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## Activision Blizzard, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) And your first question will come from Ralph Schackart with William Blair.

#### Ralph Schackart – William Blair

Hi, good afternoon. I'll keep to one given the length of the call. Just curious how the sales have trended post-holiday Q4 results? Any big changes in terms of units, pricing for top games versus catalog, any color you could provide there would be great. Thanks.

#### Mike Griffith

Sure, Ralph. I think in terms of our pricing there's really been no change. It's been normal promotional activities right from the holiday quarter and into January. As you know, many retailers end their fiscal year at the end of January. So, we did see stronger sell through performance in early January, a little bit of that backing off later into the month, but then it has rebounded at the end of the month and on into February. So, we are encouraged that our own sell through results were up year-over-year in January. The open to buy dollars in retailers seem to be loosening up a little bit now that their fiscal years are behind them. And pricing and promotional activity is kind of what we would expect.

#### Operator

And from Deutsche Bank Securities, we will hear from Jeetil Patel.

#### Jeetil Patel – Deutsche Bank Securities

Hi guