi Games will be deemed to be the accounting acquiror of Activision while the adjusted pro forma combined data assumes no repurchase of the 146.5 million maximum Activision Blizzard common shares at \$27.50 per share available under the cash tender offer commencing within five (5) business days after closing the transaction because the Activision common stock price exceeds the tender offer price as of the date of this proxy statement.

The businesses may have performed differently had they been combined during the periods presented. You should not rely on the selected unaudited pro forma combined per share data as being indicative of the historical results that would have been achieved had the businesses been combined during the periods presented or the results that Activision Blizzard will experience after the transaction and tender offer are consummated.

Activision's historical data were derived from and should be read together with the consolidated financial statements and accompanying notes included elsewhere in this proxy statement.

Vivendi Games is a privately-held company. Accordingly, per share historical data for Vivendi Games are omitted.

	Year Ended March 31, 2008
Activision's Historical Data	
Net income per share:	
Basic	\$ 1.19
Diluted	\$ 1.10
As of March 31, 2008:	
Consolidated book value per share	\$ 6.61

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
Pro Forma Combined Data		
Pro forma net income per share(1):		
Basic	\$ 0.07	\$ 0.47
Diluted	\$ 0.07	\$ 0.45
Adjusted pro forma net income per share(2):		
Basic	\$ 0.07	\$ 0.47
Diluted	\$ 0.07	\$ 0.45
As of March 31, 2008:		
Pro forma book value per share(3)		\$ 19.65
Adjusted pro forma book value per share(3)		\$ 19.65

- (1) Pro forma net income per share was calculated by dividing pro forma net income by the pro forma weighted average common shares outstanding as if the transaction had occurred on January 1, 2007.
- (2) Represents adjusted pro forma net income per share, resulting from no adjustment for the repurchase of 146.5 million Activision Blizzard common shares at \$27.50 per share available to be repurchased under the tender offer because the Activision common stock price exceeds the tender offer price as of the date of this proxy statement. As of May 30, 2008 the closing price of Activision common stock was \$33.75.
- (3) Pro forma book value per share and adjusted pro forma book value per share are computed assuming the transaction and tender offer had occurred on March 31, 2008.

RISK FACTORS

In addition to the other information included in this proxy statement and found in the Annexes attached hereto, including the matters addressed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements," you should carefully consider the following risk factors before deciding whether to vote for the approval of the proposals and subproposals presented in this proxy statement. Additional risks and uncertainties not presently known to us or that are not currently believed to be material, if they occur, also may adversely affect the proposed transaction and the combined company, Activision Blizzard, following the completion of the transaction.

Risks Related to the Transaction

Although we expect that our combination with Vivendi Games will result in benefits to Activision, we may not realize those benefits because of integration difficulties and other challenges.

The success of our combination with Vivendi Games will be dependent in large part on the success of the management of the combined company in integrating the operations, technologies and personnel of the two companies following the completion of the transaction. The failure of the combined company to meet the challenges involved in successfully integrating the operations of Activision and Vivendi Games or to otherwise realize any of the anticipated benefits of the transaction, including additional revenue opportunities, could impair the results of operations of the combined company. In addition, the overall integration of the companies is a complex, time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt the businesses of Activision and Vivendi Games.

The challenges involved in this integration include the following:

integrating successfully each company's operations, technologies, products and services;

reducing the costs associated with each company's operations and, in particular, reducing historic losses in the Sierra businesses;

coordinating the publishing, distribution and marketing efforts to effectively promote the products of the combined company;

preserving development, distribution, licensing or other important relationships of both Activision and Vivendi Games and resolving potential conflicts that may arise;

consolidating and rationalizing information technology platforms and administrative infrastructures;

minimizing the diversion of management attention from ongoing business concerns; and

combining the corporate cultures, maintaining employee morale and retaining key employees.

The combined company may not successfully integrate the operations of Activision and Vivendi Games in a timely manner, or at all, and the combined company may not realize the anticipated benefits or synergies of the transaction to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies include cost savings associated with anticipated restructurings and other operational efficiencies, greater economies of scale and revenue enhancement opportunities. However, these anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved.

Vivendi will own between 52.2% and 68.0% of Activision Blizzard's outstanding shares of common stock after completion of the transaction and the post-closing tender offer.

Immediately upon closing of the transaction, Vivendi and its subsidiaries are expected to own approximately 52.2% of our issued and outstanding shares of common stock on a fully diluted basis. If the maximum number of our shares is tendered in the tender offer, Vivendi and its subsidiaries are expected to own approximately 68.0% of our issued and outstanding shares of common stock on a fully diluted basis. See the section entitled "The Business Combination Agreement The Tender Offer" for a more detailed discussion.

As a result of the transaction, Vivendi will have the ability to nominate a majority of the combined company's board of directors and determine the outcome of certain matters submitted to Activision Blizzard's stockholders, such as the approval of significant transactions. As a result, actions that may be supported by a majority of the other stockholders could be blocked by Vivendi. In addition, Vivendi's ownership could affect the liquidity in the market for the combined company's common stock.

Furthermore, the ownership position and governance rights of Vivendi would likely discourage a third party from proposing a change of control or other strategic transaction concerning Activision Blizzard. As a result, the Activision Blizzard common stock could trade at prices that do not reflect a "control premium" to the same extent as do the stocks of similarly situated companies that do not have a stockholder with an ownership interest as large as Vivendi's ownership interest.

Some of our current directors and executive officers have interests in the transaction that may differ from your interests as a stockholder, and these persons may have conflicts of interest in recommending you approve the proposals set forth in this proxy statement.

In considering whether to approve the proposals and subproposals set forth in this proxy statement, you should recognize that some of the members of management and our board of directors may have interests in the transaction that differ from, or are in addition to, their interests as stockholders. These interests include:

the rights of certain officers to receive payments or other benefits, including grants of equity awards and the modification of vesting schedules of existing equity awards, following the completion of the transaction;

the continuing service of several of Activision's existing directors and executive officers in the combined company after the closing date;

the amendment of employment arrangements with certain of Activision's executive officers to provide incentives for their continued service to the combined company after the closing date; and

the continued indemnification of Activision's directors post-closing.

These interests are described in greater detail in the sections entitled "The Transaction Interests of Activision's Executive Officers and Directors in the Transaction," "Board and Management of Activision Blizzard" and "Corporate Governance of Activision Blizzard."

Subject to certain limitations, Vivendi may sell common stock at any time following the completion of the transaction, which could cause our stock price to decrease.

The sale of shares of common stock that Vivendi and its subsidiaries receive in the transaction or to fund the tender offer will be restricted, but Vivendi may sell these shares under certain circumstances, including pursuant to a registered underwritten public offering under the Securities Act of 1933, as amended, or in accordance with Rule 144 under the Securities Act. We have entered into an investor agreement with Vivendi, which includes registration rights and which will give Vivendi the

right 120 days after the closing date to require us to register all or a portion of its shares at any time, subject to certain limitations. The sale of a substantial number of shares of common stock by Vivendi or by our other stockholders within a short period of time could cause our stock price to decrease, and make it more difficult for us to raise funds through future offerings of common stock.

If the amendment to our certificate of incorporation to increase the number of authorized shares of common stock is approved and the transaction is completed, we will be able to issue more shares of common stock than currently authorized. As a result, such future issuances of common stock could have a dilutive effect on the earnings per share and voting power of Activision Blizzard stockholders.

If the amendment to our certificate of incorporation to increase the number of authorized shares of common stock is approved by stockholders and the transaction is completed, we will be able to issue more shares of common stock than currently authorized. If the board of directors elects to issue additional shares of common stock in the future, whether in public offerings, in connection with mergers and acquisitions, or otherwise, such additional issuances could dilute the earnings per share and voting power of Activision Blizzard stockholders.

The transaction is subject to conditions, including certain conditions that may not be satisfied, and may not be completed on a timely basis, or at all. Failure to consummate the transaction could have material and adverse effects on Activision.

The completion of the transaction is subject to a number of conditions, which make the completion and timing of the completion of the transaction uncertain. See the section entitled "The Business Combination Agreement Conditions to the Transaction" for a more detailed discussion.

As discussed in this proxy statement, the conditions to Vivendi's obligation to close the transaction include the absence of any pending litigation commenced by any Activision stockholder after December 1, 2007 against Activision or any of its directors before any governmental entity relating to (a) the business combination agreement, (b) any ancillary document thereto, or (c) the transactions contemplated by the business combination agreement or the ancillary documents thereto that would render it impossible or unlawful to consummate the transaction and the tender offer. On February 8, 2008, the Wayne County Employees' Retirement System filed a putative class action complaint against Activision, Merger Sub, Robert J. Corti, Ronald Doornink, Barbara S. Isgur, Robert A. Kotick, Brian G. Kelly, Robert J. Morgado, Peter J. Nolan, Richard Sarnoff, Vivendi, VGAC, and Vivendi Games challenging the transaction. The defendants believe that plaintiff's claims are unsupported by law or facts and intend to defend themselves vigorously against the lawsuit. Because this case is in its early stages, however, an outcome cannot be predicted at this time, and we cannot be assured that it will not prevent or delay the consummation of the transaction and/or result in substantial costs. See "Litigation Related to the Transaction."

If the transaction is not completed on a timely basis, or at all, because of such lawsuit or otherwise, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the transaction, we will be subject to a number of risks, including the following:

we may be required to pay a termination fee of \$180 million if the transaction is terminated under certain circumstances, as described in the business combination agreement;

we will be required to pay certain costs relating to the transaction, such as legal, accounting, financial advisor and printing fees, whether or not the transaction is completed; and

matters relating to the transaction (including integration planning) may require substantial commitments of time and resources by our management, which could otherwise have been devoted to other opportunities that may have been beneficial to us.

In addition, we could also be subject to litigation related to any failure to complete the transaction. If the transaction is not completed on a timely basis, or at all, these risks may materialize and may adversely affect our business, financial results and stock price.

Risks Related to Activision's Business

SEC investigation and litigation relating to stock options remain pending and may adversely affect our business and results of operations.

Although the special subcommittee of independent members of our board of directors established in July 2006 to review our historical stock option granting practices, which we refer to as the special subcommittee, has completed its review of those practices and our stock option grants made in the period between 1992 and 2006, and although we have made to the SEC Staff an offer of settlement of the SEC's formal investigation relating to our stock option granting practices, which the SEC Staff has indicated it is prepared to recommend to the SEC, and have agreed to a settlement of the derivative litigation against us and certain of our current and former directors and officers, the settlement with the SEC remains subject to final documentation and then approval by the Commission and the settlement of the derivative litigation remain subject to final court approval. We believe that we have taken appropriate action by restating our financial statements through the fiscal year ended March 31, 2006, as filed in our amended Annual Report on Form 10-K/A on May 25, 2007, and made appropriate disclosures for matters relating to stock options. If, however, the pending settlements are not approved, the SEC could institute enforcement action seeking other or additional relief or the court in the derivative actions could make findings disagreeing with the findings of the special subcommittee or with the manner in which we have accounted for and reported, or not reported, the financial impact of past option grant measurement date errors. Under such circumstances, we could be required to further restate our prior financial statements, further amend our filings with the SEC, or take other actions not currently contemplated. In addition, additional proceedings would be likely to result in additional legal expense that may affect our results in future periods, and may also result in diversion of management attention and other resources, as well as fines, penalties, damages and other sanctions against us or individual directors and officers. These eventualities could materially and adversely affect our business and results of operations. We cannot currently predict the ultimate outcome of these proceedings.

We depend on a relatively small number of franchises for a significant portion of our revenues and profits.

A significant portion of our revenues is derived from products based on a relatively small number of popular franchises each year, and these products are responsible for a disproportionate amount of our profits. In addition, many of these products have substantial production or acquisition costs and marketing budgets. In fiscal 2008, 65% of our consolidated net revenues and 75% of our worldwide publishing net revenues were derived from three franchises, and in fiscal 2007, 39% of our consolidated net revenues and 52% of our worldwide publishing net revenues were derived from three franchises. We expect that a limited number of popular franchises will continue to produce a disproportionately large amount of our revenues and profits. Due to this dependence on a limited number of franchises, the failure to achieve anticipated results by one or more products based on these franchises may significantly harm our business and financial results.

Sales of certain titles such as Guitar Hero are affected by hardware peripheral availability.

Some of our titles involve one or more separate hardware peripherals, such as the guitar controller in *Guitar Hero*. Typically, we sell such software both in bundles with the hardware peripheral and on a stand-alone basis. Consumers may not want to buy such game software if they cannot also buy the hardware peripheral. If we underestimate demand or otherwise are unable to produce sufficient quantities of the hardware peripheral of an acceptable quality or allocate too few peripherals to geographic markets and hardware platforms where demand exceeds supply, we will forego revenue.

This may also create greater opportunities for competitors to develop or gain market share with competitive product offerings. If we overestimate demand and make too many peripherals, or allocate too many peripherals to geographic markets and hardware platforms where there is insufficient demand, we will incur unrecoverable manufacturing costs for unsold units as well as for unsold game software. In either case, hardware peripheral manufacturing and allocation decisions may negatively affect our financial performance.

A limited number of manufacturers are authorized by Sony, Nintendo or Microsoft to make the hardware peripherals for *Guitar Hero*, and the majority of those manufacturers are located in China. Anything that adversely impacts the ability of those manufacturers to produce or otherwise supply the hardware peripherals for us, including the revocation of the first party license to produce the hardware, the utilization of such manufacturer's capacity by one of our competitors, natural disasters that disrupt manufacturing, transportation or communications, labor shortages, civil unrest or issues generally negatively impacting international companies operating in China, may adversely impact our ability to supply those peripherals to the market.

Our sales may decline substantially without warning and in a brief period of time because a majority of our sales are made to a relatively small number of key customers and because we do not have long-term contracts for the sale of our products.

In the United States and Canada, we primarily sell our products on a direct basis to mass-market retailers, consumer electronics stores, discount warehouses, and game specialty stores. Our products are sold internationally on a direct-to-retail basis, through third-party distribution and licensing arrangements and through our wholly-owned European distribution subsidiaries. Our sales are made primarily on a purchase order basis without long-term agreements or other forms of commitments. Our largest customers, Wal-Mart and GameStop, accounted for approximately 14% and 13%, respectively, of our consolidated net revenues for the fiscal year ended March 31, 2008 and approximately 22% and 8%, respectively, of our consolidated net revenues for the fiscal year ended March 31, 2007. The loss of, or significant reduction in sales to, any of our principal retail customers or distributors could significantly harm our business and financial results. The concentration of sales in a small number of large customers also could make us more vulnerable to collection risk if one or more of these large customers became unable to pay for our products. In addition, having such a large portion of our total net revenue concentrated in a few customers reduces our negotiating leverage with these customers.

We may not be able to maintain our distribution relationships with key vendors and customers.

Our CD Contact, NBG, and Centresoft subsidiaries distribute interactive entertainment software and hardware products and provide related services in the Benelux countries, Germany, and the United Kingdom, respectively, and via export in other European countries for a variety of entertainment software publishers, many of which are our competitors, and hardware manufacturers. From time to time, they also maintain exclusive relationships to serve certain retail customers. These services are generally performed subject to limited-term arrangements. Although we expect to use reasonable efforts to retain these vendors and retail customer relationships, we may not be successful in this regard. The cancellation or non-renewal of one or more of these arrangements could adversely affect business and financial results.

Our investments in auction rate securities are subject to risks that may have an adverse effect on our liquidity.

As of March 31, 2008, the par value of our investment in auction rate securities was \$95.2 million, or approximately 6%, of our cash, cash equivalents and investments, and the fair value of these securities was estimated to be \$90.9 million, or \$4.3 million below par. The change in fair value was recorded as a component of comprehensive income (loss) in the consolidated statement of changes in shareholders' equity, as the decline in fair value is not considered to be "other-than-temporary". The

auction rate securities we currently hold are all long term debt obligations secured by student loans, and they carry a "AAA" credit rating the highest rating given to securities by a nationally recognized rating agency.

Liquidity for these auction rate securities is typically provided by an auction process which allows holders to sell their notes and resets the applicable interest rate at pre-determined intervals, usually every 7 to 35 days. Each of the auction rate securities in our investment portfolio as of March 31, 2008 has experienced a failed auction. There is no assurance that future auctions for these securities will succeed. An auction failure means that the parties wishing to sell their securities could not be matched with an adequate volume of buyers. In the event that there is a failed auction, the indenture governing the security requires the issuer to pay interest at a contractually defined rate that is generally above market rates for other types of similar short-term instruments. The securities for which auctions have failed will continue to earn interest at the contractual rate and be auctioned every 7 to 35 days until the auction succeeds, the issuer calls the securities or they mature. As a result, our ability to liquidate and fully recover the carrying value of our auction rate securities in the near term may be limited or not exist. All of our investments were classified as short-term as of December 31, 2007, because such securities were reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business, however we have classified these securities as non-current investments in our consolidated financial statements as of March 31, 2008 due to uncertainties of the timing of liquidation.

If the issuers of these auction rate securities are unable to successfully close future auctions, their credit ratings deteriorate and we determine that an "other-than-temporary" decline in fair market value has occurred, we may in the future be required to record an impairment charge on these investments. We believe we will be able to liquidate our investment without significant loss, and we currently believe these securities are not significantly impaired, primarily due to the government guarantee of a substantial portion of the underlying loans, however, it could take until the final maturity of the underlying notes (up to 39 years) to realize our investments' par value. Based on our other available cash and expected operating cash flows and financing, we do not anticipate the potential lack of liquidity on these investments will affect our ability to execute our current business plan or to consummate the proposed post-closing self tender offer described in this proxy statement in the section entitled "The Business Combination Agreement The Tender Offer." Additionally, we have received indications from certain lenders that we may borrow against the par value of the securities at competitive rates.

As online functionality becomes an increasingly important feature of our software products, we may need to defer the recognition of an increasing amount of revenue, which may adversely affect the net revenue, net income and earnings per share that we will report under GAAP.

As online functionality becomes a more important component of gameplay, an increasing number of our online-enabled games may contain a more-than-inconsequential separate service deliverable in addition to the product, and our performance obligations for these games will extend beyond the sale of the games. Vendor-specific objective evidence of fair value does not exist for the online services, as we do not plan to separately charge for this component of online-enabled games. As a result, for certain key titles to be released in the December quarter of fiscal year 2009 and thereafter, we will recognize all of the revenues from the sale of certain online-enabled games for certain platforms ratably over an estimated service period, which we currently estimate to be six months beginning the month after shipment. In addition, we will defer the costs of sales of those titles. This may have an adverse effect on the revenue, net income and earnings per share that we will report for future periods under GAAP. If we are required to recognize a greater portion of the revenue of a sale after shipment, or if we are required to recognize revenue over a longer service period, there may be an adverse effect on our reported net revenue, net income and earnings per share under GAAP.

Risks Related to the Vivendi Games Business

Vivendi Games is dependent on Blizzard's World of Warcraft franchise.

The majority of Vivendi Games' total net sales are derived from Blizzard's *World of Warcraft* franchise. For the three months ended March 31, 2008 and for the years ended December 31, 2007, 2006 and 2005, Blizzard's *World of Warcraft* titles accounted for approximately 85%, 77%, 62%, and 48%, respectively, of Vivendi Games' total net sales. Vivendi Games is the current leading global developer, publisher and distributor in terms of subscriber base and revenues in the subscription-based MMORPG category, due to the popularity of *World of Warcraft* and related expansion packs. To remain the leader in the MMORPG category, it is important that Vivendi Games continue to refresh *World of Warcraft* or develop new MMORPG products that are favorably received by its existing customer base and new customers. A number of software publishers have developed and commercialized or are currently developing online games for use by consumers over the Internet which pose a threat to the popularity of *World of Warcraft*, and Vivendi Games expects new competitors to continue to emerge in the MMOG category. If consumer demand for *World of Warcraft* games declines and Vivendi Games has not introduced new MMOG or other products that replace *World of Warcraft's* potentially decreasing revenue, or added other sources of revenue, Vivendi Games' financial condition could suffer. Additionally, if new technologies are developed that replace MMOG games, if consumer preferences trend away from MMOG games or if new business models emerge that offer online subscriptions for free or at a substantial discount to current MMOG subscription fees, Vivendi Games' revenue and profitability will decline.

The development of MMOG products requires substantial up-front expenditures. Vivendi Games may not be able to recover development costs for its future MMOG products.

Consumer preferences for games are usually cyclical and difficult to predict, and even the most successful titles remain popular for only limited periods of time, unless refreshed with new content. In order to remain competitive in the MMOG market, Vivendi Games must continuously develop new products and enhancements to existing products. Because of the significant complexity of MMOG games, these products require a longer development time and are more expensive to create than traditional console game products. In addition, the long lead time involved in developing a MMOG product and the significant allocation of financial resources that each product requires means it is critical that Vivendi Games accurately predict consumer demand for new MMOG products. While *World of Warcraft's* popularity allowed it to recoup its production costs, if future MMOG products do not achieve expected market acceptance or generate sufficient sales and subscription revenues upon introduction, Vivendi Games may not be able to recover the development and marketing costs associated with new products, and its financial results could suffer.

A substantial portion of Vivendi Games' revenues is derived from subscriptions paid by World of Warcraft subscribers. If these customers cancel their subscriptions, Vivendi Games' financial condition could suffer.

A substantial portion of Vivendi Games' revenues is generated by subscription fees paid by consumers who play *World of Warcraft*. Typically, *World of Warcraft* subscribers purchase one (1) to three (3) month memberships that are cancelable, without penalty, at the end of the membership period. If *World of Warcraft* subscribers become dissatisfied, they may choose not to renew their memberships in order to engage in other forms of entertainment (including competing MMOG offerings) and Vivendi Games may not be able to replace lost subscribers. Additionally, if general economic conditions decline, consumers may decrease their discretionary spending on entertainment items such as MMOG games and users may choose not to renew their *World of Warcraft* subscriptions. A decrease in the overall subscription base of *World of Warcraft* could substantially harm Vivendi Games' operating results.

Vivendi Games depends on servers to operate its MMORPG business. If Vivendi Games were to lose server capacity, for any reason, its business could suffer.

Vivendi Games' business relies on the continuous operation of its data servers. Any broad based catastrophic server malfunction, a significant intrusion by hackers that circumvents its security measures, or a failure of Vivendi Games' disaster recovery service would likely interrupt the operation of Vivendi Games' MMORPG games and could result in the loss of subscription-based sales. An extended interruption of service could harm Vivendi Games' goodwill and operating results.

Vivendi Games must project its future server needs and make advance purchases of servers to accommodate expected business demands. If Vivendi Games underestimates the amount of server capacity its business requires or if Vivendi Games' business were to grow more quickly than expected, Vivendi Games' customers may experience service problems, such as slow or interrupted gaming access. Insufficient server capacity may result in Vivendi Games' experiencing decreased sales, a loss of its customer base, and adverse consequences to its reputation and goodwill. Conversely, if Vivendi Games overestimates the amount of server capacity required by its business, Vivendi Games may incur additional operating costs that it would affect its operating margins.

Vivendi Games may not accurately predict the amount of bandwidth necessary to sustain its business.

Vivendi Games' online gaming businesses are dependent on the availability of sufficient Internet bandwidth. An increase in the price of bandwidth could have an adverse effect on operating margins since Vivendi Games may not be able to increase its prices or subscriber levels to compensate for such costs. Because of the importance of its MMORPG business, Vivendi Games' ability to access adequate bandwidth to support its business is critical. To secure bandwidth access, Vivendi Games has entered into arrangements with several bandwidth providers and entered into long-term contracts with some of them to secure future bandwidth capacity. If the price of bandwidth were to decrease, Vivendi Games' contractual commitment to pay higher prices could affect Vivendi Games' ability to compete with other video game producers.

Conversely, since Vivendi Games purchases additional bandwidth based on anticipated growth, its bandwidth capacity is sometimes larger than necessary to sustain its existing needs. If Vivendi Games' projected online business growth is delayed or does not occur, Vivendi Games will incur larger bandwidth expenses than necessary. If Vivendi Games underestimates the amount of bandwidth that its online business requires, and its purchased bandwidth capacity is insufficient to meet demand, Vivendi Games' business and reputation may suffer.

Vivendi Games' results of operations or reputation may be harmed as a result of offensive consumer posted content.

Vivendi Games is subject to risks associated with *World of Warcraft's* collaborative online features, specifically its online chat feature. Consumers may post narrative comment, in real time, onto *World of Warcraft's* gaming sites that is visible to other users. Despite Vivendi Games' efforts to police and restrict inappropriate consumer content, from time to time objectionable and offensive consumer content may be posted to a *World of Warcraft's* gaming site. Vivendi Games may be subject to lawsuits, governmental regulation or restrictions, and consumer backlash (including decreased sales and harmed goodwill), as a result of consumers posting offensive content, any of which could harm Vivendi Games' operating results.

A substantial portion of World of Warcraft's subscribers pays their subscription fees using credit cards. Credit card fraud could have a negative impact on Vivendi Games' business and operating results.

A substantial portion of the subscription revenue generated by *World of Warcraft* is paid by subscribers using credit cards. At times, there may be attempts to use fraudulently obtained credit card

numbers to pay for *World of Warcraft* upgrades or subscriptions. Additionally, the credit card numbers of *World of Warcraft*'s subscribers are maintained in a proprietary database that may be compromised internally or externally by fraudulent maneuvers. As fraudulent schemes become more sophisticated, it may become more difficult and more costly for Vivendi Games to detect credit card fraud and protect subscriber information. An increase in credit card fraud could have an adverse effect on Vivendi Games' business and its operating results.

Risks Related to the Businesses of Activision and Vivendi Games

The future success of the Activision and Vivendi Games businesses depends on each company's ability to release popular products.

The life of any one console or handheld game product is relatively short and generally involves a relatively high level of sales during the first few months after introduction followed by a rapid decline in sales. Because revenues associated with an initial product launch generally constitute a high percentage of the total revenues associated with the life of a product, delays in product releases or disruptions following the commercial release of one or more new products could have a material adverse effect on the affected company's operating results and cause such operating results to be materially different from expectations. It is therefore important for each of Activision and Vivendi Games to be able to continue to develop many high quality new products that are popularly received. Each company focuses its development and publishing activities principally on products that are, or have the potential to become, franchise brand properties. If the companies are unable to do this, their respective business and financial results may be negatively affected.

The businesses of Activision and Vivendi Games are "hit" driven. If the companies do not deliver "hit" titles, or if consumers prefer competing products, sales could suffer.

While many new products are regularly introduced, only a relatively small number of "hit" titles account for a significant portion of net revenue. Competitors may develop titles that imitate or compete with either of Activision's or Vivendi Games' "hit" titles, and take sales away from them or reduce their ability to command premium prices for those titles. Hit products published by the companies' competitors may take a larger share of consumer spending than anticipated, which could cause product sales to fall below expectations. If the companies' competitors develop more successful products or offer competitive products at lower prices, or if Activision or Vivendi Games does not continue to develop consistently high-quality and well received products, revenues, margins, and profitability will decline.

If Activision or Vivendi Games is unable to maintain or acquire licenses to intellectual property, they may publish fewer "hit" titles and revenues may decline.

Some of Activision's and Vivendi Games' products are based on intellectual property and other character or story rights acquired or licensed from third parties. These license and distribution agreements are limited in scope and time, and Activision and Vivendi Games may not be able to renew key licenses when they expire or to include new products in existing licenses. Either company's loss of a significant number of intellectual property licenses or relationships with licensors, or inability to obtain additional licenses of significant commercial value could have a material adverse effect on such company's ability to develop new products and therefore on its business and financial results. Additionally, the failure of intellectual property acquired by either company to be popularly received could impact the market acceptance of those products in which the intellectual property is included. Such lack of market acceptance could result in the write-off of the unrecovered portion of acquired intellectual property assets, which could cause material harm to the affected company's business and financial results. Furthermore, the competition for these licenses and distribution agreements is often intense. Competition for these licenses may also increase the advances, guarantees, and royalties that must be paid to the licensor.

The interactive entertainment industry is highly competitive and competitors may succeed in narrowing the market share and reducing the sales of Activision and Vivendi Games.

Activision and Vivendi Games compete with other publishers of PC and video game console interactive entertainment software and peripherals. Those competitors vary in size from small companies with limited resources to very large corporations with significantly greater financial, marketing, and product development resources than either company has. For example, integrated video game console hardware and software companies such as Sony, Nintendo, and Microsoft compete directly with the companies in the development of software titles for their respective platforms. Certain of these competitors may spend more money and time on developing and testing products, undertake more extensive marketing campaigns, adopt more aggressive pricing policies, pay higher fees to licensors for desirable motion picture, television, sports, music and character properties, and pay more to third-party software developers than either Activision or Vivendi Games do.

Activision and Vivendi Games also compete with other forms of entertainment and leisure activities. For example, the overall growth in the use of the Internet and online services by consumers may pose a competitive threat if customers and potential customers spend less of their available time using interactive entertainment software and more using the Internet and online services. A number of software publishers who compete with Activision or Vivendi Games have developed and commercialized or are currently developing online games for use by consumers over the Internet. Future increased consumer acceptance and increases in the availability of online games or technological advances in online game software or the Internet could result in a decline in platform-based software and negatively impact sales of each company's console and handheld products. Newer technological advances in online game software may also render products such as Vivendi Games' *World of Warcraft* obsolete. Direct sales of software over the Internet by competitors could materially adversely affect Activision's distribution business as well.

Competition in the interactive entertainment industry is intense and Activision and Vivendi Games expect new competitors to continue to emerge.

The businesses of Activision and Vivendi Games are subject to risks and uncertainties of international trade.

Activision and Vivendi Games conduct business throughout the world, and each company derives a substantial amount of revenue from international trade, particularly from Europe, Australia, and Asia. Activision's revenues outside of North America have accounted for 39%, 50% and 52% of Activision's consolidated net revenues in fiscal 2008, 2007 and 2006, respectively. Similarly, Vivendi Games' international revenues have accounted for approximately 55%, 53%, 48% and 46%, of Vivendi Games' net revenue for the three months ended March 31, 2008 and for the years ended December 31, 2007, 2006 and 2005, respectively. Each company expects that international revenues will continue to account for a significant portion of total revenues in the future.

Activision and Vivendi Games are subject to risks inherent in foreign trade, including increased tariffs and duties, fluctuations in currency exchange rates, shipping delays, and international political, regulatory and economic developments, all of which may impact operating margins or make it more difficult, if not impossible, for such company to conduct business in foreign markets.

For example, a deterioration in relations between the U.S. and any country in which Activision or Vivendi Games has significant operations or sales, including China, in particular, could result in the adoption or expansion of trade restrictions that harm Activision's or Vivendi Games' business and operating results as could the implementation of government regulations in a country that Activision or Vivendi Games has significant operations or sales. For example, to operate in China, *World of Warcraft* must have a publishing number. A decision by the Chinese government to revoke the number or decline to grant a number for future products would adversely impact Vivendi Games operating results. Additionally, in the past, legislation has been implemented in China that has required modifications to

the *World of Warcraft* software. The future implementation of similar laws may require engineering modifications to either company's products that are not cost-effective, if even feasible at all or could degrade the customer experience to the point where customers ceased to purchase such products.

Further, if government regulations or restrictions prevent Activision or Vivendi Games from repatriating internationally derived revenue into the U.S., or a country's tax structure makes repatriation prohibitively expensive, Activision or Vivendi Games may not transfer this revenue into the U.S., which could affect its ability to reinvest or utilize such amounts in its business.

In addition, cultural differences may affect consumer preferences and limit the popularity of titles that are "hits" in the United States. If either company does not correctly assess consumer preferences in the countries in our market, its sales and revenue may be lower than expected.

Fluctuations in currency exchange rates may have a negative impact on the businesses of Activision or Vivendi Games.

Activision and Vivendi Games transact business in various currencies other than the U.S. dollar and have significant international sales and expenses denominated in currencies other than the U.S. dollar, subjecting each to currency exchange rate risks. All of Vivendi Games' international sales are made in local currencies, which could fluctuate against the U.S. dollar. Vivendi Games has, in the past, entered into various derivative financial instruments with Vivendi to manage and reduce the exposure to fluctuations in foreign currency exchange rates. All of these instruments are traded over the counter by Vivendi with highly-rated counter-parties. All derivative financial instruments are only used for hedging purposes. Activision also has engaged in limited currency hedging activities. While these hedging activities mitigate some currency exchange rate risks, each company's reported revenues from international sales and licensing, and thus its results of operations and financial condition would be adversely affected by unfavorable movements in currency exchange rates. Additionally, there can be no assurance that Activision Blizzard will continue these programs, or that it will be successful in managing exposure to currency exchange rate risks.

Activision and Vivendi Games rely on independent third parties to develop some of their respective software products.

Activision and Vivendi Games rely on independent third-party software developers to develop some of their software products. Since they depend on these developers, in the aggregate, the companies remain subject to the following risks:

continuing strong demand for developers' resources, combined with the recognition they receive in connection with their work, may cause developers who worked for either of Activision or Vivendi Games in the past either to work for a competitor in the future or to renegotiate agreements with such company on terms less favorable for Activision or Vivendi Games;

limited financial resources and business expertise and inability to retain skilled personnel may force developers out of business prior to completing products or require Activision or Vivendi Games to fund additional costs; and

a competitor of Activision or Vivendi Games may acquire the businesses of key developers or sign them to exclusive development arrangements. In either case, the affected company

would not be able to continue to engage such developers' services for its products, except for those that such developers are contractually obligated to complete development of for such company.

Increased competition for skilled third-party software developers also has compelled Activision and Vivendi Games to agree to make significant advance payments on royalties to game developers. If the products subject to these arrangements do not generate sufficient revenues to recover these royalty advances, Activision or Vivendi Games, as applicable, would have to write-off unrecovered portions of

these payments, which could cause material harm to such company's business and financial results. Typically, Activision and Vivendi Games pay developers a royalty based on a percentage of net revenues, less agreed upon deductions, but from time to time, the companies have agreed to pay developers fixed per unit product royalties after royalty advances are fully recouped. To the extent that sales prices of products on which the companies have agreed to pay a fixed per unit royalty are marked down, their profitability could be adversely affected.

The platform licensors of each of Activision and Vivendi Games set the royalty rates and other fees that must be paid to publish games for their platforms, and therefore have significant influence on costs.

Activision and Vivendi Games pay a licensing fee to the hardware manufacturer for each copy of a product manufactured for that manufacturer's game platform. In order to publish products for new hardware platforms, each company must take a license from the platform licensor which gives the platform licensor the opportunity to set the fee structure that such company must pay in order to publish games for that platform. Similarly, the platform licensors have retained the flexibility to change their fee structures for online gameplay and features for their consoles and the manufacturing of products. The control that platform licensors have over the fee structures for their platforms and online access makes it difficult for Activision and Vivendi Games to predict their respective costs and profitability in the medium to long term. It is also possible that platform licensors will not renew the existing licenses of either Activision or Vivendi Games. Any increase in fee structures or nonrenewal of licenses could have a significant negative impact on each company's business models and profitability, particularly for Activision, as the publishing of products for console systems is the largest portion of its business.

The businesses of Activision and Vivendi Games are highly dependent on the success, timely release and availability of new video game platforms, on the continued availability of existing video game platforms, as well as each company's ability to develop commercially successful products for these platforms.

Activision derives most of its revenue, and Vivendi Games, through its subsidiary Sierra, also derives a substantial amount of revenue, from the sale of products for play on video game platforms manufactured by third parties, such as Sony's PlayStation 2, PlayStation 3 and PlayStation Portable, Microsoft's Xbox 360 and Nintendo's Wii and DS. The success of each company's business is driven in large part by the availability of an adequate supply of these video game platforms, its ability to accurately predict which platforms will be successful in the marketplace, and its ability to develop commercially successful products for these platforms. Activision and Vivendi Games must make product development decisions and commit significant resources well in advance of the anticipated introduction of a new platform. A new platform for which Activision or Vivendi Games is developing products may be delayed, may not succeed or may have a shorter life cycle than anticipated. Alternatively, a platform for which either company has not devoted significant resources could be more successful than initially anticipated, causing such company to miss a meaningful revenue opportunity. Additionally, if the platforms for which either company is developing products are not released when anticipated, are not available in adequate quantities to meet consumer demand, or do not attain wide market acceptance, such company's revenues may suffer, such company may be unable to fully recover the investment it has made in developing those products, and its financial performance may be harmed.

Transitions in console platforms could have a material impact on the market for interactive entertainment software.

In 2005, Microsoft released the Xbox 360 and, in 2006, Sony and Nintendo introduced their respective next-generation hardware platforms, the PlayStation 3 and Wii. When new console platforms are announced or introduced into the market, consumers typically reduce their purchases of game console entertainment software products for current console platforms in anticipation of new platforms

becoming available. During these periods, sales of game console entertainment software products published by Activision or Vivendi Games may be expected to slow or even decline until new platforms are introduced and achieve wide consumer acceptance. This decline may not be offset by increased sales of products for the new console platforms. As console hardware moves through its life cycle, hardware manufacturers typically enact price reductions and decreasing prices may put downward pressure on software prices. During platform transitions, Activision and Vivendi Games may simultaneously incur costs both in continuing to develop and market new titles for prior-generation video game platforms, which may not sell at premium prices, and also in developing products for next-generation platforms, which will not generate immediate or near-term revenue. As a result, the affected company's operating results during platform transitions may be more volatile and more difficult to predict than during other times, and such volatility may cause greater fluctuations in Activision's stock price.

Activision and Vivendi Games must make significant expenditures to develop products for new platforms which may not be successful.

Each of Activision and Vivendi Games must make substantial product development and other investments in a particular platform well in advance of introduction of the platform and may be required to realign its product portfolio and development efforts in response to market changes. Furthermore, development costs for new console platforms are greater than such costs for current console platforms. If increased costs are not offset by higher revenues and other cost efficiencies, operating results will suffer and the affected company's financial position will be harmed. If the platforms for which either Activision or Vivendi Games develops new software products or modify existing products do not attain significant market penetration, such company may not be able to recover its development costs, which could be significant, and its business and financial results could be significantly harmed.

If the average price of prior-generation titles continues to decline or if Activision or Vivendi Games is unable to sustain launch pricing on next-generation titles, the affected company's operating results will suffer.

Both Activision and Vivendi Games have experienced a decrease in the average price of titles for prior-generation platforms. With the transition of the interactive entertainment software industry to next-generation video game platforms, fewer prior-generation titles are able to command premium prices, and the companies expect that even those titles that can do so will be subject to price reductions at an earlier point in their sales cycle than was the case with prior platform transitions. The companies expect the average price of prior-generation titles to continue to be under pressure, which may have a negative effect on each company's margins and operating results.

Next-generation titles for the Xbox 360, Sony's PlayStation 3 and the Nintendo Wii have been offered at premium retail prices since the launch of such consoles. Activision and Vivendi Games expect to continue to price next-generation titles at a premium level, but if they are unable to sustain launch pricing on these next-generation titles they may experience a negative effect on their respective margins and operating results.

Platform licensors are chief competitors of both Activision and Vivendi Games and frequently control the manufacturing of and have broad approval rights over each company's console and handheld video game products.

Generally, when Activision or Vivendi Games develops interactive entertainment software products for hardware platforms offered by Sony, Nintendo, or Microsoft, the products are manufactured exclusively by that hardware manufacturer or their approved replicator.

The agreements with these manufacturers include certain provisions, such as approval rights over all software products and related hardware peripherals and promotional materials and the ability to change the fee they charge for the manufacturing of products, which allow them substantial influence over the cost and the release schedule of such interactive entertainment software products. In addition, since each of the manufacturers is also a publisher of games for its own hardware platforms and manufactures products for all of its other licensees, a manufacturer may give priority to its own products or those of competitors of Activision or Vivendi Games in the event of insufficient manufacturing capacity. Accordingly, Sony, Nintendo, or Microsoft could cause unanticipated delays in the release of either company's products as well as increases to projected development, manufacturing, marketing, or distribution costs, which could materially harm the business and financial results of such company.

In addition, platform licensors control each company's ability to provide online game capabilities for console platform products and in large part establish the financial terms on which these services are offered to consumers. Currently, Microsoft provides online capabilities for the Xbox 360 and Sony provides online capabilities for PlayStation 2 and PlayStation 3 products. In each case, compatibility code and/or the consent of the licensor are required for either company to include online capabilities in its console products. As these capabilities become more significant, the failure or refusal of licensors to approve either company's products may harm the business and financial results of the affected company.

Activision and Vivendi Games may face difficulty obtaining access to retail shelf space necessary to market and sell their products effectively.

Retailers typically have a limited amount of shelf space and promotional resources, and there is intense competition among consumer interactive entertainment software products for high quality retail shelf space and promotional support from retailers. To the extent that the number of products and platforms increases, competition for shelf space may intensify and may require the companies to increase their respective marketing expenditures. Retailers with limited shelf space typically devote the most and highest quality shelf space to those products expected to be best sellers. Neither Activision nor Vivendi Games can be certain that its new products will consistently achieve such "best seller" status. Due to increased competition for limited shelf space, retailers and distributors are in an increasingly better position to negotiate favorable terms of sale, including price discounts, price protection, marketing and display fees, and product return policies. Activision's and Vivendi Games' products constitute a relatively small percentage of any retailer's sales volume. Neither Activision nor Vivendi Games can be certain that retailers will continue to purchase their respective products or to provide those products with adequate levels of shelf space and promotional support on acceptable terms. A prolonged failure in this regard may significantly harm one or both of the companies' business and financial results.

Activision's and Vivendi Games' products may be subject to legal claims.

In prior fiscal years, at least two lawsuits have been filed against numerous video game companies, including against Activision, by the families of victims who were shot and killed by teenage gunmen in attacks perpetrated at schools. These lawsuits alleged that the video game companies manufactured and/or supplied these teenagers with violent video games, teaching them how to use a gun and causing them to act out in a violent manner. These lawsuits have been dismissed. Similar additional lawsuits may be filed in the future. Although, with respect to the prior lawsuits of this nature against Activision, its general liability insurance carrier agreed to defend such suits, it is uncertain whether either company's insurance carrier would do so in the future, or if such insurance carriers would cover all or any amounts for which Activision or Vivendi Games might be liable if such future lawsuits are not decided in such company's favor. If such future lawsuits are filed and ultimately decided against either

company and the relevant insurance carrier does not cover the amounts for which such company may be liable, it could have a material adverse effect on such company's business and financial results. Payment of significant claims by insurance carriers may make such insurance coverage materially more expensive or unavailable in the future, thereby exposing one or both of the companies to additional risk.

If the products of Activision or Vivendi Games contain defects, their business could be harmed significantly.

Software products and hardware peripherals as complex as the ones published and distributed by Activision or Vivendi Games may contain undetected errors and defects. This risk is often higher when such products or peripherals are first introduced or when new versions are released. Failure to avoid, or to timely detect and correct, such errors or defects could result in loss of, or delay in, market acceptance, and could significantly harm the affected company's business, financial results, and reputation.

Activision and Vivendi Games may permit their respective customers to return products and to receive pricing concessions which could reduce net revenues and results of operations.

Activision and Vivendi Games are exposed to the risk of product returns and price protection with respect to their distributors and retailers. Return policies allow distributors and retailers to return defective, shelf-worn, and damaged products in accordance with terms granted. Price protection, when granted and applicable, allows customers a credit against amounts owed with respect to merchandise unsold by them. Activision and Vivendi Games may permit product returns from, or grant price protection to, their customers under certain conditions. These conditions include compliance with applicable payment terms, delivery of weekly inventory and sell-through reports, and consistent participation in the launches of premium title releases. The companies may also consider other factors, including the facilitation of slow-moving inventory and other market factors. When each company offers price protection, it is offered with respect to a particular product to all of such company's retail customers (although only customers who meet the conditions detailed above are entitled to such price protection). Activision also offers a 90-day limited warranty to its end users that its products will be free from manufacturing defects. Although each company maintains a reserve for returns and price protection, and although it may place limits on product returns and price protection, either company could be forced to accept substantial product returns and provide substantial price protection to maintain its relationships with retailers and its access to distribution channels. Product returns and price protection that exceed reserves could significantly harm the affected company's business and financial results.

The businesses of Activision and Vivendi Games may be burdened with payment defaults and uncollectible accounts if either company's distributors or retailers cannot honor their existing credit arrangements.

Distributors and retailers in the interactive entertainment industry have from time to time experienced significant fluctuations in their businesses and a number of them have failed. The insolvency or business failure of any significant retailer or distributor of either company could materially harm such company's business and financial results. Activision and Vivendi Games typically make sales to most such retailers and some such distributors on unsecured credit, with terms that vary depending upon the customer's credit history, solvency, credit limits, and sales history, as well as whether such company can obtain sufficient credit insurance. Although, as in the case with most customers, each of Activision and Vivendi Games has insolvency risk insurance to protect against a customer's bankruptcy, insolvency, or liquidation, this insurance contains a significant deductible and co-payment obligation, and does not cover all instances of non-payment. In addition, although Activision and Vivendi Games maintain a reserve for uncollectible receivables, the reserve may not be

sufficient in every circumstance. As a result, a payment default by a significant customer could significantly harm the affected company's business and financial results.

The businesses of Activision and Vivendi Games are subject to risks generally associated with the entertainment industry, any of which could significantly harm each company's operating results.

The business of each of Activision and Vivendi Games is subject to risks that are generally associated with the entertainment industry, including the popularity, price and timing of the release of such company's games and the platforms on which they are played; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted. Many of these risks are beyond the control of Activision or Vivendi Games. These risks could negatively impact each company's business and financial results.

Activision and Vivendi Games are exposed to seasonality in the sale of their products.

The interactive entertainment industry is highly seasonal, with the highest levels of consumer demand occurring during the calendar year end holiday buying season. As a result, net revenues, gross profits, and operating income have historically been highest during the second half of the calendar year. Receivables and credit risk are likewise higher during the second half of the calendar year as customers stock up on the companies' products for the holiday season. Further, delays in development, licensor approvals, or manufacturing can also affect the timing of the release of products, causing the affected company to miss key selling periods such as the calendar year end holiday buying season.

Activision and Vivendi Games may not be able to adequately adjust their respective cost structures in a timely fashion in response to a sudden decrease in demand.

A significant portion of each company's selling and general and administrative expense is comprised of personnel and facilities. In the event of a significant decline in revenues, Activision and Vivendi Games may not be able to exit facilities, reduce personnel, or make other changes to their respective cost structures without disruption to operations or without significant termination and exit costs. Management may not be able to implement such actions in a timely manner, if at all, to offset an immediate shortfall in revenues and profit.

If Activision and Vivendi Games do not continue to attract and retain key personnel, they will be unable to effectively conduct their respective businesses.

The success of each of Activision and Vivendi Games depends to a significant extent on each company's ability to identify, hire, and retain skilled personnel. The software industry is characterized by a high level of employee mobility and aggressive recruiting among competitors for personnel with technical, marketing, sales, product development, and management skills. One or both of the companies may have difficulties in attracting and retaining skilled personnel or may incur significant costs in order to do so. If Activision or Vivendi Games is unable to attract additional qualified employees or retain the services of key personnel, its business and financial results could be negatively impacted.

The products of Activision and Vivendi Games are subject to the threat of piracy and unauthorized copying, and inadequate intellectual property laws and other protections could prevent the companies from enforcing or defending their respective proprietary technologies. Activision and Vivendi Games may also face legal risks arising out of user-generated content.

Each of Activision and Vivendi Games regards its software as proprietary and relies on a combination of copyright, patent, trademark and trade secret laws, employee and third-party nondisclosure agreements, and other methods to protect its proprietary rights. Activision and Vivendi Games own or license various copyrights, patents, and trademarks. Each company is aware that some unauthorized copying occurs, and if a significantly greater amount of unauthorized copying of its software products were to occur, it could cause material harm to such company's business and financial results.

Policing unauthorized use of the companies' products is difficult, and software piracy is a persistent problem, especially in certain countries. Further, the laws of some countries where Activision's and Vivendi Games' products are or may be distributed either do not protect their products and intellectual property rights to the same extent as the laws of the United States, or are poorly enforced. Legal protection of each company's rights may be ineffective in such countries. In addition, though each company takes steps to make the unauthorized copying and distribution of its products more difficult, as do the manufacturers of consoles on which some of those games (and a majority of those games published by Activision) are played, the efforts of each company and those of the console manufacturers may not be successful in controlling the piracy of the companies' products. Organized pirate operations have been expanding globally. In addition, the proliferation of technology designed to circumvent the protection measures used in the companies' products, the availability of broadband access to the Internet, the ability to download pirated copies of games from various Internet sites and peer-to-peer networks, and the widespread proliferation of Internet cafes using pirated copies of each company's products, all have contributed to an expansion in piracy. This could have a negative effect on each company's respective growth and profitability in the future.

Moreover, as the companies leverage their software products using technologies such as the Internet and online services, and as user-generated content increases, the ability of either Activision or Vivendi Games to protect its intellectual property rights and to avoid infringing intellectual property rights of others may diminish. Neither Activision nor Vivendi Games can be certain that existing intellectual property laws will provide adequate protection for its products in connection with these emerging technologies.

Data breaches involving the source code for Activision's and Vivendi Games' products or customer or employee data stored by the companies could adversely affect their respective reputations and revenues.

Activision and Vivendi Games store the source code for their interactive entertainment software products as it is created on multiple electronic devices. In addition, each company stores confidential information with respect to its customers and employees. A breach of the systems on which such source code, account information (including personally identifiable information) and other sensitive data is stored could lead to piracy of the affected company's software or fraudulent activity resulting in claims and lawsuits against the company in connection with data security breaches. A data intrusion into Blizzard's *World of Warcraft* servers could also disrupt the operation of *World of Warcraft*. If Activision or Vivendi Games is subject to data security breaches, it may have a loss in sales or be forced to pay damages or other amounts, which could materially and adversely affect profitability. In addition, any damage to either company's reputation resulting from a data breach could have a material adverse impact on its revenues and future growth prospects, or increased costs arising from the implementation of additional security measures.

Activision and Vivendi Games may be subject to intellectual property claims.

As the number of interactive entertainment software products increases and the features and content of these products continue to overlap, software developers increasingly may become subject to infringement claims. Many of the companies' products are highly realistic and feature materials that are based on real world examples, which may be the subject of intellectual property infringement claims of others. In addition, the companies' products often utilize complex, cutting edge technology that may become subject to emerging intellectual property rights of others. Although both Activision and Vivendi Games believe that it makes reasonable efforts to ensure that its products do not violate the intellectual property rights of others, it is possible that third parties still may claim infringement. From time to time, each company receives communications from third parties regarding such claims. Existing or future infringement claims against Activision and Vivendi Games, whether valid or not, may be time consuming, distracting to management and expensive to defend.

Intellectual property litigation or claims could force the companies to do one or more of the following:

cease selling, incorporating, or using products or services that incorporate the challenged intellectual property;

obtain a license from the holder of the infringed intellectual property, which if available at all, may not be available on commercially favorable terms; or

redesign the affected interactive entertainment software products or hardware peripherals, which could result in additional costs, delay introduction and possibly reduce commercial appeal of the affected products.

Any of these actions may cause material harm to the affected company's business and financial results.

Each of Activision's and Vivendi Games' products are subject to ratings by the Entertainment Software Rating Board and similar agencies. Either company's failure to obtain its target ratings for its products could negatively impact its sales.

The Entertainment Software Rating Board, or ESRB, is a self-regulatory body in the U.S. that provides consumers of interactive entertainment software with ratings information, including information relating to violence, nudity, or sexual content contained in software titles. Certain countries other than the U.S. have also established similar rating systems as prerequisites for product sales in those countries. In some instances, a company may be required to modify its products to comply with the requirements of the rating systems, which could delay or disrupt the release of any given product, or may prevent its sale altogether in certain territories. The relevant ESRB ratings include "Everyone" (age 6 and older), "Everyone 10+" (age 10 and older), "Teen" (age 13 and over), or "Mature" (age 17 and over). Certain of Activision's and Vivendi Games' titles have received a "Mature" rating. None of either company's titles has received the "Adults Only" rating (18 and over). Activision and Vivendi Games believe that they comply with rating systems and properly display the ratings and content descriptions received for their respective titles. If either company is unable to obtain the ratings it has targeted for its products as a result of changes in the ESRB's ratings standards or for other reasons, including the adoption of legislation in this area, the affected company's business and prospects could be negatively affected.

The business, products, and distribution of Activision and Vivendi Games are subject to increasing regulation of content in key territories. If each company does not successfully respond to these regulations, its business may suffer.

Legislation is continually being introduced that may affect both the content and the distribution of Activision's and Vivendi Games' products. For example, privacy laws in the United States and Europe impose various restrictions on the collection and storage of personal information. Those laws and regulations vary by territory. In addition, many foreign countries have laws that permit governmental entities to censor the content and/or advertising of interactive entertainment software. Other countries, such as Germany, prohibit certain types of content.

In the United States, numerous laws have been introduced at the federal and state level which attempt to restrict the content of games or the distribution of such products. For example, legislation has been adopted in several states, and proposed at the federal level, that prohibits the sale of certain games (*e.g.*, violent games or those with "M (Mature)" or "AO (Adults Only)" ratings) to minors. In addition, a number of state legislative bodies in states such as Illinois, California, Michigan, and Washington have introduced various forms of legislation designed to regulate and control sales of video games deemed inappropriate for sales to minors. Some argue that there is a link between video games and violence, which may lead to increased pressure for legislative activity. To date, most courts that have ruled on such legislation have ruled in a manner favorable to the interactive entertainment industry. But in the event such legislation is adopted and enforced, the sales of Activision's or Vivendi Games' products may be harmed because the products each company is able to offer to its customers and the size of the potential market for its products may be limited. Activision or Vivendi Games may also be required to modify certain products or alter its marketing strategies to comply with new and possibly inconsistent regulations, which could be costly or delay the release of its products.

If one or more of Activision's or Vivendi Games' titles were found to contain objectionable undisclosed content, the affected company's business could suffer.

Throughout the history of the interactive entertainment industry, many video games have been designed to include certain hidden content and gameplay features that are accessible through the use of in-game cheat codes or other technological means that are intended to enhance the gameplay experience. However, in some cases, undisclosed content or features have been found in other publishers' interactive entertainment software products. In a few cases, the ESRB has reacted to discoveries of undisclosed content and features by changing the rating that was originally assigned to the product, requiring the publisher to change the game and/or game packaging and/or fining the publisher. Retailers have on occasion reacted to the discovery of such undisclosed content by removing these games from their shelves, refusing to sell them, and demanding that their publishers accept them as product returns. Likewise, interactive entertainment software consumers have reacted to the revelation of undisclosed content by refusing to purchase such games, demanding refunds for games they have already purchased, refraining from buying other games published by the company whose game contained the objectionable material, and, in at least one occasion, filing a lawsuit against the publisher of the product containing such content.

Each of Activision and Vivendi Games has implemented preventive measures designed to reduce the possibility of objectionable undisclosed content from appearing in the video games it publishes. Nonetheless, these preventive measures are subject to human error, circumvention, overriding, and reasonable resource constraints. If a video game either company published were found to contain undisclosed content, the ESRB could demand that the game be recalled and its packaging changed to reflect a revised rating, retailers could refuse to sell it and demand the acceptance of returns of any unsold copies or returns from customers, and/or consumers could refuse to buy it, demand refunds or file lawsuits against such company. This could have a material negative impact on operating results and financial condition. In addition, such company's reputation could be harmed, which could impact sales

of its other video games. If any of these consequences were to occur, the business and financial performance of such company could be significantly harmed.

Other Risks Related to Business and Operations Following the Transaction

Historically, Activision's stock price has been highly volatile.

The trading price of Activision's common stock has been and could continue to be subject to wide fluctuations in response to many factors, including:

- quarter to quarter variations in results of operations;
- the announcements of new products;
- competitors' announcements of new products;
- product development or release schedule;
- general conditions in the computer, software, entertainment, media or electronics industries, and in the economy;
- timing of the introduction of new platforms and delays in the actual release of new platforms;
- hardware manufacturers' announcements of price changes in hardware platforms;
- consumer spending trends;
- the outcome of lawsuits or regulatory investigations in which Activision is involved;
- changes in earnings estimates or buy/sell recommendations by analysts;
- sales or acquisitions of common stock by Activision Blizzard's directors, executive management, or Vivendi and its affiliates; and
- investor perceptions and expectations regarding products, plans and strategic position, and those of the company's competitors and customers.

In addition, the public stock markets may experience extreme price and trading volume volatility, particularly in high technology sectors of the market. This volatility has significantly affected the market prices of securities of many technology companies for reasons often unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of Activision Blizzard common stock after completion of the transaction.

The requirements of integrating and maintaining internal controls at the combined company may strain Activision Blizzard's resources and divert management's attention, and if we fail to establish and maintain proper internal controls, the combined company's ability to produce accurate financial statements or comply with applicable regulations could be impaired.

As a result of the transaction, Vivendi Games, which is a privately-held company, will become a wholly-owned subsidiary of Activision Blizzard and thus will become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the National Association of Securities Dealers. The requirements of these rules and regulations will increase Activision Blizzard's legal, accounting and financial compliance costs, will make some activities more difficult, time-consuming and

costly and may also place undue strain on the combined company's personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that a company maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain the effectiveness of Activision Blizzard's disclosure controls and procedures and internal controls over

financial reporting during the integration process following the transaction, Activision Blizzard will need to expend significant resources and provide significant management oversight. The combined company has a substantial effort ahead of it to implement appropriate processes, implement and document a comprehensive and uniform system of internal controls over relevant processes of the combined company, assess their design, remediate any deficiencies identified and test their operation. As a result, management's attention may be diverted from other business concerns, which could harm the combined company's business, operating results and financial condition. These efforts will also involve substantial accounting-related costs. In addition, if the combined company is unable to continue to meet these requirements, it may not be able to remain listed on NASDAQ.

Implementing any appropriate changes to internal controls or integrating existing procedures may require specific compliance training of its officers and employees, entail substantial costs in order to modify its existing accounting systems, and take a significant period of time to complete. These actions may not, however, be effective in establishing the adequacy of its internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase Activision Blizzard's operating costs and could materially impair its ability to operate the business. In the event that the combined company is not able to demonstrate compliance with Section 404 of the Sarbanes-Oxley Act in a timely manner, that its internal controls are perceived as inadequate or that it is unable to produce timely or accurate financial statements, investors may lose confidence in Activision Blizzard's operating results and its stock price could decline.

Changes in tax rates or exposure to additional tax liabilities could adversely affect Activision Blizzard's operating results and financial condition.

Activision Blizzard will be subject to income taxes in the United States and in various other jurisdictions. Significant judgment is required in determining the company's worldwide provision for income taxes and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Activision is, and the combined company will be, required to estimate future taxes. Although Activision currently believes its tax estimates are reasonable, the estimate process is inherently uncertain, and such estimates are not binding on tax authorities. The effective tax rate could be adversely affected by changes in the business, including the mix of earnings in countries with differing statutory tax rates, changes in tax elections, and changes in applicable tax laws, as well as other factors. Further, tax determinations are regularly subject to audit by tax authorities and developments in those audits could adversely affect the combined company's income tax provision. Should the ultimate tax liability exceed estimates, the combined company's income tax provision and net income could be materially affected.

Activision is, and Activision Blizzard will be, also required to pay taxes other than income taxes, such as payroll, sales, use, value-added, net worth, property, and goods and services taxes, in both the United States and various other jurisdictions. Tax authorities regularly examine these non-income taxes. There can be no assurance that the outcomes from these examinations, changes in the business or changes in applicable tax rules will not have an adverse effect on the company's operating results and financial condition.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to: (a) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow projections or other financial items; (b) statements of our plans and objectives, including those relating to product releases; (c) statements of future economic performance; and (d) statements of assumptions underlying such statements. We generally use words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "future," "intend," "may," "outlook," "plan," "positioned," "potential," "project," "remain," "scheduled," "set to," "subject to," "to be," "upcoming," "will" and other similar expressions to help identify forward-looking statements. These forward-looking statements are subject to business and economic risk, reflect management's current expectations, estimates and projections about our business, and are inherently uncertain and difficult to predict. Our actual results could differ materially.

Factors that could cause actual future results to differ materially from those expressed in the forward-looking statements set forth in this proxy statement include, but are not limited to, the timing and successful completion of the transaction (including the timing and receipt of stockholder and regulatory approvals and the satisfaction of other closing conditions), Activision Blizzard's success in executing planned strategies and achieving assumed synergies and cost savings, sales of each company's titles, shifts in consumer spending trends, the seasonal and cyclical nature of the interactive game market, the ability of Activision Blizzard to predict consumer preferences among competing hardware platforms (including next-generation hardware), declines in software pricing, product returns and price protection, product delays, retail acceptance of Activision Blizzard's products, adoption rate and availability of new hardware and related software, industry competition, rapid changes in technology and industry standards, protection of proprietary rights, maintenance of relationships with key personnel, customers, vendors and third-party developers, international economic and political conditions, integration of recent acquisitions and identification of suitable future acquisition opportunities, and foreign exchange rate changes.

The forward-looking statements contained herein speak only as of the date on which they were made, and we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this proxy statement. For further details and a discussion of these and other risks and uncertainties, see the section of this proxy statement entitled "Risk Factors."

**CAUTIONARY STATEMENT CONCERNING INFORMATION OF
VIVENDI AND ITS AFFILIATES**

Except as specifically described herein, the information concerning Vivendi, Vivendi Games and their affiliates contained in this proxy statement has been taken from or is based upon information furnished by Vivendi or its representatives. Activision has no knowledge that would indicate that any statements contained herein based on such documents and records are untrue. However, neither Activision nor any of its affiliates assumes any responsibility for the accuracy, currency or completeness of the information furnished by Vivendi concerning Vivendi, Vivendi Games or their affiliates.

THE SPECIAL MEETING

Date, Time and Place

The special meeting of Activision stockholders will be held on _____, _____, 2008 at _____, local time, at _____. We are delivering these proxy materials to you in connection with the solicitation of proxies by our board of directors for use at the special meeting and any adjournment or postponement thereof.

Purpose of the Special Meeting

At the special meeting, you will be asked to consider and vote on:

Proposal No. 1: To approve the issuance of an aggregate of approximately 358.2 million new shares of Activision common stock, in connection with (a) the merger of a wholly-owned subsidiary of Activision with and into Vivendi Games, and (b) the purchase of shares of Activision common stock by Vivendi;

Proposal No. 2: To approve the amendment and restatement of Activision's certificate of incorporation, including, without limitation, the approval of the following subproposals:

2A a proposal to change the combined company's name from "Activision, Inc." to "Activision Blizzard, Inc.";

2B a proposal to increase the number of authorized shares of capital stock from four hundred fifty-five million (455,000,000) to one billion two hundred five million (1,205,000,000);

2C a proposal to eliminate the Series A Junior Preferred Stock;

2D a proposal to include certain quorum requirements for committees of the board of directors under certain circumstances;

2E a proposal to require supermajority stockholder approval to amend certain sections of the certificate of incorporation;

2F a proposal to limit the power of the board of directors to amend certain provisions of the bylaws without stockholder approval;

2G a proposal to grant the directors designated by Vivendi certain voting powers when other Vivendi designees are not present at board or committee meetings;

2H a proposal to include limitations on certain business activities in which Vivendi may, directly or indirectly, engage or participate;

2I a proposal to establish procedures allocating certain corporate opportunities between Activision Blizzard and Vivendi;

2J a proposal to require Vivendi or Activision Blizzard to purchase all of the combined company's issued and outstanding shares of common stock if and when Vivendi becomes the record owner of more than 90% of the issued and outstanding shares of common stock;

2K a proposal to establish procedures governing affiliate transactions; and

2L a proposal to cause the combined company to be governed by Section 203 of the DGCL, a statute which restricts business combinations between corporations and their significant stockholders.

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Proposal No. 3: To approve the amendment of Section 7.4(a) of Activision's bylaws to restrict the amendment of additional sections of the bylaws without stockholder approval, as described in more detail in this proxy statement; and

Proposal No. 4: To approve any motion to adjourn or postpone the special meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposals set forth above.

You may also be asked to act on other business, if any, that may properly come before the special meeting (or any adjournment or postponement thereof). We currently do not anticipate that any other business will be presented at the special meeting

Approval of Proposal No. 1 the share issuance proposal, Proposal No. 2 the charter amendment proposal (including each of the related subproposals under Proposal No. 2) and Proposal No. 3 the bylaw amendment proposal, is required for the completion of the transaction. Accordingly, if you wish to approve the transaction, you must vote "FOR" each of Proposals Nos. 1, 2 (including the related subproposals under Proposal No. 2) and 3.

Proposal No. 4 the adjournment proposal is not required to complete the transaction. If the transaction is not completed, the amendment and restatement of our certificate of incorporation specified in Proposal No. 2 (including all related subproposals except for the subproposal related to the increase in the number of authorized shares of capital stock), and the amendment of Section 7.4(a) of our bylaws specified in Proposal No. 3, will be abandoned and will not become effective.

Record Date; Stock Entitled to Vote

You are entitled to receive notice of, and vote at, the Activision special meeting (and any adjournment or postponement thereof) only if you were a stockholder of Activision at the close of business on _____, 2008, the record date for the special meeting.

At the close of business on the record date, _____ shares of Activision common stock were outstanding and entitled to vote. Each share of Activision common stock outstanding on the record date will be entitled to one (1) vote on each matter presented for action at the special meeting. No other shares of Activision capital stock are entitled to notice of and to vote at the special meeting.

Attending the Meeting

Subject to space availability, all stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at _____, local time.

If you are an Activision stockholder of record, an admission ticket is enclosed with your proxy card. If you wish to attend the special meeting, please vote your proxy but keep the admission ticket and bring it with you to the special meeting.

If your shares are held in "street name" by a bank, broker or other nominee record holder, and you wish to attend the special meeting, you need to bring a copy of a bank or brokerage statement to the special meeting reflecting your stock ownership as of the record date.

Voting Procedures

Submitting Proxies or Voting Instructions

Whether you hold shares of Activision common stock directly as a stockholder of record or in "street name," you may direct the voting of those shares without attending the special meeting. You

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may vote Activision shares directly by granting proxies or, for shares held in "street name," by submitting voting instructions to your bank, broker or other nominee record holder.

If you hold your shares directly as an Activision stockholder of record, you may submit a proxy by voting in person at the special meeting or by using one of the following methods:

Telephone Voting, by calling the telephone number shown on your proxy card and following the instructions on your proxy card;

Internet Voting, by going to the web address <https://www.continentalstock.com> and following the instructions on your proxy card; or

Mail, by completing, dating, signing and returning your proxy card in the enclosed return envelope; the envelope requires no additional postage if mailed in the United States.

To ensure that your proxy is voted, a telephonic or Internet vote must be received by 7:00 p.m. Eastern time the day prior to the special meeting; a vote on a physical proxy card must be received prior to the closing of the polls at the special meeting.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions.

If you are an Activision stockholder of record you may also vote in person at the special meeting by submitting your proxy card or by filling out a ballot at the special meeting.

If your Activision shares are held in "street name" by a bank, broker or other nominee record holder, you must follow the voting instructions on the form you receive from that institution. Although most banks and brokers now offer telephone and Internet voting, availability and specific procedures will depend on their voting arrangements. If your shares are held in "street name" by a bank, broker or other nominee record holder and you wish to vote in person at the special meeting, you must request a legal proxy from your bank, broker or other nominee record holder and present that proxy and proof of identification at the special meeting.

Revoking Proxies or Voting Instructions

If you hold your shares directly as an Activision stockholder of record, you may revoke your proxy at any time before it is exercised at the Activision special meeting by:

delivering a written notice of revocation, dated later than the proxy, to Activision's Corporate Secretary;

completing, signing and submitting a new, valid proxy card bearing a later date (which automatically revokes any earlier proxy) to Activision's Corporate Secretary;

submitting a new proxy by telephone or via the Internet (your latest telephone or Internet voting instructions will be followed), before 7:00 p.m. Eastern time on _____, 2008; or

attending the Activision special meeting and voting in person. However, your attendance at the special meeting in and of itself will not cause your previously granted proxies to be revoked. In order to revoke any prior proxies, you must hand deliver a written revocation notice, or a later dated proxy, to Activision's Corporate Secretary at the special meeting before a vote is taken at the special meeting.

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Any written notice of revocation or later dated proxy should be delivered to:

Activision, Inc.
Attn.: George Rose, Corporate Secretary
3100 Ocean Park Boulevard
Santa Monica, California 90405

If your shares are held in "street name," and you have instructed a bank, broker or other nominee record holder to vote your shares, you must follow the instructions you receive from your bank, broker or other nominee record holder in order to change or revoke your vote. You may also change your vote by attending the special meeting and voting in person provided that you have obtained a signed proxy from the record holder (*i.e.*, your bank, broker or other nominee record holder) giving you the right to vote those shares.

Proxies; Counting Your Vote

If you provide specific voting instructions, your shares will be voted at the special meeting in accordance with your instructions. If you hold your shares directly as an Activision stockholder of record and sign and return a proxy card or submit a proxy by telephone or via the Internet without giving specific voting instructions, your shares will be voted as follows:

"FOR" approval of Proposal No. 1 the share issuance proposal;

"FOR" approval of Proposal No. 2 the charter amendment proposal;

"FOR" approval of Proposal No. 3 the bylaw amendment proposal; and

"FOR" approval of Proposal No. 4 the adjournment proposal.

Quorum

The presence of the holders of a majority of all of the shares of capital stock of Activision entitled to vote at the special meeting is necessary to establish a quorum at the special meeting. Stockholders are counted as present at the special meeting if they are present in person or are represented by proxy. Shares of Activision common stock subject to abstentions as well as broker non-votes will be treated as present at the special meeting and will therefore be counted toward establishing the presence of a quorum.

Votes Required

Vote Required to Approve Proposal No. 1 The Share Issuance Proposal

The affirmative vote of the holders of a majority of the votes cast affirmatively or negatively is required to approve Proposal No. 1 the share issuance proposal. **The approval of Proposal No. 1 is a condition to the completion of the transaction; thus, a vote against this proposal effectively will be a vote against the transaction.**

Vote Required to Approve Proposal No. 2 (Including Each of the Related Subproposals) The Charter Amendment Proposal

The affirmative vote of the holders of a majority of the outstanding shares of Activision common stock entitled to vote is required to approve Proposal No. 2 the charter amendment proposal. **The approval of Proposal No. 2 is a condition to the completion of the transaction; thus, a vote against this proposal (or any of the related subproposals) effectively will be a vote against the transaction.**

Vote Required to Approve Proposal No. 3 The Bylaw Amendment Proposal

The affirmative vote of the holders of at least a majority of the outstanding shares of Activision common stock entitled to vote is required to approve Proposal No. 3 the bylaw amendment proposal **The approval of Proposal No. 3 is a condition to the completion of the transaction; thus, a vote against this proposal effectively will be a vote against the transaction.**

Vote Required to Approve Proposal No. 4 The Adjournment Proposal

The affirmative vote of the holders of a majority of the votes cast affirmatively or negatively is required to approve Proposal No. 4 the adjournment proposal.

Abstentions and Broker Non-Votes

Proposals Nos. 1 and 4. The vote required to approve the share issuance proposal and the adjournment proposal is based upon the number of shares actually voted (rather than upon a percentage of the shares of Activision common stock outstanding as of the record date). Therefore, your failure to vote any of your shares of Activision common stock on Proposals Nos. 1 and 4 will have no effect on the outcome of the vote for these proposals. Similarly, abstentions and broker non-votes will not affect the outcome of the vote on these proposals, because they will be counted in determining the presence of a quorum but they will not be considered to be voted for purposes of Proposals Nos. 1 and 4.

Proposals Nos. 2 (including all related subproposals) and 3. The vote required to approve the charter amendment proposal (including each of the related subproposals), and the bylaw amendment proposal is based upon a percentage of the shares of Activision common stock outstanding as of the record date (rather than upon the number of shares actually voted). Therefore, your failure to vote any of your shares of Activision common stock on Proposals Nos. 2 (including related subproposals) or 3 will have the same effect as a vote **against** these proposals. Similarly, abstentions will have the same effect as a vote **against** Proposals Nos. 2 (including related subproposals) and 3. If you fail to instruct your bank, broker or other nominee record holder on how to vote any of your shares of Activision common stock with respect to Proposals Nos. 2 (including related subproposals) and 3, the resulting broker non-vote will also be counted as a vote **against** these proposals.

Adjournments

If a quorum is not present at the special meeting, the special meeting may be adjourned until a quorum is present or represented. In addition, the officer presiding at the special meeting may propose one or more adjournments of the special meeting to permit further solicitation of proxies in favor of Proposals Nos. 1, 2 (including all related subproposals) and 3. Any such adjournment will require the affirmative vote of the holders of a majority of the votes cast affirmatively or negatively at the special meeting and may be for up to thirty (30) days without further notice (unless a new record date is fixed for the adjourned special meeting), other than by an announcement made at the special meeting.

Voting by Activision Directors and Executive Officers

On the record date for the Activision special meeting, directors and executive officers of Activision and their affiliates owned and were entitled to vote _____ shares of Activision common stock, or approximately _____ % of the total voting power of the shares of Activision common stock outstanding on that date.

Solicitation of Proxies; Payment of Solicitation Expenses

The solicitation of proxies from Activision stockholders is being made on behalf of the Activision board of directors. Activision will bear all costs and expenses associated with printing and mailing this proxy statement as well as all fees paid to the SEC. Activision will also pay the costs of soliciting and obtaining proxies from Activision stockholders, including the cost of reimbursing brokers, banks and other financial institutions for forwarding proxy materials to their customers. In addition to the mailing of these proxy materials, proxies may be solicited in person or by mail, telephone, fax, personal interviews or other methods of communication by Activision's directors, officers and employees, who will not receive any additional compensation for these solicitation activities.

Activision has retained the firm of Morrow & Co. to assist Activision in the distribution and solicitation of proxies from Activision stockholders. Activision estimates that it will pay Morrow approximately \$25,000 plus out-of-pocket expenses. Activision has also made arrangements with Innisfree M&A Incorporated to assist in soliciting proxies and estimates that it will pay Innisfree approximately \$25,000 plus out-of-pocket expenses.

Recommendation of the Board of Directors

The Activision board of directors has unanimously approved (a) the share issuance proposal, (b) the charter amendment proposal, and (c) the bylaw amendment proposal.

Based on Activision's reasons for the transaction described in this proxy statement, the Activision board of directors believes that that the business combination agreement and all related documents and exhibits thereto are in the best interests of Activision and its stockholders and recommends that you vote

"FOR" approval of Proposal No. 1 the share issuance proposal;

"FOR" approval of Proposal No. 2 (including each of the related subproposals) the charter amendment proposal;

"FOR" approval of Proposal No. 3 the bylaw amendment proposal; and

"FOR" approval of Proposal No. 4 the adjournment proposal.

Contact for Questions and Assistance in Voting

If you have additional questions about the transaction after reading this proxy statement, or if you need assistance in submitting your proxy or voting your shares, or if you need additional copies of the proxy statement or the enclosed proxy card, please contact:

Morrow & Co., LLC
470 West Avenue
Stamford, CT 06902
Individuals in the U.S. and Canada please call toll-free:
(800) 573-4804
Banks and brokerage firms please call: (203) 658-9400
International holders please call:
(203) 658-9400 (collect)

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Individuals in the U.S. and Canada please call toll-free:
(877) 456-3422
Banks and brokerage firms please call: (212) 750-5833
International holders please call:
(412) 232-3651 (collect)

THE TRANSACTION

The following is a description of the material aspects of the transaction, including the business combination agreement. While we believe that the following description covers the material terms of the transaction, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement, including the business combination agreement attached as Annex A to this proxy statement, for a more complete understanding of the transaction.

Background of the Transaction

On an annual basis, Activision reviews its strategic business plan, including any strategic growth alternatives which could significantly accelerate the achievement of its long-term growth objectives. In the course of the strategic planning reviews conducted during the June to September 2006 period, senior management of Activision identified potential strategic opportunities that could create larger scale in international geographies as well as facilitate entry into high growth market segments, particularly MMOG, as one of Activision's top priorities to further accelerate its growth and operating margin expansion. Such strategic opportunities included potential business combinations with public and private companies in the interactive entertainment industry, strategic partnerships and alliances, investments in software development studios, and key license transactions. During the 2006 strategic planning process, Activision specifically evaluated 17 potential acquisition targets, of which 8 (including Vivendi Games) were evaluated as potential entry opportunities into the MMOG market.

During the months of November and December 2006, Bruce L. Hack, the Chief Executive Officer of Vivendi Games, and Robert A. Kotick, Chairman and Chief Executive Officer of Activision, had several informal telephone conversations about a potential transaction, but no terms or proposals were discussed.

On January 10, 2007, Messrs. Kotick, Hack, Brian G. Kelly, Co-Chairman of Activision, Jean-Bernard Lévy, Chairman and Chief Executive Officer of Vivendi, and René Pénisson, a Vivendi director and Chairman of Vivendi Games, attended a dinner. At this dinner, the parties discussed the possibility of combining the respective businesses of Activision and Vivendi Games, but no terms or proposals were exchanged.

In a series of meetings and discussions between January and March 2007, after consideration of various strategic planning alternatives described above and in light of Vivendi's interest in combining the respective businesses of Activision and Vivendi Games, Activision continued pursuing discussions regarding the potential acquisition of, or partnership with, Vivendi Games as a possible means to accomplish Activision's long-term growth objectives identified during its most recent strategic planning reviews.

In March 2007, Mr. Kotick had several conversations with Mr. Hack, who outlined a conceptual proposal in which the respective businesses of Activision and Vivendi Games would be combined and Vivendi would become the majority stockholder of Activision. No formal proposal or terms were discussed during these conversations, although Mr. Hack did indicate that Vivendi would be willing to pay a control premium with respect to its acquisition of Activision common stock. Additionally, during March 2007, Allen & Company was engaged to act as Activision's financial advisor in connection with reviewing and evaluating (a) Activision's financial condition and historical and projected financial results, (b) Activision's current operations and business prospects, (c) the current condition of the industry, as well as any prevailing trends, and Activision's competitive position therein and (d) among other things, a potential transaction. On March 13, 2007, Vivendi, Vivendi Games and Activision entered into a confidentiality agreement, governing the exchange of any non-public information with regard to the parties and designating (a) Messrs. Lévy, Pénisson, de Metz, Hack or any of their designees as the appropriate contact persons for information regarding Vivendi and Vivendi Games,

and (b) Messrs. Kotick, Kelly or any of their designees as the appropriate contact persons for information regarding Activision.

On March 29, 2007, Messrs. Lévy, Pénisson and Hack, along with Robert de Metz, Vivendi's head of business development, met with Messrs. Kotick and Kelly to reiterate Vivendi's interest in discussing a potential combination of the respective businesses of Activision and Vivendi Games. Mr. Lévy also confirmed Vivendi's willingness to pay a control premium with respect to its acquisition of Activision common stock.

Over the next several days, Messrs. Kotick and Hack discussed scheduling a meeting in New York, with the companies' respective legal and financial advisors, at which time Vivendi would present a summary overview of the Vivendi Games business, including a preliminary view with respect to its valuation, and a preliminary proposal with respect to the combination of Activision and Vivendi Games. It was determined to hold such a meeting on April 12, 2007.

On April 12, 2007, Activision's management, including Messrs. Kotick, Kelly, Michael J. Griffith, President and Chief Executive Officer of Activision Publishing, and Thomas Tippl, Chief Financial Officer of Activision Publishing, met with members of Vivendi's management, including Messrs. Lévy, Pénisson, Hack, de Metz, and Jean-François Grollemund, Vivendi Games' Chief Financial Officer. Representatives from Activision's financial and legal advisors, Allen & Company and Skadden, Arps, Slate, Meagher & Flom LLP, respectively, attended the meeting, as did Vivendi's financial and legal advisors, Goldman, Sachs & Co. and Gibson, Dunn & Crutcher LLP, respectively.

At the meeting, Vivendi presented a preliminary proposal pursuant to which (a) Vivendi Games would be merged with and into a subsidiary of Activision in exchange for Activision common stock, (b) Vivendi would purchase an additional \$1.1 billion of Activision common stock, (c) immediately prior to such transactions, Activision would pay a special cash dividend to its stockholders totaling approximately \$1.1 billion and (d) certain Activision employees would enter into new employment agreements agreeable to each employee, Activision and Vivendi. Under Vivendi's proposal, Activision's common stock would be valued at a 20% premium for purposes of the merger and the share purchase, and, after giving effect to the transactions, Vivendi would hold approximately 60% of Activision's outstanding shares of common stock on a fully diluted basis. As of April 12, 2007 such a premium would have resulted in a valuation of Activision's common stock at \$23.38 per share.

On April 20, 2007, Allen & Company presented Goldman Sachs with an alternative preliminary proposal on behalf of Activision, which provided that (a) Vivendi Games would be merged with and into a subsidiary of Activision in exchange for \$6.0 billion of Activision common stock, (b) Vivendi would purchase an additional amount of Activision common stock for \$1.36 billion, and (c) upon completion of the merger and share purchase, Activision would commence a cash self-tender offer to purchase a portion of its outstanding common stock. The proposal further provided that, for purposes of the merger, share purchase and tender offer, Activision's common stock would be valued at a 35% premium over the 10-day trading average prior to signing and that Vivendi would not participate in the tender offer. As of April 20, 2007, such a premium would have resulted in a valuation of Activision's common stock at \$26.56 per share. In addition, Activision proposed that it would issue warrants to Vivendi that would permit Vivendi to purchase up to an additional 5% of Activision's outstanding common stock at the same per share transaction price.

On April 25, 2007, Allen & Company and Goldman Sachs held a telephonic meeting to clarify the details and methodologies used by each in their clients' respective preliminary proposals.

On April 30, 2007, Activision's board of directors held a regular meeting, for part of which representatives from Allen & Company also participated telephonically. At this meeting, the representatives from Allen & Company reviewed with the board the currently proposed terms and discussed various factors relating to the proposed transaction, including the proposed premiums, the strategic rationale for the transaction, negotiation strategies, and certain market factors. The board was

also advised with respect to its fiduciary duties under Delaware law in connection with its consideration of the proposed transaction. The Activision board of directors did not resolve to take any specific action, but rather decided to convene again in the near future with its advisors to further discuss the proposed transaction.

At the board meeting, Activision's board of directors also considered the fact that senior management had conversations over the past two years with a number of potential public and private companies in the interactive entertainment industry regarding potential business combination transactions, none of which led to any substantive discussions or was as attractive to Activision as a potential transaction with Vivendi Games. In light of such discussions, the board determined the announcement of a proposed transaction with Vivendi Games, rather than a direct solicitation of other potential bidders that senior management had held discussions with and did not lead to any alternative proposals, would be the most effective means of eliciting substantive offers from other third parties, if any, that were interested in pursuing a transaction with Activision.

Throughout the months of April and May, representatives from Allen & Company and Goldman Sachs met several times to discuss variations of the proposed transaction, each with similar features consisting of: (a) an acquisition of Vivendi Games in exchange for shares of Activision common stock; (b) the purchase of additional shares of Activision common stock by Vivendi; (c) a post-closing self-tender offer conducted by Activision for its outstanding shares of common stock; and (d) the use of the same per share transaction price, including the same control premium, in each step of the proposed transaction; we collectively refer to these tenets in this proxy statement as the "basic principles." The variations discussed by Allen & Company and Goldman Sachs during these meetings primarily involved (x) the premium to be paid with respect to Activision's common stock in connection with the proposed merger, share purchase and tender offer; and (y) the aggregate number of shares to be tendered for by Activision in the post-closing tender offer.

On May 11, 2007, at a regular meeting of the Activision board of directors, which was also attended by representatives of Skadden Arps, senior management presented the board of directors with an update of the status of discussions with Vivendi. At this meeting, representatives from Skadden Arps advised the board of directors on their fiduciary duties under Delaware law in connection with consideration of the potential transaction, as well as various other legal and regulatory issues that might arise in connection with the potential transaction. The board also discussed the possibility of creating a committee comprised of independent directors to assist the board with its review and evaluation of the proposed transaction and alternative transactions by working with management and Activision's legal and financial advisors, and to make a recommendation to the board as to whether the proposed transaction or any other alternative was in the best interests of Activision and its stockholders.

After discussion and debate, the Activision board of directors authorized its nominating and corporate governance committee, or NCGC, comprising Robert Corti, Robert Morgado and Richard Sarnoff, on behalf of Activision (a) to review, evaluate, respond to and negotiate with respect to the proposed transaction and any other alternative transaction, offer or expression of interest in a possible business combination with Activision, if made; (b) to recommend to the board of directors a course of action, business combination or similar agreement in connection with the proposed transaction and any other proposal (noting that action by the entire board of directors would be required to pursue any course of action or enter into any business combination or similar agreement with any party); (c) to hire and retain, at the expense of Activision, such legal counsel as the NCGC deemed necessary and appropriate to advise the committee in furtherance of its responsibilities; and (d) to hire and retain, at Activision's expense, such financial advisors or experts as it deemed appropriate to advise the committee in furtherance of its responsibilities. The NCGC was not obligated to recommend or adopt any transaction or any other course of action, including the potential transaction with Vivendi Games.

At this meeting, the Activision board of directors expressed its belief that the involvement of the NCGC in the process of evaluating the proposed transaction was prudent in light of any potential

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conflict that might arise concerning management's role in any such transaction. Further, it was stipulated that the NCGC could meet from time to time without a quorum and without full board participation to assist during the process of evaluating the proposed transaction.

Also on May 11, 2007, the NCGC held a telephonic meeting at which it discussed its objectives and how to best proceed on evaluating the proposed transaction. The NCGC decided to arrange a meeting with Allen & Company for the purpose of updating the committee regarding the current status of negotiations regarding the proposed transaction and discussing possible counter-proposals, transaction structures and other alternatives aimed at, among other things, maximizing stockholder value and ensuring that Activision's stockholders would receive a control premium if a change in control transaction were to take place. The NCGC did not resolve to take any specific action, but decided to convene again in the near future with its advisors to further study the proposed transaction.

On each of May 16, 2007 and May 22, 2007, the NCGC held meetings with representatives from Allen & Company and Skadden Arps, as well as Messrs. Kotick and Kelly, to discuss the various proposals, the basic principles and the proposed transaction terms as discussed between Allen & Company and Goldman Sachs throughout April and May.

In particular, the NCGC reviewed the terms of a May 1, 2007 proposal delivered by Goldman Sachs on behalf of Vivendi, which (a) valued Activision's common stock at \$25.00 per share; (b) valued Vivendi Games at \$7.45 billion and (c) provided for the purchase by Vivendi of an additional \$1.5 billion of Activision common stock and a post-closing tender offer for up to \$1.5 billion of Activision common stock. The NCGC also reviewed a May 4, 2007 counter-proposal delivered by Allen & Company on behalf of Activision, which (a) valued Activision's common stock at a 32% premium based on the 10-day trading average prior to signing, (b) valued Vivendi Games at approximately \$6.9 billion, and (c) provided for the purchase by Vivendi of an additional \$2.0 billion of Activision common stock and a post-closing tender offer for up to \$2.0 billion of Activision common stock. Further, the NCGC reviewed a May 14, 2007 revised proposal delivered by Goldman Sachs on behalf of Vivendi, which (a) provided that the relative value of Activision and Vivendi Games would be pegged at a ratio rather than a fixed price, and (b) valued Activision's common stock at \$25.50 per share which in turn created an implied value of Vivendi Games of \$7.35 billion. The May 14th Goldman Sachs proposal further provided that Vivendi would purchase an additional \$1.6 billion of Activision common stock and that Activision would conduct a post-closing tender offer for up to \$1.6 billion of Activision common stock at the same \$25.50 per share transaction price. After discussion of these proposals, the NCGC recommended that Activision and its representatives should continue discussions with Vivendi to explore means of (a) ensuring that stockholders receive a control premium if a change of control were to occur, and (b) protecting existing stockholders in the event that Activision's common stock traded below the per share transaction price after the closing of the proposed transaction. After discussion, the NCGC authorized Allen & Company to present a revised proposal to Goldman Sachs.

On May 23, 2007, Allen & Company presented Goldman Sachs with Activision's revised proposal, as discussed with the NCGC, which confirmed the use of a fixed ratio that would set the per share transaction price at \$25.50, valued Vivendi Games at approximately \$7.75 billion and required Vivendi to fund a potential cash distribution to non-Vivendi stockholders equal to the difference between the trading price at closing and the \$25.50 per share transaction price.

On May 29, 2007, Mr. Kotick had a telephone call with Mr. Lévy during which Mr. Lévy indicated that Vivendi would consider Activision's May 23rd proposal, but would prefer to maintain the basic principles.

On June 6, 2007, Goldman Sachs delivered a revised Vivendi proposal following the basic principles and proposing a \$24.75 per share transaction price (representing a 30% premium to the then-current trading price of Activision common stock). Accordingly, the proposal resulted in a

\$1.6 billion purchase of shares by Vivendi and an approximate \$2.5 billion post-closing tender offer, which would be funded with the cash contributed by Vivendi as well as Activision's cash on-hand.

On June 11, 2007, Mr. Lévy telephoned Mr. Kotick to advise him that, due to the meaningful differences between the two companies' proposals and lack of any apparent progress, he did not think it made sense to continue discussions concerning a possible transaction at that time.

On June 15, 2007, the members of the NCGC, along with Messrs. Kotick and Kelly, held a meeting and the NCGC recommended that, if negotiations were to continue, Activision and its representatives should attempt to increase the aggregate size of the cash tender offer to ensure that the tender offer would provide liquidity to Activision's stockholders for a minimum of 50% of Activision's outstanding shares of common stock. In particular, the NCGC considered that such a tender offer would offer the flexibility of not requiring Activision stockholders to tender any or all of their shares in the tender offer, thereby allowing Activision stockholders the option not to tender their shares in the tender offer if they were able to achieve a higher price in the market or otherwise desired to retain ownership of their shares of the combined company. The NCGC directed management and its representatives to inform Vivendi that Activision remained interested in discussing a potential transaction.

While these discussions were ongoing, the compensation committee of the Activision board of directors retained Shearman & Sterling LLP, or S&S, to serve as its counsel generally during the week of June 4, 2007. At a compensation committee meeting held on June 13, 2007, Robert J. Morgado, chairman of the compensation committee and of the NCGC, recommended commencing a negotiation process with Messrs. Kotick and Kelly with a goal of entering into new employment agreements by year-end 2007, as their existing agreements were scheduled to expire in early 2008 and certain amendments relating to compliance with Section 409A of the Internal Revenue Code were, at that time, required before year-end. During this meeting, the compensation committee discussed the proposed structure of the executive compensation packages and the roles of Messrs. Kotick and Kelly on a going forward basis, and authorized Mr. Morgado to begin discussions.

Over the next few weeks, Messrs. Lévy, Pénisson, Kotick and Kelly participated in several telephonic and in-person meetings concerning reinitiating discussions about a possible transaction.

On June 27 and 28, 2007, Messrs. Lévy, Pénisson, Kotick and Kelly met in Paris to discuss whether the parties should try to re-engage in discussions regarding a possible transaction. Mr. Lévy indicated that he believed Activision needed to respond to Vivendi's June 6th proposal in order for Vivendi to determine if further discussions were warranted. Mr. Kotick advised the Vivendi team that he would discuss the matter with the NCGC and hoped to have a response within two weeks.

On July 8, 2007, Mr. Kotick telephoned Mr. Lévy to present Activision's counter-proposal. The principal terms of Activision's proposal were generally consistent with the basic principles. Further, based upon Activision's then-current stock price, Mr. Kotick indicated that a per share transaction price of \$24.75 would be carefully considered. Activision additionally proposed an increase in the size of the tender offer from \$2.5 billion to \$3.5 billion, which would be funded as follows: (a) the first \$2.4 billion would be funded by the proceeds of the share purchase and Activision's cash on hand; (b) the next \$700 million would be funded by Vivendi's purchasing additional shares of Activision common stock at the \$24.75 per share transaction price; and (c) the remaining \$400 million would be funded from a new credit facility to be obtained by Activision. This counter-proposal confirmed the move from a formula based valuation to a fixed per share transaction price and contemplated a self-tender offer for approximately half of Activision common stock then-issued and outstanding.

On July 10, 2007, Mr. Lévy advised Mr. Kotick that the terms of Activision's July 8th proposal were generally acceptable to Vivendi, subject to both sides completing satisfactory due diligence and acceptable documentation, and that Vivendi was willing to re-engage in negotiations around a possible

transaction on the basis of the July 8th proposal. Mr. Lévy and Mr. Kotick then discussed initiating a reciprocal due diligence process and a timeline for further discussions and negotiations.

On July 12, 2007, at a special meeting of the Activision board of directors, which was also attended by representatives from Allen & Company and Skadden Arps, senior management presented the board of directors with an update of the status of discussions with Vivendi. During this meeting, senior management and the board discussed engaging an outside consultant to assist in (a) evaluating the sustainability of Blizzard Entertainment's subscriber base, including, among other things, an analysis of subscriber churn rates, sources of subscribers and acquisition costs per subscriber and (b) identifying near-term and potential longer-term threats to Blizzard Entertainment's core subscriber base.

Throughout the months of July and August, the parties and their legal advisors prepared and negotiated drafts of the business combination agreement and ancillary transaction documents and the parties and their advisors and consultants continued to conduct business, financial, accounting and legal due diligence. In addition, during such period, Activision engaged outside consultants who began a preliminary due diligence review of Blizzard Entertainment.

On August 13, 2007, August 23, 2007 and September 7, 2007, representatives of Activision's outside consultants presented to senior management of Activision their preliminary due diligence findings, which discussed, among other things, an assessment of Blizzard Entertainment's subscriber base and its business model.

On August 14, 2007, Vivendi Games conducted an all-day management presentation to members of Activision's management and its financial and legal advisors in Los Angeles. Vivendi Games provided detailed information with respect to the historic and anticipated operating results of each of its divisions and included descriptions of their anticipated product offerings and operational systems and demonstrations of gameplay. Vivendi Games' management responded to numerous questions from Activision and its advisors throughout the course of the day.

On August 26, 2007, Activision made a comparable management presentation to Vivendi and Vivendi Games management and Vivendi's financial and legal advisors in New York. Activision's management provided similar historic and anticipated operating results, as well as information on anticipated product offerings and demonstrations of gameplay.

On August 27, 2007, Messrs. Lévy, Pénisson, Kotick and Kelly met to discuss open issues on the business combination agreement as well as certain issues regarding post-transaction corporate governance of Activision and Blizzard Entertainment. Messrs. Kotick and Kelly emphasized that Activision and the NCGC wanted to ensure that Activision's corporate governance after the closing of the proposed transaction would provide for management operational flexibility to realize the proposed objectives and benefits of the combined operations as well as adequate protections for Activision's minority stockholders. In addition, management of both Vivendi and Activision expressed concern with respect to the integration of two companies' existing corporate structures and, in particular, Vivendi wanted to ensure that Blizzard Entertainment would continue to be managed by its current management team. Following this meeting, there remained several material open issues with respect to corporate governance, management structure, corporate opportunities and affiliate transactions and certain terms of the business combination agreement, including proposed termination fees and required consents.

Over the course of the next few weeks, representatives from Allen & Company and Skadden Arps met with Vivendi's financial and legal advisors to attempt to resolve the open issues. Messrs. Lévy and Kotick also spoke several times by telephone during this period regarding the same.

On September 6, 2007, the members of the NCGC, along with Messrs. Kotick and Kelly, held a meeting to discuss the terms and conditions of the draft business combination agreement, ancillary agreements, and the proposed form of the certificate of incorporation and bylaws of the combined

company. Representatives from Skadden Arps presented summaries of the open issues remaining with respect to each of these draft documents. After this meeting, several material corporate governance issues remained open including the management structure, corporate opportunities and affiliate transactions as well as certain issues relating to the terms of the business combination agreement, including the proposed termination fees and required consents. Additionally, representatives from Skadden Arps advised the NCGC with respect to the fiduciary duties of Activision's board of directors in connection with consideration of the proposed transaction. The NCGC recommended that Activision and its representatives continue negotiations regarding the proposed transaction with a view toward obtaining better corporate governance and operational provisions and protections for Activision's existing stockholders.

While discussions regarding a proposed transaction with Vivendi were ongoing, Mr. Morgado and Messrs. Kotick and Kelly continued to discuss the potential terms of their new executive compensation packages which were memorialized in preliminary term sheets. During this period, Mr. Morgado remained in contact with other members of the compensation committee and the NCGC. On September 10, 2007, following discussions with Mr. Morgado, S&S sent revised preliminary term sheets outlining the proposed terms of the executive compensation packages of Messrs. Kotick and Kelly to Wachtell, Lipton, Rosen & Katz, or WLRK, counsel to Messrs. Kotick and Kelly. The term sheets reflected certain compensation terms that contemplated the proposed transaction, as well as other terms that were not contingent thereon.

On September 14, 2007, after little progress on the open issues regarding the proposed transaction, Mr. Kotick telephoned Mr. Hack to inform him that, given the number of material open issues remaining, it did not make sense to continue discussions regarding a possible transaction at that time.

On September 17, 2007, Mr. Kotick attended a previously scheduled dinner with Mr. Morhaime and other members of the Blizzard Entertainment management team. At this dinner, Messrs. Kotick and Morhaime discussed the potential management structure of Blizzard Entertainment if a transaction were to occur. No formal proposals were discussed at this dinner; however, Mr. Kotick did reiterate the NCGC's concern that Activision's corporate governance post-closing would provide for management operational flexibility to realize the proposed objectives and benefits of the combined operations and the NCGC's understanding that Vivendi wanted Blizzard Entertainment to continue to be managed by its current management team.

On September 20, 2007, Mr. Kotick telephoned Mr. Lévy to propose a post-closing management and corporate governance structure, and inquired if Vivendi would be interested in continuing discussions regarding this proposed structure as well as the other open issues. Such proposal included Messrs. Kotick and Kelly remaining with the combined company for some period of time after the closing and for the retention of the key members of the Blizzard Entertainment management team.

On September 21, 2007, Mr. Lévy and Mr. Péniisson advised Mr. Kotick that Vivendi would be willing to continue discussions and over the next several weeks Mr. Lévy and Mr. Kotick had several telephone conversations regarding the remaining open issues.

On a parallel path, during the period from September 10 to September 24, 2007, Mr. Morgado and S&S engaged in several discussions with WLRK regarding the proposed executive compensation packages for Messrs. Kotick and Kelly. Throughout this process, Mr. Morgado also spoke directly with Messrs. Kotick and Kelly about their potential executive compensation packages and kept in contact with the other members of the compensation committee and the NCGC.

The compensation committee of Activision's board held a meeting on September 25, 2007, during which Mr. Morgado presented the compensation committee with revised term sheets for Messrs. Kotick and Kelly's executive compensation packages reflecting the results of the prior weeks of negotiations. Mr. Morgado informed the compensation committee that the proposed executive compensation packages set forth in the term sheets were conditioned upon the consummation of the transaction. The

compensation committee then authorized Mr. Morgado to retain outside compensation consultants to provide additional advice regarding the structure and valuation of the proposed executive compensation packages and to continue negotiations with Messrs. Kotick and Kelly. During the week of October 1, 2007, the compensation committee formally retained outside compensation consultants to engage in these valuations.

On September 27, 2007, Allen & Company presented an update to the Activision board of directors regarding the status of the proposed transaction. Allen & Company reviewed with the board the terms of the current proposal and the results of its due diligence review. After discussion, the board authorized Activision and its representatives to continue negotiations with regard to the proposed transaction.

During this period, representatives from Allen & Company and Skadden Arps held discussions and negotiations with Vivendi's financial and legal advisors to finalize the terms of the proposed business combination agreement and ancillary documents. Over this same period, the parties worked to complete their respective due diligence reviews and to respond to follow-up requests. The parties also continued to negotiate the terms and conditions of the corporate governance and management structure of Activision and Blizzard Entertainment in the event the proposed transaction closed.

On October 8, 2007, the Activision board of directors held a special meeting at which the status of the proposed transaction was discussed. Also at this meeting, representatives of Activision's outside consultants presented to the board their due diligence findings, which discussed, among other things, an assessment of Blizzard Entertainment's subscriber base and its business model. The consultants considered both upside and downside scenarios with respect to potential growth in Blizzard Entertainment's business and subscriber base taking into account various factors.

On October 9, 2007, S&S, Skadden Arps and Gibson Dunn discussed the preliminary term sheets and forms of employment agreements for Messrs. Kotick and Kelly. Further discussions regarding the structure of proposed executive compensation packages occurred throughout October and November.

On October 30, 2007, Activision's board of directors held a regularly scheduled meeting at which the status of the proposed transaction with Vivendi and Activision's second fiscal quarter results were discussed. The board recommended that Activision and its representatives continue its discussions with Vivendi.

During October and early November 2007, Mr. Morgado and S&S continued discussions with WLRK regarding the proposed executive compensation packages and forms of employment agreements for Messrs. Kotick and Kelly. In particular, the discussions focused on the form and structure of equity grants and the terms of the replacement bonus arrangements under the proposed executive compensation packages. During the process, Mr. Morgado remained in contact with the other members of the compensation committee and the NCGC about the status of negotiations.

Throughout early November, Messrs. Tippl and Grollemund had several discussions regarding the updated financial results and outlooks of both Activision and Vivendi Games since the completion of the parties' reciprocal due diligence reviews. In addition, representatives from Allen & Company and Goldman Sachs had several discussions regarding the principal financial terms of the proposed transaction in light of the financial performance of the companies since the beginning of discussions.

During this period, Allen & Company advised Goldman Sachs that Activision believed the previously discussed per share transaction price of \$24.75 should be increased due to Activision's recent and anticipated financial performance and the increased trading price of its common stock.

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On November 7, 2007, Allen & Company updated the NCGC regarding the current status of the negotiations with Vivendi, including its discussions with Goldman Sachs and possible counter-proposals that it deemed appropriate given Activision's recent and anticipated financial performance and increased stock price.

On November 7, 2007, the compensation committee met to discuss, among other things, the Kotick and Kelly employment agreements. After a presentation by the committee's outside compensation consultants, the compensation committee authorized Mr. Morgado to continue his negotiations with each of Messrs. Kotick and Kelly to finalize their respective executive compensation packages. During November 2007, S&S and Mr. Morgado continued negotiations with WLRK, and Mr. Morgado remained in contact with the other members of the compensation committee and the NCGC regarding the status of negotiations.

On November 13, 2007, Goldman Sachs advised Allen & Company that Vivendi was prepared to increase the per share transaction price from \$24.75 to an amount between \$26.25 and \$26.75 and would correspondingly increase the amount of cash used in the share purchase. In addition, Goldman Sachs indicated that Vivendi would also be willing to increase the cash component of the funding for the tender offer by an amount sufficient to provide for the purchase of up to 50% of Activision shares outstanding immediately prior to the transactions at the per share transaction price.

On November 16, 2007, the members of the NCGC, along with Messrs. Kotick and Kelly, held a meeting at which the status of the proposed transaction with Vivendi was discussed. The NCGC recommended that Activision and its representatives continue its discussions with Vivendi.

From November 19 to November 22, 2007, S&S and Mr. Morgado, representing the compensation committee, engaged in final negotiations with WLRK on Messrs. Kotick and Kelly's executive compensation packages. Throughout the final negotiation process, Mr. Morgado remained in constant contact with the other members of the compensation committee and the NCGC. On November 22, 2007, the material terms of Messrs. Kotick and Kelly's executive compensation packages were finalized between the compensation committee and S&S, on the one hand, and Messrs. Kotick and Kelly and WLRK on the other. The agreed-upon terms were then sent to Vivendi and Gibson Dunn for their review and input. During the week of November 26, 2007, minor revisions to the terms and conditions of Messrs. Kotick and Kelly's executive compensation packages were made following further discussions among Mr. Morgado, S&S and WLRK and input from Vivendi and Gibson Dunn.

On November 26, 2007, representatives of Activision, together with its financial and legal advisors, met with representatives of Vivendi and their financial and legal advisors in New York. During the course of this meeting, Vivendi proposed a per share transaction price of \$26.50; however, Activision countered that the then-current trading price of its common stock, the recent earnings release, and revised guidance to be provided by Activision for fiscal year 2008 all warranted a higher premium. Vivendi thereafter proposed a per share transaction price of \$27.25, but Activision maintained that a higher price was justified. After further discussion, Vivendi agreed to increase its offer to \$27.50 (representing a 45.2% premium to the then-current trading price of Activision common stock) and agreed that the resulting increase in the amount of cash paid to Activision would be used to increase the aggregate amount of Activision shares to be purchased by Activision in the tender offer. Mr. Kotick indicated that he would present the \$27.50 per share transaction price and other terms to Activision's board of directors for their consideration.

From November 26 to November 29, 2007, the parties' legal advisors worked to finalize the business combination agreement, disclosure schedules and ancillary agreements. On November 29, 2007, the parties and their legal and financial advisors participated in a telephonic meeting to confirm that, subject to the approval of the Vivendi and Activision boards of directors, the terms and conditions of the business combination agreement and related ancillary agreements were finalized and all open issues resolved. See the sections of this proxy statement entitled "Board and Management of Activision

Blizzard," "The Business Combination Agreement Termination; Termination Fees and Expenses," and "Corporate Governance of Activision Blizzard Corporate Opportunities; Fiduciary Duties of Activision Blizzard Directors."

On November 28, 2007, Activision requested that S&S prepare an amendment to the existing employment agreement of Mr. Griffith that reflected certain terms and conditions independently negotiated between Activision and Mr. Griffith. These terms included an amendment to the terms of Mr. Griffith's existing equity awards and a new grant of equity awards.

On November 29, 2007, S&S sent final versions of the agreements setting forth the proposed executive compensation packages for Messrs. Kotick and Kelly and the amendment to the Griffith employment agreement to the compensation committee and the NCGC for approval. The materials delivered to the compensation committee at that time also included a reasonableness letter and valuations prepared by the outside compensation consultants with respect to compensation payable under the packages generally and in connection with the proposed transaction in particular.

On November 30, 2007, Vivendi's management and supervisory boards met to consider the proposed transaction, including the business combination agreement and the ancillary agreement, and unanimously approved the terms thereof.

On December 1, 2007, the Activision compensation committee and the NCGC held a joint special meeting to consider the proposed executive compensation packages for Messrs. Kotick and Kelly and the proposed amendment to Mr. Griffith's employment agreement. In discussing the new employment arrangements, S&S explained in detail the committees' and the board's duties, obligations and responsibilities under Delaware law and the compensation committee's outside consultants presented their recommendations with regard to the proposed executive compensation packages for Messrs. Kotick and Kelly and the proposed amendment to Mr. Griffith's employment agreement. After extensive discussion, the committees, which include all independent members of the Activision board of directors, jointly and unanimously approved the proposed executive compensation packages for Messrs. Kotick and Kelly and the proposed amendment to Mr. Griffith's employment agreement and resolved to recommend their approval by the entire Activision board of directors.

Also on December 1, 2007, the entire Activision board of directors held a special meeting to discuss the proposed transaction, including the terms and conditions of the business combination agreement and the ancillary agreements. At this meeting, representatives from Allen & Company reviewed the material financial analyses prepared in connection with the preparation of its fairness opinion. Allen & Company then delivered its oral opinion that, taking into account the transactions contemplated by the business combination agreement as a whole, the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer were fair, from a financial point of view, to Activision and its stockholders. Representatives from Skadden Arps reviewed for the board the fiduciary duties of directors in considering the proposed transaction, including the board's duty to act in a manner reasonably designed to obtain the best price for stockholders, and presented summaries of the terms of the business combination agreement and the ancillary agreements. The compensation committee also presented the joint recommendation of it and the NCGC that the board approve the proposed executive compensation packages for Messrs. Kotick and Kelly and the proposed amendment to Mr. Griffith's employment agreement. The members of the NCGC did not formally provide a recommendation to the Activision board of directors regarding the proposed transaction, but instead participated in the full board's deliberations. After discussion, Activision's board of directors unanimously determined that (a) the business combination agreement and all related documents and exhibits thereto, in each case substantially in the form presented to the board, are in the best interests of Activision and its stockholders, (b) taking into account the transactions contemplated by the business combination agreement as a whole, the per share transaction price of the share purchase, the exchange ratio and the per share transaction price of the tender offer

are fair, from a financial point of view, to Activision and its stockholders, and (c) the merger is advisable under Section 251(b) of the DGCL.

Following the Activision board meeting, the parties executed the business combination agreement and ancillary documents.

On December 2, 2007, Activision and Vivendi issued a joint press release announcing the transaction.

Activision's Reasons for the Transaction and Tender Offer

Reasons for the Transaction and Tender Offer and Recommendations

In evaluating the business combination agreement and the proposed transaction, including the merger, the share purchase, the tender offer, and the amendment and restatement of our certificate of incorporation and bylaws, and recommending that holders of Activision's common stock vote in favor of the proposals described in this proxy statement, the Activision board of directors consulted with Activision's senior management, financial and legal advisors, as well as the NCGC and outside consultants, and considered a number of factors, including the following material factors, which the Activision board of directors viewed as supporting its recommendations:

Unique Market Opportunity. The Activision board considered the potential benefits of combining Vivendi Games' interactive entertainment business, including Blizzard Entertainment's highly successful *World of Warcraft* MMORPG franchise, with Activision, including the prospect of creating the world's leading pure-play online and console game publisher and the potential to accelerate Activision's growth and expand its operating margins. In considering this opportunity, the Activision board took into account factors such as the competitive landscape of, and trends in, the interactive entertainment industry, other strategic alternatives likely to be available to Activision (including, but not limited to, potential business combinations with public and private companies in the interactive entertainment industry, strategic partnerships and alliances, investments in software development studios, and key license transactions), the results of Activision's due diligence review of Vivendi Games, discussions with management of Vivendi Games and Vivendi and the presentations and evaluations by Activision's financial advisor and outside consultants.

Expansion into Online Gaming and New Geographies. The Activision board considered that the proposed transaction would facilitate Activision's expansion into the higher operating margin and fast growing MMOG genre and would provide scale benefits to its international business, including establishing a meaningful presence in the rapidly growing Asian markets, which Activision's senior management had identified as top strategic priorities.

Combining Industry Leaders. The Activision board considered that the proposed transaction would combine leaders in mass-market entertainment and subscription-based online games, which would enable the combined company to more effectively leverage and diversify its combined product portfolios. In particular, the Activision board considered that the proposed transaction would bring together the world's leading MMORPG franchise, *World of Warcraft*, and other successful Vivendi Games titles with Activision's top-selling owned and licensed franchises, enabling the combined company to establish leading positions across the competitive interactive entertainment software industry and reach a broader audience.

Diversification of Activision's Revenue Base. The Activision board considered that the proposed transaction would enable Activision to diversify its revenue base among subscription-based online, console and PC formats, as well as wireless and other emerging technologies, providing Activision with a broader platform to capitalize on industry growth as well as a recurring stream of subscription-based revenue.

Premium to Market Price. The Activision board considered the current and historical market prices of Activision's common stock and the fact that the per share transaction price of \$27.50 per share represented an approximate 24.2% premium over the closing price of Activision's common stock on November 30, 2007, the last trading day prior to the execution of the business combination agreement, and approximately 33.7% and 26.8% premiums over the closing prices of Activision's common stock over the 10 and 30 trading days, respectively, prior to the date of the execution of the business combination agreement. The Activision board also considered that the transaction represented the best value available for the stockholders for a sale of control of Activision.

Tender Offer; Liquidity to Stockholders; Certainty of Value. The Activision board considered the liquidity and premium to be offered to Activision's stockholders in connection with the proposed post-closing tender offer, including the number of shares to be purchased by the combined company and the other terms and conditions of the tender offer, including restrictions on the ability of Vivendi and certain members of Activision's senior management to participate in the offer, and the fact that Activision's stockholders would be entitled to realize \$27.50 per share for shares sold in connection with the tender offer. The Activision board also considered that the tender offer would offer the flexibility of not requiring Activision stockholders to tender any or all of their shares in the tender offer, thereby allowing Activision stockholders the option not to tender their shares in the tender offer if they were able to achieve a higher price in the market or otherwise desired to retain ownership of their shares of the combined company.

Experience and Track Record of the Management Team. The Activision board considered the experience and track record of Vivendi Games' management team, as well as the terms and conditions of the employment agreements of the key members of such management and their overall fit within Activision's current management structure.

Successful Operating Model. The Activision board considered the ability of the combined company to continue using the successful publishing and distribution models and operations team currently employed by Activision Publishing and Blizzard Entertainment.

Corporate Governance. The Activision board considered the post-closing corporate governance structure of the combined company, including the minority stockholder and other protections provided in the proposed amended and restated certificate of incorporation and bylaws of Activision, which will be implemented effective as of closing of the transaction.

Special Committee. The Activision board considered the recommendations of the NCGC and its views regarding the terms and financial aspects of the transaction, including the terms of the amended employment agreements and voting and lock-up agreements of Messrs. Kotick and Kelly.

Regulatory and Stockholder Approvals. The Activision board considered the regulatory and stockholder approvals required in connection with the transaction and the other terms of the business combination agreement, and the likelihood that, once the business combination agreement had been entered into, the transaction would be completed if the issuance of Activision common stock in accordance with the terms of the business combination agreement and the amendment and restatement of our certificate of incorporation were approved by our stockholders and the transaction was approved by applicable regulatory agencies. The Activision board also considered certain regulatory and other approvals required if Activision were to partner with, or be acquired by, other industry participants and the likelihood as to whether such approvals could reasonably be expected to be received.

Amended Employment Agreements. The Activision board considered the recommendations of the NCGC and its counsel in connection with the amended and restated employment agreements to be entered into with Robert A. Kotick concurrently with the execution of the business

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combination agreement, pursuant to which Mr. Kotick would serve as President and Chief Executive Officer of Activision Blizzard, and Brian G. Kelly, pursuant to which Mr. Kelly would serve as the Co-Chairman of Activision Blizzard, the waiver of certain change in control benefits to which Messrs. Kotick and Kelly may have been entitled as a result of the transaction, and the resulting increased likelihood that the members of Activision's senior management would remain in place at Activision Blizzard for a substantial period following completion of the transaction.

No Financing Condition; Vivendi Credit Facility. The Activision board considered the substantial financial resources of Vivendi, the lack of financing condition in the business combination agreement and Vivendi's available cash resources and financing in an amount sufficient to enable Vivendi to complete the share purchase and the other transactions contemplated by the business combination agreement. The Activision board also considered the current state of the credit markets generally and Vivendi's commitment in the business combination agreement, under certain circumstances, to lend Activision certain amounts needed to complete the tender offer on arms-length terms, subject to the terms and conditions set forth in the business combination agreement.

Ability to Respond to Certain Unsolicited Acquisition Proposals. The Activision board considered Activision's ability under certain circumstances, pursuant to the business combination agreement, to engage in negotiations or discussions with, and to provide information to, any third party that made after the date of the business combination agreement and prior to Activision stockholder approval an "Activision Acquisition Proposal" (as such term is defined in the business combination agreement) and that the Activision board determines in good faith (after consultation with its outside counsel and a financial advisor of nationally recognized reputation) constitutes, or is reasonably likely to lead to, an "Activision Superior Proposal" (as such term is defined in the business combination agreement).

Ability to Terminate the Business Combination Agreement to Accept an Activision Superior Proposal. The Activision board considered Activision's ability, following receipt of an Activision Superior Proposal after the date of the business combination agreement and prior to Activision stockholder approval, to change its recommendation with respect to the transaction and terminate the business combination agreement if certain conditions were satisfied, including if the Activision board determines in good faith, after consultation with outside counsel, that its failure to take such action would be reasonably expected to constitute a breach of its fiduciary duties under applicable law, that at least three (3) business days prior written notice is given to Vivendi of the Activision board's intent to take such action, and Activision's requirement to pay Vivendi a \$180 million termination fee and reimburse Vivendi for up to \$15 million of expenses in connection with any such termination.

Terms of Business Combination Agreement. The Activision board considered the terms of the business combination agreement, the investor agreement, the amendment and restatement of the certificate of incorporation and bylaws of the combined company, and the other agreements relating to the proposed transaction, including the respective representations, warranties, covenants and termination rights of the parties, the termination fee and expenses payable in certain circumstances by Activision, and the fact that the terms of such agreements and the termination fee are favorable to Activision's stockholders.

Termination Fee. The Activision board considered its discussions with Allen & Company that the termination fee of \$180 million that could become payable pursuant to the business combination agreement under certain circumstances, including if Activision terminates the business combination agreement to accept an Activision Superior Proposal or if Vivendi terminates the business combination agreement because the Activision board changes its recommendation with respect to the transaction, was unlikely to be a significant deterrent to competing acquisition offers.

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Allen & Company Opinion. The Activision board considered the financial analyses and opinion of Allen & Company delivered orally to Activision's board on December 1, 2007 and subsequently confirmed in writing, to the effect that, as of the date of its opinion and based upon and subject to the qualifications, limitations and assumptions set forth therein, taking into account the transactions contemplated by the business combination agreement as a whole, the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer were fair, from a financial point of view, to Activision and its stockholders. For further discussion of Allen & Company's opinion, see "Opinion of Activision's Financial Advisor" below.

Reasons Against the Transaction and Tender Offer and Recommendations

In the course of its deliberations, the Activision board of directors also considered a variety of risks and other potentially negative factors concerning the transaction, including the following:

No Future Change of Control Transactions. The Activision board considered that the closing of the transaction, which is expected to result in Vivendi owning approximately 52.2% of the issued and outstanding shares of Activision Blizzard common stock on a fully diluted basis (approximately 68.0% if the tender offer is fully subscribed), would discourage a third party from making an offer to acquire Activision Blizzard in the future unless Vivendi supported such offer and could prevent Activision stockholders from receiving any additional "control premium" following completion of the transaction and the tender offer.

Proration in Tender Offer. The Activision board considered that Activision stockholders would be subject to proration if the tender offer is oversubscribed, effectively limiting an Activision stockholder to selling approximately 50% of its holdings if the offer is fully subscribed. The Activision board also considered that the market price of Activision Blizzard common stock could be higher than \$27.50 at the time the tender offer is launched and that there is no obligation of Activision Blizzard or Vivendi to offer a higher price, and that the total value to Activision stockholders will vary based on the number of shares, if any, ultimately tendered in the tender offer.

Effect on Third Party Offers. The Activision board considered that the terms of the business combination agreement restricting Activision's solicitation of third party acquisition proposals, providing for Activision's payment of a termination fee and expense reimbursement to Vivendi in specified circumstances, and the terms of the voting agreements entered into by certain Activision executives, could limit the willingness of a third party to propose a competing transaction with Activision.

Control by Vivendi. The Activision board considered that following completion of the transaction Vivendi will own approximately 52.2% of the issued and outstanding shares of Activision Blizzard common stock on a fully diluted basis and approximately 68.0% if the tender offer is fully subscribed, will control a majority of Activision Blizzard's board of directors, and will have certain other corporate governance and other rights provided in our amended and restated certificate of incorporation and bylaws, which generally impose significant restrictions on the board composition and corporate governance of Activision Blizzard following the completion of the transaction.

No Standstill. The Activision board considered that, subject to certain limitations, following completion of the transaction Vivendi is not prohibited from acquiring additional shares of common stock or other securities of Activision Blizzard in the market, directly from third parties, or otherwise.

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Additional Debt. The Activision board considered the effect on Activision Blizzard if additional debt is required to be incurred from a third party or Vivendi in connection with financing a portion of the tender offer.

Realization of Synergies. The Activision board considered the possibility that the synergies and other financial and strategic benefits expected to be achieved in the transaction may not be obtained on a timely basis or at all.

Effect on Failure to Complete Transaction. The Activision board considered the risks and costs that could be borne by Activision if the transaction is not completed, including the diversion of management and employee attention during the period after the signing of the business combination agreement, potential employee attrition and the potential effect on Activision's business and client relations.

Interim Restrictions on Activision's Business. The Activision board considered that, under the business combination agreement, Activision must conduct its business in the ordinary course and is subject to a variety of other restrictions on the conduct of its business prior to completion of the transaction or termination of the business combination agreement, which may delay or prevent Activision from pursuing business opportunities that may arise.

Transaction Costs. The Activision board considered the significant costs involved in connection with entering into the business combination agreement and completing the transaction and the tender offer, and potential related disruptions to the operations of Activision's business.

Required Regulatory Approvals. The Activision board considered the fact that regulatory approvals (including approvals in the European Union) are required to consummate the transaction and the prospects for receiving any such approvals.

Risks Related to Vivendi Games' Businesses. The Activision board considered the prospects for Vivendi Games' businesses and the costs associated with both the continuation and potential discontinuation of certain of Vivendi Games' businesses.

Interests of Activision Management. The Activision board considered the fact that some of Activision's executives, including the Chief Executive Officer, who is a member of the Activision board, may have interests in the transaction that are different from, or in addition to, those of Activision's stockholders, as a result of the employment and other agreements referred to in "Board and Management of Activision Blizzard" below in this proxy statement and their holding of shares and options to purchase shares of Activision common stock and the recommendations of the NCGC and its counsel on such matters.

The foregoing discussion of the information considered by Activision's board of directors is not exhaustive, but includes the material factors that Activision's board of directors considered in approving and recommending the transaction. In view of the wide variety of factors considered by the board of directors in connection with its evaluation of the transaction and the complexity of these factors, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision. The board of directors discussed the factors described above, including asking questions of Activision's senior management and financial and legal advisors, as well as the NCGC and its legal advisors, and reached a consensus that the transaction was in the best interests of Activision and its stockholders. In considering the factors described above, individual directors may have assigned different weights to different factors. Activision's board of directors relied on the experience and expertise of its financial advisors for a quantitative analysis of the financial terms of the transaction. See below under "Opinion of Activision's Financial Advisor."

The above explanation of the reasoning of Activision's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Concerning Forward-Looking Statements."

For the reasons set forth above, Activision's board of directors has unanimously approved the business combination agreement, the other agreements entered into in connection with the business combination agreement and the transactions contemplated by those agreements, has concluded that the transaction is advisable and in the best interests of Activision and its stockholders and unanimously recommends that Activision stockholders vote for the issuance of Activision common stock in accordance with the terms of the business combination agreement, the amendment and restatement of our certificate of incorporation, including each of the related sub-proposals, and the amendment of Section 7.4(a) of Activision's third amended and restated bylaws.

Opinion of Activision's Financial Advisor

Allen & Company LLC has acted as our financial advisor in connection with the transaction. In connection with Allen & Company's engagement as our financial advisor, we requested that Allen & Company evaluate the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer, to Activision and its stockholders, taking into account the transactions contemplated by the business combination agreement as a whole. On December 1, 2007, Allen & Company delivered its oral opinion, subsequently confirmed in writing, to our board of directors to the effect that, as of the date of its opinion and based upon and subject to the qualifications, limitations and assumptions set forth therein, taking into account the transactions contemplated by the business combination agreement as a whole, the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer were fair, from a financial point of view, to Activision and its stockholders.

The summary of Allen & Company's written opinion in this proxy statement is qualified in its entirety by reference to the full text of Allen & Company's written opinion, dated December 1, 2007, attached to this proxy statement as Annex D. You are urged to, and should, read Allen & Company's written opinion carefully and in its entirety. Allen & Company's written opinion addresses only the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer to Activision and its stockholders, taking into account the transactions contemplated by the business combination agreement as a whole, as of the date of Allen & Company's written opinion, and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the transaction.

The forecasts, estimates and projections regarding Activision, Vivendi Games and their respective businesses and subsidiaries described in this summary are forward-looking in nature and, therefore, should be read in light of the factors discussed under the section of this proxy statement entitled "Cautionary Statement Concerning Forward-Looking Statements."

In arriving at its opinion, Allen & Company, among other things:

reviewed and analyzed the terms and conditions of the transaction including the draft business combination agreement and the draft agreements ancillary thereto (none of which prior to the delivery of the opinion had been executed by the parties);

reviewed trends in the interactive entertainment industry including, but not limited to, MMOGs;

reviewed public financial information with respect to both Activision and Vivendi Games (a subsidiary of Vivendi);

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reviewed public financial and transaction information involving companies both in the interactive entertainment industry as well as in the broader entertainment industry, which Allen & Company deemed to be comparable to Activision and Vivendi Games as well as transaction information with respect to comparable transactions;

reviewed public financial and transaction information involving companies which have engaged in self-tender offers;

reviewed and analyzed the present financial condition and business prospects of both Activision and Vivendi Games obtained from meetings and conversations with both companies' senior management;

reviewed historical and projected business information and financial results of Activision and Vivendi Games obtained from meetings and conversations with both companies' senior management;

reviewed other information obtained from meetings with senior management of both Activision and Vivendi Games;

reviewed and analyzed the trading history of Activision's common stock and certain comparable companies;

utilized Allen & Company's familiarity, developed in the course of serving as financial advisor to Activision (and also developed in connection with the negotiation of the transaction), with Activision's business and prospects, as well as prevailing trends in the markets in which Activision and Vivendi Games compete;

conferred with the management team of Activision with respect to the proposed transaction;

reviewed and analyzed the prospective value of Activision's common stock as of the closing of the transaction and immediately following the completion of the tender offer; and

conducted such other financial analyses and investigations as Allen & Company deemed necessary or appropriate for the purposes of the opinion expressed therein.

In connection with its review, Allen & Company did not assume any responsibility for independent verification of any of the information utilized in its analyses and relied upon and assumed the accuracy and completeness of all of the financial, accounting, tax and other information that was available to Allen & Company from public sources, that was provided to it by Activision and Vivendi Games or their respective representatives, or that was otherwise reviewed by it. With respect to the projected business information and financial results that Allen & Company reviewed, Allen & Company was advised by Activision's management, and Allen & Company assumed, that such forecasts had been reasonably prepared in good faith reflecting the best currently available estimates and judgments of Activision's and Vivendi Games' management as to their respective future financial performance. Allen & Company assumed no responsibility for such forecasts or the assumptions on which they were based.

Allen & Company also assumed, with Activision's consent, that the transaction would be consummated in accordance with the terms and conditions set forth in the draft business combination agreement and the draft agreements ancillary thereto that it reviewed. Allen & Company neither conducted a physical inspection of the properties and facilities of Activision or Vivendi Games nor, except as specifically set forth in the opinion, made or obtained any evaluations or appraisals of the assets or liabilities of Activision or Vivendi Games, or conducted any analysis concerning the solvency of Activision or Vivendi Games. Allen & Company's opinion addressed only the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer, to Activision and its stockholders,

taking into account the transactions contemplated by the business combination agreement as a whole, and did not address any other aspect or implication of the transaction or any other agreement, arrangement or understanding entered into in connection with the transaction or otherwise. Allen & Company's opinion was necessarily based upon information made available to it as of the date of its opinion, and upon financial, economic, market and other conditions as they existed and could be evaluated on the date of Allen & Company's opinion. Allen & Company was not asked to, and did not, update its opinion to take into account changes since December 1, 2007. Allen & Company has no obligation to advise any person of any change in any matter affecting its opinion or for updating or revising its opinion based on circumstances or events occurring after the date of Allen & Company's opinion. Allen & Company's opinion did not address the relative merits of the transaction as compared to other business strategies that might have been available to Activision, nor did it address Activision's underlying business decision to proceed with the transaction. Allen & Company did not express an opinion as to the price at which any shares of capital stock of Activision would trade either before or after the transaction or the tender offer. Allen & Company did not express an opinion about the fairness of any compensation payable to any of Activision's insiders in connection with the transaction, relative to the compensation payable to Activision's public stockholders. Allen & Company did not express any opinion as to any tax or other consequences that might result from the transaction, nor did Allen & Company's opinion address any legal, tax, regulatory or accounting matters, as to which Allen & Company understood that Activision obtained such advice as it deemed necessary from qualified professionals.

In preparing its opinion, Allen & Company performed a number of financial and comparative analyses, including those described below. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Allen & Company believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying its opinion. Allen & Company arrived at its opinion based on the totality of factors considered and the analyses performed by it. Allen & Company did not form an opinion as to whether any individual analysis or factor, considered in isolation, supported or failed to support its opinion. The range of valuation resulting from any particular analysis described below should not be taken to be Allen & Company's view of the actual value of Activision or Vivendi Games. No company or transaction used in the analyses performed by Allen & Company as a comparison is identical to Activision or to the contemplated transaction. The analyses performed by Allen & Company are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets do not purport to be appraisals or to necessarily reflect the prices at which businesses or assets may actually be sold. The analyses performed were prepared solely as part of Allen & Company's analysis of the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer, to Activision and its stockholders, taking into account the transactions contemplated by the business combination agreement as a whole, and were provided to the board of directors in connection with the delivery of Allen & Company's opinion.

The following is a summary of material financial analyses performed by Allen & Company in connection with the preparation of its opinion, and reviewed with the Activision board of directors at a meeting held on December 1, 2007. Certain of the following summaries of financial analyses that were performed by Allen & Company include information presented in tabular format. In order to understand fully the material financial analyses that were performed by Allen & Company, the tables should be read together with the text of each summary. The tables alone do not constitute a complete description of the material financial analyses.

Allen & Company determined that the following methodologies were most appropriate in undertaking its analysis of the fairness, from a financial point of view, of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer, to Activision and its stockholders, taking into account the transactions contemplated by the business combination agreement as a whole.

Per Share Transaction Price of the Share Purchase

Allen & Company used the following methodologies to evaluate the fairness of the \$27.50 per share transaction price for shares issued by Activision in the share purchase: (a) comparable company premium analysis; (b) comparable company multiples analysis; (c) comparable precedent transaction analysis; and (d) a discounted cash flow, or DCF, analysis.

Comparable Company Premium Analysis. Allen & Company compared the per share transaction price of the share purchase to various measures relating to the price of Activision's common stock between the dates of November 1, 2007 and November 29, 2007. These measures included (a) the closing price; (b) the 10-day trailing average closing prices; (c) the 4-weeks prior closing prices and (d) the 20-day trailing average closing prices. Allen & Company calculated that the premium represented by the per share transaction price of the share purchase ranged from 19% - 45% to the closing prices, 19% - 37% to the 10-day trailing average closing prices, 16% - 25% to the 4-weeks prior closing prices and 20% - 30% to the 20-day trailing average closing prices during the time period between November 1, 2007 and November 29, 2007. As of the closing price on November 29, 2007, the premium represented by the per share transaction price of the share purchase was 25% to the closing price, 35% to the 10-day trailing average closing price, 20% to the 4-weeks prior closing price and 30% to the 20-day trailing average closing price.

Allen & Company also analyzed and examined the transaction premiums paid in approximately 1,260 other transactions comprised of completed acquisitions of all domestic companies, excluding financial institutions, which were acquired from January 1, 2002 through November 28, 2007. Allen & Company found that the per share transaction price of \$27.50 represented premiums to Activision's closing price and 4-weeks prior price that were within the range of premiums paid in those 1,260 change of control transactions.

Comparable Public Company Multiples Analysis. Although Allen & Company believed that no companies were directly comparable to Activision, it nonetheless analyzed and examined current trading multiples for companies which it considered similar to, or which operate within the same industry as, Activision and that share similar business risks and opportunities.

Specifically, Allen & Company analyzed the common stock prices and market multiples of the following comparable publicly-traded companies which were either in the interactive entertainment industry, and belong to a group classified by Allen & Company as diversified publishers, or in the broader general entertainment industry.

Each of the three companies Allen & Company profiled in the general entertainment industry were deemed somewhat comparable to Activision for a number of reasons, including, but not limited to (1) the markets served, (2) the method of product distribution, (3) the business model used and (4) because the success of these companies is slate-driven and directly correlates to the tastes of its consumers.

Interactive Entertainment

Electronic Arts;

THQ;

Take Two Interactive; and

Ubisoft Entertainment.

General Entertainment

Lions Gate Entertainment;

Dreamworks Animation; and

Warner Music Group.

Allen & Company calculated various valuation multiples, including: (a) the ratio of share price to the estimated earnings per share, or EPS, and (b) the ratio of enterprise value, or EV, to the estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, on a projected calendar year basis for 2007, 2008 and 2009 for each of the seven companies identified above. Allen & Company determined that the per share transaction price of the share purchase implied enterprise and equity value multiples within or above the range of multiples of the comparable publicly traded companies in both the interactive entertainment industry as well as in the broader entertainment industry. EBITDA and EPS projections and estimates were derived from Wall Street analyst research.

Set forth below is a chart which sets forth the range of multiples calculated for the seven comparable publicly traded companies in the interactive entertainment and general entertainment industries identified above, using their closing price on November 29, 2007, as compared to the multiples calculated for the \$27.50 per share transaction price for shares issued by Activision.

Company	EV / EBITDA			Price / Adjusted Earnings		
	CY 2007	CY 2008	CY 2009	CY 2007	CY 2008	CY 2009
Interactive Entertainment						
Electronic Arts	35.0x	20.0x	14.6x	54.9x	31.9x	23.1x
THQ	20.7x	11.2x	8.4x	28.0x	18.3x	14.5x
Take Two Interactive	nm	9.7x	7.7x	nm	11.0x	8.8x
Ubisoft Entertainment	35.0x	24.0x	18.7x	nm	40.5x	32.1x
General Entertainment						
Lions Gate Entertainment	nm	37.0x	17.0x	nm	61.2x	21.1x
Dreamworks Animation	6.6x	7.9x	8.1x	11.8x	15.0x	16.1x
Warner Music Group	6.1x	7.4x	7.5x	9.4x	17.2x	17.8x
Activision	21.7x	17.9x	15.6x	34.7x	28.5x	25.5x

Comparable Precedent Transaction Analysis. Allen & Company reviewed selected precedent transactions that had announcement dates between 1998 and 2007 and had publicly-disclosed information or industry analyst estimates from which purchase price multiples could be derived. Finding that there were no transactions of comparable scale in the interactive entertainment industry, Allen & Company examined the broader entertainment industry for acquired businesses having characteristics similar to Activision. Transactions analyzed in the broader entertainment industry included:

Terra Firma Capital's acquisition of EMI Group;

Walt Disney's acquisition of Pixar;

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Sony-led investor consortium's purchase of Metro-Goldwyn-Mayer;

Combination of Vivendi Universal Entertainment LLLP and National Broadcasting Company, Inc. to form NBC Universal;
and

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The Seagram Company Ltd.'s acquisition of PolyGram N.V.

As indicated by the chart below, Allen & Company determined that the per share transaction price of the share purchase implies enterprise and equity value multiples for Activision that were above or within the range of multiples paid in comparable transactions in the broader entertainment industry.

	Multiples Implied by Per Share Transaction Price of \$27.50	Range of Multiples from Comparable Transactions in Broader Entertainment Industry
Enterprise Value / LTM EBITDA	34.7x	16.1x - 29.3x
Enterprise Value / Forward EBITDA	21.7x	13.2x - 19.7x
Equity Value / LTM Net Income	51.4x	30.8x - 49.7x
Equity Value / Forward Net Income	34.7x	28.0x - 35.4x

Discounted Cash Flow Analysis. Allen & Company's DCF approach was based upon certain financial projections and estimates, as set forth in the chart below, for Activision through the year 2013 that were derived from Wall Street analyst reports, which reports included financial projections and assumptions that Allen & Company and Activision's management believed were appropriate for such analysis and incorporated Activision's updated guidance issued at the end of November 2007. Allen & Company's DCF approach included a review of estimates of Activision's projected revenue, after-tax earnings before interest and free cash flow, as set forth in the chart below.

	2008					
	12/01/07- 3/31/08	Fiscal Year Ending March 31,				
	2009	2010	2011	2012	2013	
	(\$ in Millions)					
Revenue	\$ 962	\$ 2,485	\$ 2,704	\$ 2,920	\$ 3,154	\$ 3,406
After-Tax Earnings Before Interest	133	272	318	364	404	436
Free Cash Flow	140	272	316	362	399	430

Allen & Company used a DCF analysis to identify a range of present values for Activision's common stock based upon terminal forward P/E multiples ranging from 21x - 25x and discount rates ranging from 12% - 13%, resulting in a calculated per share range of between \$22.03 and \$25.55. The discount rates used for Activision were based upon the estimated weighted average cost of capital for publicly traded diversified publishers in the interactive entertainment industry. The per share transaction price of \$27.50, therefore, exceeded the range of values indicated by its DCF analysis. Because Activision's earnings stream is subject to volatility due to the console cycle, Allen & Company used a range of earnings multiples that are generally consistent with historical trading multiples for Activision to calculate the terminal value for the business.

Exchange Ratio of the Merger

Allen & Company relied on a sum-of-the-parts valuation analysis to value Vivendi Games and to determine the fairness, from a financial point of view, of the exchange ratio of the merger to Activision. Allen & Company utilized a variety of methodologies to analyze the four business units that comprise Vivendi Games: (a) Blizzard Entertainment; (b) Sierra; (c) Sierra Online; and (d) Vivendi Games Mobile. The following is a summary of the analyses performed for each of the business units.

Blizzard Entertainment. Allen & Company performed a (a) comparable public company analysis, (b) a precedent transaction analysis and (c) a DCF analysis in order to establish a value range for Blizzard Entertainment. Based on the foregoing analyses, Allen & Company determined a value range for Blizzard Entertainment of \$8.2 billion - \$9.0 billion.

Comparable Public Company Analysis. Allen & Company analyzed the common stock prices and market multiples of eleven comparable publicly-traded companies which were classified as either

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MMOGs or diversified publishers. MMOGs examined by Allen & Company included Giant Interactive Group, NCSOFT, Netease.com, Perfect World Co., Shanda Interactive Entertainment and The9 Limited. Diversified publishers included Electronic Arts, Activision, THQ, Take Two Interactive and Ubisoft Entertainment. Allen & Company selected a range of enterprise and equity value multiples for Blizzard Entertainment based upon the trading multiples of comparable public companies evaluated, as indicated in the chart below.

	Selected Multiple Range for Blizzard Entertainment	Range of Multiples for MMOG Industry	Range of Multiples for Diversified Publishers
EV / CY07 EBITDA	15.5x - 16.5x	9.3x - 27.2x	16.6x - 35.0x
EV / CY08 EBITDA	13.5x - 14.5x	5.8x - 15.5x	9.7x - 24.0x
EV / CY09 EBITDA	11.5x - 13.0x	4.2x - 13.2x	7.7x - 18.7x
Price / CY07 EPS	21.0x - 22.0x	15.8x - 30.1x	27.7x - 54.9x
Price / CY08 EPS	18.0x - 19.0x	12.7x - 19.2x	11.0x - 40.5x
Price / CY09 EPS	15.5x - 16.5x	8.1x - 16.7x	8.8x - 32.1x

Precedent Transaction Analysis. Allen & Company's precedent transaction analysis focused solely on minority-stake acquisitions of comparable companies. Specifically, Allen & Company evaluated Electronic Arts' acquisition of a 15% stake in The9 Limited which was announced on May 21, 2007. The purchase price of the minority stake in The9 Limited implied an enterprise value to forward EBITDA multiple of 16.9x and a forward P/E multiple of 26.5x for The9 Limited.

Discounted Cash Flow Analysis. Allen & Company estimated the after-tax unlevered free cash flow for Blizzard Entertainment beginning with the second quarter of 2008 through year-end 2012. Unaudited projections of Blizzard Entertainment's revenue, pre-tax earnings before interest, depreciation & amortization, working capital, and capital expenditures for 2008 and 2009 were provided by, and are the sole responsibility of Vivendi Games management. Allen & Company used such projections to extrapolate (i) Blizzard Entertainment's revenue for the last three quarters of 2008, (ii) Blizzard Entertainment's after-tax earnings before interest and free cash flow for 2008 and 2009 and (iii) Blizzard Entertainment's results for 2010 through 2012, all as set forth in the chart below. Allen & Company's DCF approach included a review of its estimates set forth in the chart below of Blizzard Entertainment's projected revenue, after-tax earnings before interest and free cash flow.

	Fiscal Year Ending December 31,				
	Q2-Q4 2008	2009	2010	2011	2012
	(\$ in Millions)				
Revenue	\$ 995	\$ 1,551	\$ 1,767	\$ 1,961	\$ 2,118
After-Tax Earnings Before Interest	305	487	555	616	666
Free Cash Flow	275	496	565	628	678

Allen & Company discounted the free cash flows back to a present value as of December 1, 2007 using discount rates ranging from 10.5% to 12.5%. The discount rates for Blizzard Entertainment were based upon the estimated weighted average cost of capital for publicly traded MMOG companies.

In addition, Allen & Company assumed perpetuity growth rates ranging from 4.0% to 6.0% in order to calculate a terminal value, growth rates which are in line with long-term nominal GDP growth rates for the United States. Using the midpoint for the range of discount rates of 11.5% and a range of perpetuity growth rate assumptions from 4.5% to 5.5%, which translated into terminal trailing EBITA multiples of 9.7x to 11.5x, the DCF analysis indicated an enterprise value for Blizzard Entertainment ranging from \$7.7 billion to \$8.8 billion. Allen & Company calculated the terminal value for Blizzard Entertainment using a perpetual growth in free cash flow primarily because (1) Blizzard Entertainment's business is primarily subscription-based, (2) its earnings stream is generally more

predictable with steadier cash flow growth as compared to major publishers of console platform titles like Activision and (3) it is a private company, and, as such, there is no available data relating to its historical trading multiples.

Based upon the enterprise values implied for Blizzard Entertainment by the valuation methodologies described above, Allen & Company estimated a value range for Blizzard Entertainment of \$8.2 billion to \$9.0 billion.

Allen & Company also examined Wall Street analyst valuations for Vivendi Games. As of the date of Allen & Company's opinion, many of the published valuations for Vivendi Games ascribed by Wall Street analysts were significantly below Allen & Company's estimated value range for Blizzard Entertainment. As of the date of Allen & Company's opinion, Vivendi had not publicly disclosed separate financial performance data for the individual businesses of Vivendi Games. As such, Wall Street analyst valuations were predicated upon operating income and cash flow measures consolidating estimated losses from Sierra, Sierra Online and Vivendi Games Mobile. In certain cases, Wall Street analysts provided transparency on valuation methodologies employed to derive the valuation estimate published for Vivendi Games. Allen & Company determined that in many of these cases, if these analysts applied their stated valuation methodology to the operating income and cash flow measures for Blizzard Entertainment as provided by Vivendi Games management, the resulting value for Blizzard Entertainment would fall within Allen & Company's estimated value range.

Other Vivendi Games Businesses. Allen & Company's valuation analyses for Sierra, Sierra Online and Vivendi Games Mobile derived a range of values for each in which the high value represented the DCF value of continuing to operate the business as a going concern, assuming a terminal multiple based on applicable trading multiples of comparable public companies, and the low value represented the present value of the estimated cost to shut down the business including additional operating losses which would be incurred prior to shut-down occurring. Allen & Company used a discount rate of 12.5% in its DCF analyses to calculate the present value as of December 1, 2007 of the low value cases for each business. Allen & Company used discount rates of 12.5% for Sierra, 40.0% for Sierra Online and 40.0% for Vivendi Games Mobile to calculate the present value as of December 1, 2007 of the high value cases for each business. For the Sierra high value case, the terminal multiple was based upon calendar year 2007 revenue multiples implied by the enterprise values for Atari, Majesco and SCI Entertainment. For the Sierra Online high value case, the terminal multiple was based upon calendar year 2007 revenue multiples implied by the enterprise values for NCSoft and The9 Limited. For the Vivendi Games Mobile high value case, the terminal multiple was based upon calendar year 2007 revenue multiples implied by the enterprise values for BuonGiorno, GameLoft and Glu Mobile. Allen & Company's DCF analyses for each of Sierra, Sierra Online and Vivendi Games Mobile assumed closing of the transaction on March 31, 2008 and a tax rate of 36.0%. Based on Allen & Company's DCF analyses of Sierra, Sierra Online and Vivendi Games Mobile, their aggregate value range was determined to be \$(82) million to \$491 million.

Combined Value Range for Vivendi Games. Combining the value ranges of Vivendi Games' other businesses with the value range for Blizzard, Allen & Company determined that the net value of Vivendi Games ranged between a low valuation case of \$8.1 billion and a high valuation case of \$9.5 billion. Allen & Company then deducted \$148 million from both the low and high valuation cases, representing Allen & Company's estimate, made solely for purposes of its analyses, of the amount payable by Vivendi Games' with respect to the Blizzard equity plan, net of the resulting tax benefit. (Under the terms of the Blizzard equity plan, the value of Blizzard, and the resulting payments owed under the Blizzard equity plan, are determined pursuant to a methodology set forth in the Blizzard equity plan. Consequently, the estimate used by Allen & Company may not reflect the actual payment obligations under the Blizzard equity plan.)

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Based upon the foregoing value ranges for Vivendi Games, Allen & Company was able to calculate an implied exchange ratio for Vivendi Games under both the low valuation case and the high valuation case. These calculations yielded an implied exchange ratio of 362,266.79242 on the low end and 424,694.59760 on the high end. The exchange ratio as set forth in the business combination agreement is 369,136.36364 which falls within the range of these cases.

For additional information regarding Vivendi Games, see "Risk Factors," "Vivendi Games Business," and "Vivendi Games Management's Discussion and Analysis of Financial Condition and Results of Operation of Vivendi Games" in this proxy statement.

Per Share Transaction Price of the Tender Offer

In addition to the methodologies described above in the section entitled "Per Share Transaction Price of the Share Purchase," which were employed by Allen & Company in its evaluation of the per share transaction price of shares issued by Activision in the share purchase, Allen & Company analyzed and examined the premiums paid in comparable self-tender offers over the market price prior to the announcement. More specifically, Allen & Company analyzed the premiums paid in 28 transactions since January 1, 1999 involving domestic public companies that executed self-tender offers for shares for an amount exceeding \$100 million. For this universe of transactions, Allen & Company found that the tender price compared to the self-tendering companies' share prices prior to announcement of their self tender ranged from a discount of (8.0)% to a premium of 45.5%, with a median premium of 7.2%. Allen & Company found that the \$27.50 per share transaction price of the tender offer represented a premium to Activision's market price prior to the announcement which is significantly greater than the median of the range of premiums paid in comparable self-tender offers.

Implications of The Business Combination Agreement Transactions as a Whole

In considering the implications of the transactions contemplated by the business combination agreement taken as a whole to both Activision and its stockholders, Allen & Company performed the following additional analyses: (a) an accretion and dilution analysis; and (b) a determination of value to Activision's stockholders as a result of the transactions using (w) an analysis of the premiums implied by this value range; (x) an analysis of the multiples implied by this value range as compared to trading multiples of comparable public companies; (y) an analysis of the multiples implied by this value range as compared to multiples paid in comparable precedent transactions; and (z) an analysis of the value range compared to a DCF analysis of Activision as a stand-alone entity.

Accretion/Dilution Analysis. Allen & Company found that the transaction would be accretive to the stockholders of Activision on a calendar year 2008 basis pro forma as if the transaction occurred on January 1, 2008, and on a calendar year 2009 basis. Allen & Company also examined the impact on accretion/dilution of no tender offer occurring, but a future buyback (which is not contemplated or required by the business combination agreement) of \$3.328 billion worth of shares at a 10-20% premium to the per share transaction price of the tender offer being consummated. Allen & Company found that the transaction would be accretive regardless of whether the tender offer is consummated. Allen & Company performed its analysis based on financial estimates developed by Activision for Vivendi Games as well as financial estimates provided by Vivendi Games management for its various businesses. Financial estimates for Activision were provided by its management. Allen & Company's accretion/dilution analysis was not prepared in accordance with generally accepted accounting principles in the United States and did not reflect any one-time restructuring charges, stock-based compensation or additional intangible amortization that may result from the proposed transaction. In performing its accretion/dilution analysis, Allen & Company assumed a projected stand-alone cash balance for Activision of \$1.35 billion as of an estimated closing date of March 31, 2008, an average interest rate on cash earned of 4.5%, an average interest rate on debt of 7.5% and a marginal tax rate of 36.0%. Allen & Company's analysis factored in various liabilities assumed at Vivendi Games. In addition,

Allen & Company assumed an increase of shares outstanding for Activision in each of calendar years 2008 and 2009 to take into account share issuances resulting from future stock-based compensation.

Using financial estimates developed by Activision for Vivendi Games and based on the assumptions summarized above, in the event the tender offer is fully subscribed at a price of \$27.50, the transaction would be \$0.15 accretive to pro forma calendar year 2008 EPS and \$0.19 accretive to calendar year 2009 EPS. In the event no shares are tendered, the transaction would be \$0.14 accretive to pro forma calendar year 2008 EPS and \$0.12 accretive to calendar year 2009 EPS. In the event no shares are tendered, but a future buy-back of \$3.328 billion worth of shares is consummated at a 10% premium to the per share transaction price of the tender offer, the transaction coupled with the buy-back would be \$0.13 accretive to pro forma calendar year 2008 EPS and \$0.16 accretive to calendar year 2009 EPS.

Using financial estimates provided by Vivendi Games management in August 2007 for Vivendi Games, in the event the tender offer is fully subscribed at a repurchase price of \$27.50, the transaction would be \$0.15 accretive to pro forma calendar year 2008 EPS and \$0.30 accretive to calendar year 2009 EPS. In the event no shares are tendered, the transaction would be \$0.14 accretive to pro forma calendar year 2008 EPS and \$0.22 accretive to calendar year 2009 EPS. In the event no shares are tendered, but a future buy-back of \$3.328 billion worth of shares is consummated at a 10% premium to the per share transaction price of the tender offer (which is not contemplated or required by the business combination agreement), the transaction coupled with the buy-back would be \$0.13 accretive to pro forma calendar year 2008 EPS and \$0.28 accretive to calendar year 2009 EPS.

Value to Activision's Stockholders. Allen & Company utilized the values established in its previous analyses to establish a range pro forma enterprise values for Activision. The components to establish this enterprise value range consisted of: (a) the enterprise value of Activision as determined by the public trading value of Activision's common stock as of the date of Allen & Company's opinion; (b) the value of Vivendi Games as determined by Allen & Company's estimated value range for Vivendi Games; and (c) an estimate for the capitalized value of estimated synergies. This analysis resulted in a range of potential future enterprise values for the combined company. Allen & Company analyzed the blended value to Activision's stockholders that would result assuming that all stockholders tender in the tender offer if the blended value was below \$27.50 and that no stockholders would tender if the blended value was above \$27.50. Allen & Company's analysis indicated that the value to Activision's stockholders ranged from \$25.81 to \$27.85, with a midpoint of \$26.77.

Premiums Implied by the Range of Blended Value. Allen & Company compared the range of value to Activision's stockholders of \$25.81 to \$27.85 to various measures relating to the price of Activision's common stock between the dates of November 1, 2007 and November 29, 2007. These measures included: (a) the closing price; (b) the 10-day trailing average closing prices; (c) the 4-weeks prior closing prices; and (d) the 20-day trailing average closing prices.

Allen & Company demonstrated that the premium represented by the low end of the range of value to Activision's stockholders of \$25.81 ranged from 12% - 36% to the closing prices, 12% - 29% to the 10-day trailing average closing prices, 9% - 17% to the 4-weeks prior closing prices and 13% - 22% to the 20-day trailing average closing prices during the time period between November 1, 2007 and November 29, 2007. As of the closing price on November 29, 2007, the premium represented by the implied blended \$25.81 value was 17% to the closing price, 26% to the 10-day trailing average closing price, 12% to the 4-weeks prior closing prices and 22% to the 20-day trailing average closing prices.

Allen & Company demonstrated that the premium represented by the high end of the range of value to Activision's stockholders of \$27.85 ranged from 21% - 47% to the closing prices, 21% - 39% to the 10-day trailing average closing prices, 18% - 27% to the 4-weeks prior closing prices and 22% - 32% to the 20-day trailing average closing prices during the time period between November 1, 2007

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and November 29, 2007. As of the closing price on November 29, 2007, the premium represented by the implied blended \$27.85 value was 27% to the closing price, 36% to the 10-day trailing average closing prices, 21% to the 4-weeks prior closing prices and 32% to the 20-day trailing average closing prices.

Allen & Company demonstrated that the premium represented by the midpoint of the range of implied blended value to Activision's stockholders of \$26.77 ranged from 16% - 41% to the closing prices, 16% - 34% to the 10-day trailing average closing prices, 13% - 22% to the 4-weeks prior closing prices and 17% - 27% to the 20-day trailing average closing prices during the time period between November 1, 2007 and November 29, 2007. As of the closing price on November 29, 2007, the premium represented by the implied blended \$26.77 value was 22% to the closing price, 31% to the 10-day trailing average closing prices, 16% to the 4-weeks prior closing prices and 27% to the 20-day trailing average closing prices.

Analysis of the Multiples Implied by the Range of Blended Value as Compared to Trading Multiples of Comparable Public Companies. Although Allen & Company believed that no companies were directly comparable to Activision, it nonetheless analyzed and examined current trading multiples for companies which it considered similar to, or which operate within the same industry as, Activision. See the section entitled "Per Share Transaction Price of the Share Purchase Comparable Public Company Multiples Analysis."

Allen & Company calculated various valuation multiples, including: the ratio of share price to the estimated EPS and the ratio of enterprise value to the estimated EBITDA on a projected calendar year basis for 2007, 2008 and 2009 for each of the selected companies. Allen & Company determined that the range of blended value to Activision's stockholders of \$25.81 to \$27.85 and the implied enterprise and equity value multiples derived therefrom were within or above the range of multiples of comparable publicly traded companies in both the interactive entertainment industry as well as in the broader entertainment industry. EBITDA and EPS projections and estimates were derived from Wall Street analyst research.

	Multiples Implied by Range of Value to Company's Stockholders		Range of Multiples from Comparable Publicly-Traded Companies
	Low \$25.81	High \$27.85	
EV / CY07 EBITDA	20.2x	22.1x	6.1x - 35.0x
EV / CY08 EBITDA	16.6x	18.2x	7.4x - 37.0x
EV / CY09 EBITDA	14.4x	15.8x	7.5x - 18.7x
Price / CY07 EPS	32.6x	35.1x	9.4x - 54.9x
Price / CY08 EPS	26.8x	28.9x	11.0x - 61.2x
Price / CY09 EPS	23.9x	25.8x	8.8x - 32.1x

Analysis of the Multiples Implied by the Range of Blended Value to Activision's Stockholders as Compared to Multiples Paid in Comparable Precedent Transactions. Allen & Company reviewed selected precedent transactions that had announcement dates between 1998 and 2007 and had publicly-disclosed information or industry analyst estimates from which purchase price multiples could be derived. Finding that there were no transactions of comparable scale in the interactive entertainment industry, Allen & Company examined the broader entertainment industry for acquired businesses having characteristics similar to Activision. See "Per Share Transaction Price of the Share Purchase Comparable Public Company Multiples Analysis."

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As indicated by the chart below, Allen & Company determined that the range of blended value to Activision's stockholders of \$25.81 to \$27.85 and the implied enterprise value and equity value multiples for Activision derived therefrom were above or within the range of multiples paid in comparable transactions in the broader entertainment industry.

	Multiples Implied by Range of Value to Activision's Stockholders		Range of Multiples from Comparable Transactions in Broader Entertainment Industry
	Low \$25.81	High \$27.85	
Enterprise Value / LTM EBITDA	32.2x	35.2x	16.1x - 29.3x
Enterprise Value / Forward EBITDA	20.2x	22.1x	13.2x - 19.7x
Equity Value / LTM Net Income	48.1x	52.1x	30.8x - 49.7x
Equity Value / Forward Net Income	32.6x	35.1x	28.0x - 35.4x

DCF Analysis of Activision as a Stand-Alone Entity. Allen & Company's DCF approach was based upon certain financial projections and estimates for Activision through the year 2013 that were derived from Wall Street analyst reports, which reports included financial projections and assumptions that Allen & Company and Activision's management believed were appropriate for such analysis and incorporated Activision's updated guidance issued at the end of November 2007. Allen & Company used a DCF analysis to identify a range of present values for Activision's common stock based upon terminal forward P/E multiples ranging from 21x - 25x and discount rates ranging from 12% - 13%, resulting in a calculated per share range of between \$22.03 and \$25.55. The discount rates used for Activision were based upon the estimated weighted average cost of capital for publicly traded diversified publishers in the interactive entertainment industry. Allen & Company determined that the range of blended value to Activision's stockholders of \$25.81 and \$27.85 exceeded the range of values indicated by its DCF analysis for Activision.

General Matters Relating to Allen & Company Engagement

Allen & Company's opinion and presentation to the Activision board of directors was one of many factors that the board of directors took into account in making its decision. Consequently, the analyses described above should not be viewed as determinative of the opinion of the board in determining the fairness, from a financial point of view, to Activision and its stockholders of the per share transaction price of the share purchase, the exchange ratio of the merger and the per share transaction price of the tender offer, taking into account the transactions contemplated by the business combination agreement as a whole.

Pursuant to an engagement letter dated December 1, 2007, the Activision board of directors confirmed the prior engagement of Allen & Company, which began in March 2007, to act as its financial advisor in connection with reviewing and evaluating (a) Activision's financial condition and historical and projected financial results, (b) Activision's current operations and business prospects, and (c) the current condition of the industry, as well as any prevailing trends, and Activision's competitive position therein and (d) among other things, advising Activision regarding potential transactions. In connection with evaluating such transaction, Allen & Company (i) advised Activision with respect to Allen & Company's analysis of the proposed transaction, (ii) advised Activision as to its view of any appropriate and alternative courses of action relating to the proposed transaction, (iii) assisted Activision in structuring the proposed transaction, and (iv) rendered its opinion on the proposed transaction to the Activision board of directors. Allen & Company was selected by the board based on Allen & Company's qualifications and reputation. Allen & Company, as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings, bankruptcy reorganizations and

similar recapitalizations, negotiated underwritings, secondary distributions of listed and unlisted securities, and valuations for corporate and other purposes. Except as described in the opinion, Allen & Company does not have and has not had any material relationships involving the payment or receipt of compensation between Allen & Company and Activision, Vivendi, and to Allen & Company's knowledge, any of their respective affiliates during the last two years. For more than the past five years, Allen & Company has advised Activision in connection with other potential transactions, but it has not been compensated for these services. Allen & Company or its affiliates, in the ordinary course of their business as a broker-dealer and market maker, may have long or short positions, either on a discretionary or nondiscretionary basis, for their own accounts or for those of their clients, in the debt and equity securities (or related derivative securities) of Activision, Vivendi or any of their respective affiliates.

Pursuant to the terms of the engagement letter, Allen & Company was paid a fee of \$1,000,000 upon delivery of the opinion to the Activision board of directors, with such fee creditable against any "transaction fee" subsequently paid to Allen & Company. Contingent upon the completion of the transaction, Activision has agreed to pay to Allen & Company a cash fee, which we refer to herein as the transaction fee, in the amount of \$27,500,000 for Allen & Company's financial advisory services. Activision has also agreed to reimburse Allen & Company's expenses and indemnify Allen & Company against certain liabilities arising out of such engagement.

Activision's Internal Financial Forecasts

Activision provided certain internal non-GAAP financial analyses and forecasts prepared by management for its 2008, 2009 and 2010 fiscal years to Vivendi, Activision's board of directors, the NCGC and Allen & Company during the course of Vivendi's due diligence review of Activision. This information represented financial projections and scenario analyses prepared on a non-GAAP basis for financial planning purposes only. These internal non-GAAP financial analyses and forecasts, which were delivered to Vivendi in August 2007 and updated in November 2007, consisted of (a) base case scenarios, which constituted management's conservative projections and generally were consistent with Wall Street estimates at the time, (b) upside scenarios that included more favorable assumptions as to Activision's product performance than the base scenarios and (c) stretch scenarios that included more aggressive assumptions than the base scenarios or the upside scenarios. We refer to the base scenarios, the upside scenarios, and the stretch scenarios collectively as the company's internal financial forecasts. The internal financial forecasts did not reflect any of the effects of the transaction contemplated under the business combination agreement, the tender offer or any other changes that may in the future affect Activision or its business or results of operations in light of the circumstances then existing. The internal financial forecasts also did not reflect any impact incurred from any stock option expenses in accordance with SFAS No. 123R, or any deferral of revenue related to online enabled games.

The internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, or generally accepted accounting principles. The prospective financial information contained in the internal financial forecasts included in this proxy statement was prepared by, and is the responsibility of, Activision's management. Neither PricewaterhouseCoopers LLP nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained in the internal financial forecasts, and accordingly, neither PricewaterhouseCoopers LLP nor any other independent accountants express any opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this proxy statement relates to Activision's historical financial information. It does not extend to the prospective financial information and should not be read to do so. The summary of the internal financial forecasts is not being included in this proxy statement to influence your decision whether to approve the

proposals discussed herein, but because the internal financial forecasts were made available by Activision to Vivendi. For purposes of rendering its fairness opinion and performing the underlying financial analyses, Allen & Company utilized then-current Wall Street estimates, which included updated guidance issued by Activision on November 27, 2007 and which Activision and Allen & Company believed were appropriate for such analysis. See "The Transaction Opinion of Activision's Financial Advisor."

The internal financial forecasts were based on expectations and assumptions at the time such internal financial forecasts were prepared and are subject to risks and uncertainties, many of which are beyond the control of Activision and may prove not to have been, or may no longer be, accurate. A number of important factors could cause Activision's results for the fiscal year ending March 31, 2009 and 2010 to differ materially from those expressed in such internal financial forecasts.

Such factors include, without limitation, sales of Activision's titles during fiscal year 2009, shifts in consumer spending trends, the seasonal and cyclical nature of the interactive game market, Activision's ability to predict consumer preferences among competing hardware platforms, including next-generation hardware, declines in software pricing, product returns and price protection, product delays, retail acceptance of Activision's products, adoption rate and availability of new hardware and related software, industry competition, rapid changes in technology and industry standards, protection of proprietary rights, maintenance of relationships with key personnel, customers, vendors and third-party developers, domestic and international economic, financial, and political conditions and policies, foreign exchange rates, the integration of recent acquisitions, and the identification of suitable future acquisition opportunities, the timing and successful completion of the business combination with Vivendi Games, the combined company's success in integrating the operations of Activision and Vivendi Games in a timely manner, or at all, and the combined company's ability to realize the anticipated benefits and synergies of the transaction to the extent or in the timeframe anticipated.

Other such factors include the further implementation, acceptance and effectiveness of the remedial measures recommended or adopted by the special sub-committee of independent directors established in July 2006 to review historical stock option granting practices by Activision and its board of directors, the finalization of the tentative settlement of the SEC's formal investigation and final court approval of the proposed settlement of the derivative litigation filed in July 2006 against certain current and former directors and officers of Activision relating to Activision's stock option granting practices, and the possibility that additional claims and proceedings will be commenced, including additional action by the SEC and/or other regulatory agencies, and other litigation unrelated to stock option granting practices.

The inclusion of the internal financial forecasts in this proxy statement should not be regarded as an indication that any of Activision or its officers, directors, affiliates, advisors or representatives considered or consider the internal financial forecasts to be predictive of actual future events, and should not be relied upon as such. None of Activision nor its officers, directors, affiliates, advisors or representatives can give you any assurance that actual results for fiscal year ending March 31, 2009 and 2010 will not differ from the internal financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile the internal financial forecasts to reflect circumstances existing after the date such internal financial forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the internal financial forecasts are shown to be in error. Activision does not intend to make publicly available any update or other revisions to its internal financial forecasts.

The chart below sets forth the then projected non-GAAP revenue, operating margin and earnings per share estimates contained in the internal financial forecasts provided to Vivendi in August 2007, and were intended to be read in light of the above mentioned assumptions and uncertainties and the risks described in "Risk Factors" elsewhere in this proxy statement. Activision did not prepare nor

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provide internal forecasts on a U.S. GAAP basis. U.S. GAAP financials were only provided in Activision's historical financial statements, including Activision's actual results for the fiscal year ended March 31, 2008.

Forecast Year Ended March 31,

Base Case Scenarios			Upside Case Scenarios			Stretch Case Scenarios		
2008	2009	2010	2008	2009	2010	2008	2009	2010

(dollars in millions, except per share data)

Revenue	\$ 1,870	\$ 2,300	\$ 2,600	\$ 2,124	\$ 2,532	\$ 2,858	\$ 2,253	\$ 2,572	\$ 3,025
Operating margin	13%	15%	18%	13%	15%	18%	16%	19%	22%
Earning per share	\$ 0.61	\$ 0.80	\$ 1.00	\$ 0.68	\$ 0.87	\$ 1.08	\$ 0.83	\$ 1.09	\$ 1.37

In November 2007, Activision provided Vivendi with revised guidance for the fiscal year ended March 31, 2008 based on financial analyses performed by Activision in November 2007. For the fiscal year ended March 31, 2008, Activision revised its revenue guidance for the upside scenario and stretch scenario to \$2,300 million and \$2,450 million, respectively. Activision also revised operating margin guidance for fiscal year 2008 for the upside and stretch scenarios to 16% and 17%, respectively. Furthermore, Activision revised its earnings per share guidance for the fiscal year ending March 31, 2008 to \$0.85 and \$0.95 for each of the upside and stretch scenarios, respectively.

In April 2008, Activision provided Vivendi with revised guidance for the fiscal year ended March 31, 2008 and fiscal year ending March 31, 2009 based on financial analyses performed by Activision in March 2008. For the fiscal year ended March 31, 2008, Activision revised its revenue guidance to \$2,856 million and its earnings per share guidance to \$1.16 for each of the upside and stretch scenarios. For the fiscal year ending March 31, 2009, Activision revised its revenue guidance to \$2,892 million and \$3,042 million for each of the upside and stretch scenarios, respectively. For the fiscal year ending March 31, 2009, Activision revised its earnings per share guidance to \$1.23 and \$1.43 for each of the upside and stretch scenarios, respectively. However, at this time, although the financial projections for the fiscal year ending March 31, 2010 were out-dated, Activision did not provide Vivendi with revised guidance for this period. As such, it should be noted that the forecast information presented in the preceding table for fiscal year 2010 for the base case, the upside, and the stretch scenarios is outdated and should no longer be relied upon.

On May 8, 2008, Activision publicly announced results for the fiscal year ended March 31, 2008. Activision reported revenues of \$2.90 billion, net income of \$344.9 million and earnings per diluted share of \$1.10. Excluding the impact of expenses related to equity-based compensation, Activision reported non-GAAP net income of \$377.5 million and non-GAAP earnings per diluted share of \$1.20 for the fiscal year. Following the completion of Activision's annual operating plan for fiscal year ending March 31, 2009, and approval of the plan by its board of directors on May 6, 2008, Activision publicly announced revenue guidance of \$2.75 billion on a GAAP basis and \$3.1 billion excluding the impact of the change in deferred revenue related to online enabled games. Activision also publicly announced fiscal year 2009 guidance of GAAP earnings per share of \$0.72, and non-GAAP earnings per share of \$1.30, excluding the impact of equity-based compensation expense (\$0.12 per share), one-time costs related to the Vivendi transaction (\$0.07 per share), and the impact of the change in deferred net revenues and costs of sales related to online-enabled games (\$0.39 per share).

Interests of Activision's Executive Officers and Directors in the Transaction

When you consider our board of directors' recommendation to vote in favor of the proposals presented in this proxy statement, you should be aware that some of our executive officers and directors have interests in the transaction that may be different from, or in addition to, the interests of other Activision stockholders.

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Our current board of directors consists of eight members. Of these eight, Messrs. Kotick, Kelly, Corti, Morgado and Sarnoff will continue as directors of Activision Blizzard after the closing date. Additionally, Activision Blizzard has agreed to provide Activision's current directors with customary indemnification and insurance coverage.

We also expect that several members of our existing management team will continue to serve in executive positions with the combined company.

Certain of our existing executives have entered into amended employment arrangements with Activision. On December 1, 2007, Messrs. Kotick and Kelly entered into amended and restated employment agreements with Activision. Mr. Kotick will serve as President and Chief Executive Officer of the combined company and Mr. Kelly will serve as Co-Chairman. Additionally, on the closing date, Mr. Kotick will receive a grant of 1,250,000 performance shares, which will vest in 20% increments on each of the first, second, third and fourth anniversaries of the closing date, with another 20% vesting on December 31, 2012, the expiration date of Mr. Kotick's employment agreement, subject to the attainment of certain performance thresholds. Messrs. Kotick and Kelly have also agreed to the waiver of certain change in control benefits to which they may have been entitled as a result of the transaction. In addition, they have entered into replacement bonus agreements pursuant to which they will each receive a grant of 363,637 restricted stock units, or RSUs, and a cash bonus of \$5,000,000 on the date of the signing of the replacement bonus agreements and on the closing date (so long as the closing occurs on or before June 30, 2009).

Additionally, on December 1, 2007, Michael J. Griffith, currently the President and Chief Executive Officer of Activision Publishing, entered into an amendment to his existing employment agreement to provide additional incentives for Mr. Griffith to remain employed by Activision Publishing following the completion of the transaction. The amendment to Mr. Griffith's employment agreement becomes effective upon completion of the transaction and provides for, among other things, a modified vesting schedule for certain equity awards previously granted to Mr. Griffith. Additionally, the amendment provides that, on the closing date, Mr. Griffith will receive 50,000 stock options and 50,000 RSUs.

See the section of this proxy statement entitled "Board and Management of Activision Blizzard" for additional information.

The Activision board of directors was aware of these interests and considered them, among other things, in making its recommendation that Activision stockholders vote for the approval of the share issuance proposal, the charter amendment proposal and the bylaw amendment proposal.

Rights Plan Amendment

On April 18, 2000, Activision's board of directors approved a stockholders rights plan, pursuant to which each common stockholder at the close of business on April 19, 2000 received a dividend of one right for each share of common stock held. The rights were only exercisable if a person or group acquired 15% or more of the common stock of Activision, or announced or commenced a tender or exchange offer which would result in the bidder's beneficial ownership of 15% or more of our common stock. On the record date, there were no shares of the Series A Junior Preferred Stock outstanding.

In accordance with the terms of the business combination agreement, Activision has amended the rights plan so that (a) neither Vivendi nor any of its affiliates are considered an "Acquiring Person" or a "Beneficial Owner of Common Stock" for purposes of the plan and (b) no "Distribution Date" or "Triggering Event" (as such terms are defined in the rights plan) will occur as a result of the execution, delivery, or performance of the business combination agreement or the completion of the transaction. As a result of such amendments, the rights will not separate from the shares and will not become exercisable as a result of the execution, delivery or performance of the business combination agreement or the completion of the transaction. In addition, the rights plan amendment provides that the rights

plan will terminate upon the completion of the transaction and all rights existing under the rights plan will be extinguished.

New Credit Facilities

The following summary describes the material provisions of the new credit facilities. A copy of the credit agreement governing the new credit facilities is attached as Annex G to this proxy statement and is incorporated by reference into this proxy statement. The rights and obligations of the parties to the credit agreement are governed by the express terms and conditions of the credit agreement and not by this summary. This summary may not contain all of the information about the credit agreement that is of importance to you and is qualified in its entirety by reference to the complete text of the credit agreement. We encourage you to read the credit agreement carefully and in its entirety for a more complete understanding of the new credit facilities.

On April 29, 2008, Activision, acting on behalf of the combined company, entered into a senior unsecured credit agreement with Vivendi, borrowings under which cannot be effected until the closing of the transaction. The credit agreement will provide Activision Blizzard, after the closing of the transaction, with (a) a term loan credit facility, or the Tranche A Facility, in an aggregate amount of up to \$400.0 million to be applied to fund that portion of the post-closing tender offer consideration, if any, in excess of \$3.628 billion, as discussed in the section of this proxy statement entitled "The Business Combination Agreement The Tender Offer Funding of the Tender Offer," (b) a term loan credit facility, or the Tranche B Facility, in an aggregate amount of up to \$150.0 million to be applied to repay the Vivendi Games Loan Facility, as discussed in the section of this proxy statement entitled "The Transaction Vivendi Games Loan Facility," and (c) a revolving credit facility, or the Revolving Facility, in an aggregate amount at any time outstanding of up to \$475.0 million to be used after the closing of the transaction for general corporate purposes. The Tranche A Facility, the Tranche B Facility and the Revolving Facility are referred to in the proxy statement, collectively, as the new credit facilities. In the event that the business combination agreement terminates prior to the closing date of the transaction, the new credit facilities will terminate effective on the same date.

Subject to execution of customary closing documentation, the Tranche A Facility will be funded after the end of the tender offer period, in a single borrowing which is limited to the amount, if any, of the aggregate consideration to be paid in respect of the post-closing tender offer in excess of \$3.628 billion. The Tranche B Facility will be funded after the closing of the transaction and concurrently with the full repayment and cancellation of the Vivendi Games Loan Facility, in an amount equal to the amount paid to repay the amounts outstanding under the Vivendi Games Loan Facility. Borrowings under the Revolving Facility will be subject to the foregoing conditions and other customary conditions, such as the truth of representations and warranties and the absence of default.

Borrowings under each of the new credit facilities will bear interest by reference to the "LIBOR" (and under limited circumstances, at Vivendi's election, a "Base Rate"). The applicable margin with respect to loans bearing interest by reference to the LIBOR will be (i) 0.85% per annum for loans under the Tranche A Facility and (ii) 1.20% per annum for loans under the Tranche B Facility and the Revolving Facility, respectively. The applicable margin with respect to loans bearing interest with reference to the Base Rate, if any, will be 1.0% lower than the margin applicable to LIBOR borrowings.

Any unused amounts under the Revolving Facility will be subject to a commitment fee of 0.42% per annum accruing from and after the closing of the transaction.

The Tranche A Facility is payable in full on March 31, 2010. The Tranche B Facility and the Revolving Facility will terminate and be payable in full on March 31, 2011.

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The loans under each of the new credit facilities may be prepaid in full or in part at any time, without premium or penalty (subject to customary breakage costs for loans bearing interest by reference to LIBOR), at Activision Blizzard's option.

The loans under each of the new credit facilities are subject to mandatory prepayment in an amount of 100% of the proceeds from (a) asset sales in excess of \$30.0 million in the aggregate (subject to customary reinvestment rights) and (b) issuance of equity (subject to exceptions for issuance of stock to employees and issuances the proceeds of which are used to fund permitted acquisitions, investments and/or capital expenditures).

The new credit facilities are subject to customary negative covenants, in each case subject to certain exceptions, qualifications and baskets, including limitations on: indebtedness; liens; investments, mergers, consolidations and acquisitions; transactions with affiliates; issuance of preferred stock by subsidiaries; sale and leaseback transactions, restricted payments and certain restrictions with respect to subsidiaries. The limitation on indebtedness provides that Activision Blizzard and its subsidiaries cannot incur consolidated indebtedness, net of unrestricted cash, in excess of \$1.5 billion, and that no additional indebtedness may be incurred as long as the ratio of Activision Blizzard's consolidated indebtedness (including the indebtedness to be incurred) minus the amount of unrestricted cash to Activision Blizzard's consolidated earnings before interest, taxes, depreciation and amortization for its most recently ended four quarters would be greater than 1.50 to 1.0. This limitation does not, however, affect Activision Blizzard's ability to borrow under the new credit facilities or to incur certain types of limited debt.

The new credit facilities also impose a requirement on Activision Blizzard that the ratio of (a) its consolidated indebtedness (net of certain cash) to (b) the sum of its shareholder's equity plus consolidated indebtedness (net of certain cash) not exceed 20.0% at any time.

Events of default under the new credit facilities include nonpayment, breaches of representations, warranties or covenants, cross-defaults, bankruptcy or insolvency events, and failures to satisfy material judgments, in most events subject to materiality levels, grace periods and other customary exceptions.

A copy of the credit agreement governing the new credit facilities is attached as Annex G to this proxy statement and is incorporated by reference into this proxy statement. The terms of the credit facility can be amended only by agreement between Vivendi and Activision, with any such amendment approved on behalf of Activision by a majority of the independent directors of Activision.

Vivendi Games Loan Facility

At the time of the closing of the transaction, Vivendi Games will have a credit facility in place, which we refer to in this proxy statement as the Vivendi Games Loan Facility, that will permit Vivendi Games to borrow from an unaffiliated third party an amount up to \$150 million for general corporate purposes. Pursuant to the terms of the business combination agreement, Vivendi has agreed that, at the closing of the transaction, the amount outstanding under the Vivendi Games Loan Facility, together with all other indebtedness for money borrowed of Vivendi Games and its subsidiaries (excluding Vivendi Games intracompany indebtedness), will not be more than the aggregate amount of cash and cash equivalents held by Vivendi Games and its subsidiaries on that date, less \$15 million. The Vivendi Games Loan Facility is expected to bear interest at 120 basis points over LIBOR and will be payable in full not later than thirty days after the closing of the transaction. It may also be prepaid in full or in part at any time without penalty. The Tranche B Facility may be used solely to repay the Vivendi Games Loan Facility at any time after the closing of the transaction, and the amount available under the Tranche B Facility for such purpose will be sufficient to repay in full any amounts outstanding under the Vivendi Games Loan Facility on the closing date of the transaction. See "The Transaction New Credit Facilities" of this proxy statement.

No Appraisal Rights

Under Section 262 of the DGCL, Activision stockholders are not entitled to appraisal rights in connection with the transaction.

Material United States Federal Income Tax Consequences

The following is a summary of the anticipated material United States federal income tax consequences to Activision stockholders of the adoption of the proposed amendments to Activision's certificate of incorporation and the consummation of the transaction. This summary is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. This summary does not discuss all aspects of United States federal income taxation which may be important to particular Activision stockholders in light of their individual investment circumstances, such as stockholders subject to special tax rules (*e.g.*, financial institutions, insurance companies, broker-dealers, partnerships and their partners, tax-exempt organizations (including private foundations), and non-United States stockholders) or to persons that will hold Activision stock as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for United States federal income tax purposes, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any tax considerations related to state, local or non-United States tax laws. Each Activision stockholder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income tax considerations of the adoption of the proposed amendments and the consummation of the proposed transaction.

Activision stockholders will not recognize any gain or loss for United States Federal income tax purposes as a result of (a) an adoption of the proposed amendments to Activision's certificate of incorporation or (b) the consummation of the transaction.

U.S. Federal or State and Foreign Regulatory Matters

The transaction is subject to review by the U.S. Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and state antitrust authorities pursuant to applicable federal and state antitrust laws. Under the provisions of the HSR Act, the transaction cannot be completed until (a) the companies have filed the required notification and report forms and have provided certain information and materials to the U.S. Federal Trade Commission and to the Antitrust Division of the U.S. Department of Justice, and (b) the applicable waiting period has expired or been terminated. Activision and Vivendi have made these filings and the waiting period under the HSR Act expired on January 16, 2008.

Both Activision and Vivendi conduct business in member states of the European Union. Council Regulation (EC) No. 139/2004, as amended, and accompanying regulations require notification to, and approval by, the European Commission of specific transactions, including the transaction, involving parties with worldwide sales and individual European Union sales exceeding specified thresholds before these transactions can be implemented, which approval was received on April 16, 2008.

Accounting Treatment

The transaction will be accounted for as a reverse acquisition under the purchase method of accounting under U.S. GAAP. For this purpose, Vivendi Games will be deemed to be the accounting acquiror and Activision will be deemed to be the accounting acquiree. Accordingly, Activision Blizzard will account for the transaction as a purchase business combination, using Vivendi Games' historical financial information and accounting policies and applying fair value estimates to the acquired assets, liabilities and commitments of Activision as of the date of the transaction.

Litigation Related to the Transaction

On February 8, 2008, the Wayne County Employees' Retirement System filed a putative class action complaint in the Delaware Court of Chancery against Robert J. Corti, Ronald Doornink, Barbara S. Isgur, Robert A. Kotick, Brian G. Kelly, Robert J. Morgado, Peter J. Nolan, and Richard Sarnoff, whom we refer to as the Directors, Activision, Merger Sub, Vivendi, VGAC, and Vivendi Games, challenging the transaction and the tender offer. The plaintiff alleged, among other things, that the Directors failed to fulfill their fiduciary duties with regard to the transaction and tender offer by "surrendering" the negotiating process to "conflicted management," and that those breaches were aided and abetted by Vivendi and those of its subsidiaries that are sued in the Delaware action. The plaintiff sought an order from the court that would, among other things, certify the case as a class action, enjoin the transaction, require the defendants to disclose all material information, declare that the transaction is in breach of the Directors' fiduciary duties and therefore unlawful and unenforceable, award the plaintiff and the putative class damages for all profits and special benefits obtained by the defendants in connection with the transaction and tender offer, and award the plaintiff its costs and expenses, including attorneys' fees.

According to the plaintiff, the Directors failed to inform themselves regarding the comparative value of alternative opportunities and failed to conduct a reasonable and independent process to seek and obtain the best price available in the transaction and a control premium for Activision's stockholders. The plaintiff alleged that the Directors (other than Messrs. Kotick and Kelly) did not participate in the negotiation of the transaction, that the Activision board of directors belatedly formed a special committee that was ineffective, and that the special committee was not authorized to (and did not) hire its own financial and legal advisors, but instead relied on our financial and legal advisors. The plaintiff alleged that Messrs. Kotick and Kelly were conflicted with regard to the transaction because of new employment agreements approved by the board of directors on December 1, 2007. The plaintiff also challenged certain "deal protection" features of the business combination agreement, as well as amendments to Activision's certificate of incorporation and bylaws that will be made in connection with the transaction. In addition, the plaintiff contended that the proposed tender offer is wrongfully coercive. The plaintiff also alleged that our preliminary proxy statement, which we refer to as the Preliminary Proxy, filed with the SEC on January 31, 2008, omitted certain material information concerning the transaction, and that certain statements in the Preliminary Proxy were false and misleading.

We filed a revised preliminary proxy statement with the SEC on April 30, 2008, which we refer to as the Revised Preliminary Proxy. On May 8, 2008, the plaintiff filed an amended complaint making the same substantive allegations set forth in the original complaint and seeking the same relief; however, the plaintiff added claims related to the Revised Preliminary Proxy.

In the original complaint, the plaintiff alleged that our Preliminary Proxy omitted certain allegedly material information concerning the transaction, including, but not limited to:

- (i) whether the special committee conveyed any "recommendations" or "views" to the board of directors regarding the final terms of the transaction approved by the board of directors on December 1, 2007, as well as any such "recommendations" or "views";
- (ii) whether the special committee made any recommendation or took any other action after the September 6, 2007 meeting;
- (iii) alternative strategic opportunities considered by the board of directors, the special committee, the board's financial advisors, or management, as well as any comparative analysis;
- (iv) whether Allen & Company gave different weight to its various analyses presented in the Preliminary Proxy and, if so, how the valuation analyses should be viewed by the stockholders given the disparate weighting and whether Allen & Company explained any disparate weighting to management, the board, or the special committee;

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- (v) a summary of the proposed provisions of Article 9 of Activision's post-closing certificate of incorporation, and the board's rationale for approving these provisions;
- (vi) other strategic alternatives likely to be available to Activision, and any comparative economic analysis of the value of such alternatives to the stockholders;
- (vii) whether Skadden Arps advised that the board or special committee was required to obtain the best available price for the stockholders for a sale of control, or what, if any, advice Skadden Arps provided to management, the board, or the special committee regarding the entitlement of the stockholders to a control premium;
- (viii) whether Skadden Arps advised Messrs. Kotick and Kelly with respect to their amended employment agreements, the voting and lock-up agreements, or other personal matters;
- (ix) the board's view as to whether the transaction represents the best value available for the stockholders for a sale of control of Activision;
- (x) the "material open issues" regarding governance and management discussed with the special committee by Skadden Arps at a September 6, 2007 meeting, and how these open issues were ultimately resolved;
- (xi) the terms of the engagement of Allen & Company and Skadden Arps, including but not limited to the amount of the opinion or transaction fee paid to Allen & Company and whether Skadden Arps is entitled to a transaction or success fee or other compensation;
- (xii) a description of how the compensation committee approved amended employment agreements, and how and by whom the new terms were determined;
- (xiii) whether other potential bidders for control were canvassed, solicited, or evaluated by management, the board, the special committee, or their advisors;
- (xiv) a description of any action or deliberation by the board at a meeting held on April 30, 2007, with respect to the advisability of a sale of control of Activision to Vivendi or any alternatives;
- (xv) whether the board had, before April 12, 2007, authorized management or the advisors to make a proposal to Vivendi involving a sale of control;
- (xvi) an explanation of why the special committee was formed;
- (xvii) whether the special committee was authorized to or did canvass, solicit, or consider alternatives to a sale of control to Vivendi;
- (xviii) a description of the various proposals discussed in meetings of the special committee held on May 16 and May 22, 2007;
- (xix) the special committee's reasons for recommending that the size of the cash tender offer be increased to include a minimum of 50% of the outstanding shares of common stock;
- (xx) an explanation of why Mr. Kotick determined to resume discussions with Vivendi on July 8, 2007, or the basis for his counterproposal, including the amount of the tender offer or what percentage of the outstanding shares the proposal contemplated;
- (xxi) a description of the open governance and management issues that remained as of September 14, 2007, and the respective positions of Activision and Vivendi on the issues;
- (xxii) a description of the potential management structure proposed by Mr. Kotick at a dinner on September 17, 2007, and whether the structure had been authorized by the special committee or the board;
- (xxiii) a description of the management structure proposed to Mr. Lévy by Mr. Kotick in a phone call after the September 17, 2007 dinner;

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(xxiv) whether there was "active participation in or direction of the negotiations" by the special committee or the board;

(xxv) the projections and extrapolations used in Allen & Company's 5-year discounted cash flow analysis of Blizzard Entertainment;

(xxvi) an update of the fairness opinion of Allen & Company contemplating subsequent positive financial developments for Activision; and

(xxvii) the definition of the standard "fair from a financial point of view" as used by Allen & Company.

In the original complaint, the plaintiff also alleged that our Preliminary Proxy contained certain statements that were allegedly false and misleading, including but not limited to:

(i) the statement that the tender offer provides a premium to the stockholders;

(ii) statements concerning minority stockholder protections provided by the post-closing corporate governance structure;

(iii) the statement that the special committee asked management to explore means of protecting minority stockholders in the event that the stock price traded below \$27.50 after the transaction;

(iv) the statement that the proposal from Allen & Company presented to Goldman Sachs on May 23, 2007, which contemplated a share price of \$25.50, represented a price increase;

(v) Allen & Company's comparable companies valuation analysis, including the use of a comparable group of general entertainment companies in addition to the group of comparable diversified publishing companies;

(vi) Allen & Company's comparable precedent transaction analysis, including the use of general entertainment companies instead of diversified publishers or companies involved in interactive entertainment; and

(vii) Allen & Company's discounted cash flow analyses of Activision and Blizzard Entertainment, including the use of different models for the two companies.

In its amended complaint, the plaintiff continues to allege that our Revised Preliminary Proxy omits allegedly material information concerning the transaction and the tender offer, including, but not limited to:

(i) Activision management's projections or an explanation of why Allen & Company relied on Wall Street estimates rather than management projections;

(ii) an articulation of the "recommendation" and "views" of the NCGC regarding the terms and financial aspects of the transaction or the terms and financial aspects of the transaction on which the NCGC expressed its recommendations and views;

(iii) specific alternative strategic opportunities considered by management or the Directors and/or alternatives likely to be available to Activision;

(iv) an explanation regarding why the directors approved the charter amendments or whether the board considered the potential impact of the amendments on stockholders;

(v) the substance of discussions at an October 8, 2007 board meeting at which McKinsey presented its due diligence findings and an assessment of Blizzard Entertainment's subscriber base and its business model;

(vi) that management directors Kotick and Kelly were present at nearly every meeting of the NCGC;

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(vii) the substance of Skadden Arps' advice to the Directors or the NCGC regarding fiduciary duties or a control premium for the stockholders;

(viii) when and on what basis the Activision board of directors concluded the transactions were the best value available for the stockholders;

(ix) an explanation of how and by whom the "open" management and governance issues were resolved after the September 6, 2007 NCGC meeting, as well as a description of the issues and the respective positions of Activision management and Vivendi on those issues;

(x) the terms of Skadden Arps' engagement and compensation;

(xi) an explanation as to why in its comparable precedent transaction analysis Allen & Company used general entertainment companies as opposed to interactive entertainment or diversified publishing businesses;

(xii) information regarding Vivendi Games' product pipeline or what Allen & Company did to consider Vivendi Games' product pipeline in connection with its valuation of Games relative to Activision;

(xiii) that the opinion letter issued and dated as of December 1, 2007 by Allen & Company is stale and explicitly fails to account for significant positive financial developments that have occurred subsequent to the opinion;

(xiv) the definition of the standard "fair from a financial point of view," as used by Allen & Company;

(xv) an explanation of the basis for the July 8, 2007 counterproposal, including the amount of the tender offer or what percentage of the then-outstanding Activision shares the proposal contemplated;

(xvi) an explanation of why the NCGC's demand for a control premium was abandoned in favor of a partial tender offer;

(xvii) a discussion of how, when and by whom the terms of the employment agreement of Michael Griffith, President and Chief Executive Officer of Activision Publishing, were amended; and

(xviii) whether Allen & Company gave different weight to its various analyses presented in the Preliminary Proxy and, if so, how the valuation analyses should be viewed by the stockholders given the disparate weighting and whether Allen & Company explained any disparate weighting to management, the board, or the special committee.

The plaintiff also alleges or suggests in the amended complaint that certain statements in the Revised Preliminary Proxy are allegedly false and misleading, including but not limited to:

(i) the use by Allen & Company of general entertainment companies as opposed to interactive entertainment or diversified publishing businesses in its comparable precedent transaction analysis without an explanation; and

(ii) the disclosure of Vivendi Games' 2008-09 projections and Allen & Company's extrapolations from those projections for 2010-12 because it provides no information about Activision's or Vivendi's actual views about Vivendi Games' future prospects beyond 2009.

We believe that the plaintiff's claims even as amended are unsupported by the law or facts. The defendants intend to defend themselves vigorously against this lawsuit. Because this case is in its early stages, however, an outcome cannot be predicted at this time, and we cannot be assured that it will not prevent or delay the consummation of the transaction and/or result in substantial costs.

THE BUSINESS COMBINATION AGREEMENT

The following summary describes the material provisions of the business combination agreement, a copy of which is attached as Annex A to this proxy statement and is incorporated by reference into this proxy statement. The rights and obligations of the parties to the business combination agreement are governed by the express terms and conditions of the business combination agreement and not by this summary. This summary may not contain all of the information about the business combination agreement that is of importance to you and is qualified in its entirety by reference to the complete text of the business combination agreement. We encourage you to read the business combination agreement carefully and in its entirety for a more complete understanding of the business combination agreement.

Structure of the Transaction and Tender Offer

Pursuant to the business combination agreement, Merger Sub, a newly formed, wholly-owned subsidiary of Activision, will merge with and into Vivendi Games, as described below in greater detail in the section entitled "The Merger." Concurrently, Vivendi will acquire shares of capital stock of Activision as more fully described below in the section entitled "The Share Purchase." The merger and the share purchase are referred to in this proxy statement, collectively, as the "transaction." As a result of the consummation of the transaction, Activision will be an indirect majority-owned subsidiary of Vivendi, and Vivendi Games will be a direct wholly-owned subsidiary of Activision.

Following the closing of the transaction, the combined company will launch a tender offer to purchase up to 146.5 million shares of its common stock at a price of \$27.50 per share. The terms of the tender offer are more fully described below in the section entitled "The Tender Offer." If the tender offer is fully subscribed, Vivendi and its subsidiaries are expected to own approximately 68.0% of the issued and outstanding shares of the combined company's common stock on a fully diluted basis.

The Merger

Subject to the terms and conditions of the business combination agreement and in accordance with Delaware law, Merger Sub, a newly formed, wholly-owned subsidiary of Activision, will merge with and into Vivendi Games, a direct wholly-owned subsidiary of VGAC and indirect wholly-owned subsidiary of Vivendi, and Vivendi Games will survive the merger and continue as a wholly-owned subsidiary of Activision.

Closing and Effective Time of the Merger

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later time as may be agreed upon by Activision, Merger Sub, Vivendi, VGAC and Vivendi Games and as specified in the certificate of merger. The certificate of merger will be filed as soon as practicable on the closing date, which is expected to occur on the third (3rd) business day following the satisfaction or waiver (to the extent permitted under applicable law and the terms of the business combination agreement) of all conditions to the obligations of the parties described under the section entitled "Conditions to the Transaction," or at such other place or time or on such other date as Activision, Merger Sub, Vivendi, VGAC and Vivendi Games may collectively agree in writing.

Consideration to be Received in the Merger

Activision Common Stock

Activision Common Stock. Upon completion of the merger, each outstanding share of Vivendi Games common stock (other than treasury shares owned by Vivendi Games immediately prior to the completion of the merger, which will be cancelled and extinguished) will be converted into

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the right to receive 369,136.36364 newly issued shares of Activision common stock, which number is based upon a valuation of Vivendi Games at \$8.121 billion, a per share price for Activision common stock of \$27.50 and the number of shares of Vivendi Games outstanding as of November 26, 2007. Based on the exchange ratio, VGAC, as the sole stockholder of Vivendi Games, will receive a total of approximately 295.3 million newly issued shares of Activision common stock in connection with the merger.

Fractional Shares. Activision will not issue any fractional shares of Activision common stock in connection with the merger. Instead, if VGAC would otherwise be entitled to receive a fraction of a share of Activision common stock, it will receive cash, without interest, in an amount equal to the fraction multiplied by \$27.50.

Adjustments to Prevent Dilution

The per share price of \$27.50 will be appropriately and equitably adjusted to reflect fully the effect of any stock split, reverse stock split, reclassification, recapitalization, consolidation, exchange or similar change with respect to Activision common stock or any extraordinary dividend or distribution with respect to Activision common stock, in each case occurring (or having a record date) after the date of the business combination agreement and prior to the effective time of the merger.

Procedures for Exchange of Certificates

At the completion of the merger and upon proper surrender of any of its Vivendi Games stock certificates to Activision or its designee, VGAC will receive the applicable merger consideration as described above under "Consideration to be Received in the Merger," including (a) cash for any fractional shares of Activision common stock issuable to VGAC, and (b) any dividends or other distributions declared with respect to Activision common stock between the date of the business combination agreement and the effective time of the merger.

If any Vivendi Games stock certificate is lost, stolen or destroyed, VGAC must deliver an affidavit of that fact prior to receiving any merger consideration and, if required by Activision, may also have to provide an appropriate indemnity prior to receiving any merger consideration.

After the effective time of the merger, Vivendi Games' transfer books will be closed and there will be no further transfers on Vivendi Games' transfer books of shares of Vivendi Games common stock that were outstanding immediately prior to the effective time of the merger. If, after the effective time of the merger, Vivendi Games stock certificates are presented to Activision or Vivendi Games (as the surviving corporation of the merger), they will be cancelled and exchanged for the applicable merger consideration as described above.

Treatment of Equity Grants under the Blizzard Equity Plan

Certain Blizzard employees participate in the Blizzard equity plan, pursuant to which they have been granted options to acquire shares of Blizzard common stock and/or shares of restricted Blizzard common stock. Under the terms of the Blizzard equity plan, at the effective time of the transaction, all outstanding and unexercised options to acquire shares of Blizzard common stock as well as all outstanding shares of restricted Blizzard common stock will be cancelled and converted into the right to receive an amount in cash, each in accordance with the terms of the Blizzard equity plan. At the effective time, by virtue of the merger and pursuant to the terms of the Blizzard equity plan:

each outstanding and unexercised option to acquire shares of Blizzard common stock that was vested prior to the effective time of the merger will be cancelled and automatically converted into the right to receive from Vivendi Games (as the surviving corporation of the merger) an amount in cash equal to the product of (a) the aggregate number of shares of Blizzard common

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stock that were issuable upon exercise of such stock option immediately prior to the effective time of the merger and (b) the excess, if any, of the per share value of each share of Blizzard common stock as determined in accordance with the Blizzard equity plan over the per share exercise price of such stock option;

each outstanding share of restricted Blizzard common stock (or shares of restricted Blizzard common stock underlying restricted stock units) that was vested prior to the effective time of the merger will be cancelled and automatically converted into the right to receive from Vivendi Games (as the surviving corporation of the merger) an amount in cash equal to the per share value of each share of Blizzard common stock as determined in accordance with the Blizzard equity plan;

each outstanding and unexercised option to acquire shares of Blizzard common stock, the vesting of which will accelerate due to the merger, will be cancelled and automatically converted into the right to receive from Vivendi Games (as the surviving corporation of the merger), eighteen (18) months after the effective time of the merger and in accordance with the terms of the Blizzard equity plan, including continued employment through the payment date, an amount in cash equal to the product of (a) the aggregate number of shares of Blizzard common stock that were issuable upon exercise of such stock option immediately prior to the effective time of the merger and (b) the excess, if any, of the per share value of each share of Blizzard common stock as determined in accordance with the Blizzard equity plan over the per share exercise price of such stock option; and

each outstanding share of restricted Blizzard common stock (or shares of restricted Blizzard common stock underlying restricted stock units), the vesting of which will accelerate due to the merger, will be cancelled and automatically converted into the right to receive from Vivendi Games (as the surviving corporation of the merger), eighteen (18) months after the effective time of the merger and in accordance with the terms of the Blizzard equity plan, including continued employment through the payment date, an amount in cash equal to the per share value of each share of Blizzard common stock as determined in accordance with the Blizzard equity plan.

Activision will, or will cause Vivendi Games (as the surviving corporation of the merger) to, pay to holders of options to acquire shares of Blizzard common stock and shares of restricted Blizzard common stock outstanding as of the time prior to the effective time of the merger, including those who continue to be employed by the combined company, the applicable consideration in accordance with terms and conditions of the Blizzard equity plan as in effect immediately prior to the effective time of the merger. Such payment will be reduced by any income or employment tax withholding required under the Code or any provision of state, local or foreign tax law. The estimated aggregate cash payments to be made by Activision Blizzard to Blizzard equity plan participants will be \$116.2 million at the closing of the transaction and an additional \$91.8 million eighteen months after such closing, in each case assuming the Blizzard equity plan participants remain employed at Blizzard through the applicable date.

The Share Purchase

Concurrently with the merger and subject to the terms and conditions of the business combination agreement, Vivendi will purchase from Activision 62.9 million newly issued shares of Activision common stock for an aggregate purchase price of \$1.731 billion in cash.

Closing of the Share Purchase

The share purchase will close simultaneously with the merger on the third (3rd) business day following the satisfaction or waiver (to the extent permitted under applicable law and the terms of the

business combination agreement) of all conditions to the obligations of the parties described under the section entitled "Conditions to the Transaction," or at such other place or time or on such other date as Activision, Merger Sub, Vivendi, VGAC and Vivendi Games may collectively agree in writing.

The closing date of both the share purchase and the merger is referred to in this proxy statement as "closing date."

Ownership of Activision Common Stock Following the Transaction

Activision expects to issue an aggregate of approximately 358.2 million new shares of Activision common stock in connection with the transaction, consisting of approximately 295.3 million new shares of Activision common stock issued to VGAC in connection with the merger and approximately 62.9 million new shares of Activision common stock issued to Vivendi in connection with the share purchase. The newly issued shares of Activision common stock are expected to represent approximately 52.2% of the total number of shares of Activision common stock outstanding immediately following consummation of the transaction.

Upon completion of the transaction, Activision stockholders will continue to own their existing shares of Activision common stock. Accordingly, Activision stockholders will hold the same number of shares of Activision common stock that they held immediately prior to the transaction. However, since Activision will be issuing new shares of Activision common stock to VGAC in connection with the merger and to Vivendi in connection with the share purchase, each outstanding share of Activision common stock immediately prior to the merger and the share purchase will represent a smaller percentage of the total number of shares of Activision common stock outstanding following consummation of the transaction. It is expected that Activision's former stockholders will hold approximately 47.8% of the total number of shares of Activision common stock outstanding upon completion of the transaction and prior to completion of the post-closing tender offer described below. If the tender offer described below is fully subscribed then Activision's former stockholders will hold approximately 32.0% of the total number of shares outstanding following its completion.

As a result of the transaction, Activision will become an indirect majority-owned subsidiary of Vivendi, and Vivendi Games will become a direct wholly-owned subsidiary of Activision.

The Tender Offer

The tender offer described in this proxy statement has not yet commenced. The description contained herein is neither an offer to purchase nor a solicitation of an offer to sell shares of our common stock. The solicitation and the offer to buy shares of our common stock will only be made pursuant to an offer to purchase, forms of letters of transmittal and other documents relating to the tender offer that we intend to file with the SEC. Once filed, our stockholders should read the Tender Offer Statement and the other documents relating to the tender offer carefully and in their entirety prior to making any decisions with respect to the offer because they will contain important information about the tender offer, including the terms and conditions of the offer. Once filed, our stockholders will be able to obtain the Tender Offer Statement and the other documents relating to the tender offer free of charge at the SEC's website at <http://www.sec.gov>, or from the information agent named in the tender offer materials.

Commencement of the Tender Offer

Within five (5) business days after the closing date and subject to the terms and conditions of the business combination agreement and the tender offer statement, the combined company has agreed to launch a cash self tender offer to purchase up to 146.5 million shares of its common stock at a purchase price of \$27.50 per share, net to each seller in cash. All shares of Activision Blizzard common stock purchased by Activision Blizzard pursuant to the tender offer will be retired.

Proration

If, at the expiration date of the tender offer, more than 146.5 million shares of Activision Blizzard common stock have been validly tendered, Activision Blizzard will purchase from each tendering stockholder a prorated number of shares of Activision Blizzard common stock. Proration for each stockholder tendering shares will be based on the ratio of (a) the number of shares of Activision Blizzard common stock that have been properly tendered and not properly withdrawn by a particular stockholder to (b) 146.5 million, divided by the total number of shares of Activision Blizzard common stock properly tendered and not properly withdrawn by all stockholders.

Funding of the Tender Offer

Assuming the maximum number of shares (146.5 million shares) is tendered in the tender offer, the aggregate purchase price for the shares of Activision Blizzard common stock tendered in the tender offer will be approximately \$4.028 billion.

Activision and Vivendi have agreed that the purchase of the shares tendered in the tender offer will be funded as follows:

the first \$2.928 billion of the aggregate consideration will be funded by Activision Blizzard with proceeds from the share purchase described above, available cash on hand and, if necessary, borrowings made under the new credit facilities issued by Vivendi;

if the aggregate consideration is more than \$2.928 billion, Vivendi has agreed to purchase from Activision Blizzard, at a purchase price of \$27.50 per share, additional newly issued shares of Activision Blizzard common stock in an amount equal to the lesser of (a) \$700 million and (b) the excess of the aggregate consideration over \$2.928 billion, which amount will be used by Activision Blizzard to fund the amount of the aggregate consideration that is in excess of \$2.928 billion; and

if the aggregate consideration exceeds \$3.628 billion, Activision Blizzard will fund the additional amount of the aggregate consideration that is in excess of \$3.628 billion (up to the maximum aggregate consideration of \$4.028 billion) through borrowings made under the new credit facilities issued by Vivendi. See "The Transaction New Credit Facilities."

Tender Offer Conditions

Pursuant to the business combination agreement, Activision Blizzard will not be required to accept for payment, or (subject to the rules and regulations of the SEC) to pay for any shares of Activision Blizzard common stock tendered pursuant to the tender offer, and may delay the acceptance for payment of any shares of Activision Blizzard common stock tendered pursuant to the tender offer, and amend or terminate the tender offer, if at any time after the consummation of the transaction on the closing date and prior to the expiration of the tender offer, any of the following conditions exists and is continuing:

any governmental entity has issued or entered any order or enacted, issued, promulgated or enforced any law, which restrains, enjoins or prohibits consummation of the tender offer or makes the consummation of the tender offer illegal; or

Activision Blizzard determines that the consummation of the tender offer may cause (a) the number of record holders to be reduced to less than 300 persons, or (b) the shares of Activision Blizzard common stock to be delisted from NASDAQ or to become eligible for deregistration under the Exchange Act.

Under the business combination agreement, Activision Blizzard may not waive any of the aforementioned conditions to the tender offer or make any change in the terms of or conditions to the tender offer without Vivendi's prior consent, which will not be unreasonably withheld, conditioned or

delayed. Notwithstanding the foregoing, Activision Blizzard has the right to extend the tender offer beyond the initial expiration date (which will be at least twenty (20) business days following the date the tender offer is commenced) in the following circumstances:

from time to time if, at the initial or extended expiration date of the tender offer, any of the conditions to the tender offer has not been satisfied or waived;

for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to the tender offer or any period required by applicable law; or

upon the mutual agreement of Activision Blizzard and Vivendi, provided that the extended expiration date will not be more than twenty (20) business days past the initial expiration date.

Tender Prohibitions

Under the terms of the business combination agreement, neither Vivendi nor any of Vivendi's subsidiaries will tender any shares of Activision Blizzard common stock to Activision Blizzard pursuant to the tender offer. In addition, under the terms of the voting and lock-up agreements described below under "Certain Agreements Related to the Transaction Voting and Lock-Up Agreements," Messrs. Robert A. Kotick, Activision's Chairman and Chief Executive Officer, and Brian G. Kelly, Activision's Co-Chairman, have agreed not to tender or otherwise sell more than one third ($1/3$) of their shares of Activision Blizzard common stock and other equity securities of Activision Blizzard.

Ownership of Activision Blizzard Common Stock Following the Tender Offer

If the tender offer is fully subscribed, Vivendi and its subsidiaries are expected to own approximately 383.7 million shares of Activision Blizzard's common stock, representing approximately 68.0% of the issued and outstanding shares of Activision Blizzard's common stock on a fully diluted basis.

Tender Offer Tax Considerations

Any material United States federal income tax consequences of the tender offer will be described in the Tender Offer Statement or other documents related to the tender offer.

Conditions to the Transaction

Conditions to Each Party's Obligation to Effect the Transaction

The obligations of each of the parties to effect the transaction are subject to the satisfaction of each of the following mutual conditions, none of which (except for the new credit facilities condition) may be waived by the parties:

the approval by Activision's stockholders of the principal terms of the business combination agreement and the transaction, including the issuance of shares of Activision common stock in the transaction and the amendments to the certificate of incorporation and bylaws of Activision, must have been obtained;

(a) the expiration of the waiting period (and any extensions thereof) required under the HSR Act (which waiting period expired on January 16, 2008), (b) the termination of any investigations relating to the transaction that may have been opened by either the Department of Justice or the FTC, and (c) the obtainment or taking, as the case may be, of all other material consents, approvals and actions of, filings with and notices to any governmental authority of the European Union relating to the transaction (which approval was received on April 16, 2008);

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the obtainment of all other clearances, consents, approvals, orders and authorizations that are necessary for the closing of the transaction, except for such clearances, consents, approval, order or authorizations that would not reasonably be expected to have a material adverse effect on the

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business and operations of Activision and Vivendi Games (as the surviving corporation in the merger), taken as a whole, and the benefits that are expected to derive from the transaction;

the absence of any law enacted, entered, enforced or deemed applicable to the transaction by any governmental entity that makes the consummation of the transaction illegal in the U.S. or any foreign jurisdiction in which any of the parties has substantial business and operations;

the absence of any order by any governmental entity in the United States or any foreign jurisdiction in which Activision or Vivendi Games has substantial business and operations, that makes the consummation of the transaction illegal in the United States or such foreign jurisdiction; and

the obtainment by Activision of one or more new credit facilities either from third party lenders or from Vivendi, which has occurred. See "The Transaction - New Credit Facilities."

Conditions to Vivendi's, VGAC's and Vivendi Games' Obligation to Effect the Transaction

The respective obligations of Vivendi, VGAC and Vivendi Games to effect the transaction are subject to the satisfaction of several additional conditions (any of which may be waived in writing by Vivendi), including:

the representations and warranties of Activision and Merger Sub must be true and correct (without giving any effect to any qualification as to materiality or material adverse effect with respect to Vivendi Games contained in any specific representation or warranty) as of the closing date as if made on and as of the closing date, except:

for changes contemplated or permitted by the business combination agreement;

to the extent the representations and warranties address matters only as of a particular date, they must be true and correct only as of that date; and

where any failures of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Activision, as described below;

Activision and Merger Sub must have complied, in all material respects, with all of the agreements, obligations, covenants and conditions required to be performed or to be complied with by each of them under the business combination agreement at or prior to the closing date;

the shares of Activision common stock which are to be issued in connection with the transaction (and, if applicable, in connection with the tender offer) must have been approved for listing on NASDAQ, subject to official notice of issuance (which authorization was received on May 23, 2008);

there must be no pending litigation, commenced by any Activision stockholder after the date of the business combination agreement, against Activision or any of Activision's directors before any governmental entity relating to (a) the business combination agreement, (b) any ancillary document thereto, or (c) the transactions contemplated by the business combination agreement or the ancillary documents thereto that would render it impossible or unlawful to consummate the transaction; and

Activision must have delivered to Vivendi executed copies of each of the ancillary documents to the business combination agreement to which Activision is a party.

Conditions to Activision's and Merger Sub's Obligation to Effect the Transaction

The respective obligations of Activision and Merger Sub to effect the transaction are subject to the satisfaction of several additional conditions (any of which may be waived in writing by Activision), including:

the representations and warranties of Vivendi, VGAC and Vivendi Games must be true and correct (without giving any effect to any qualification as to materiality or material adverse effect with respect to Activision contained in any specific representation or warranty) as of the closing date as if made on and as of the closing date, except:

for changes contemplated or permitted by the business combination agreement;

to the extent the representations and warranties address matters only as of a particular date, they must be true and correct only as of that date; and

where any failures of such representations and warranties to be true and correct would not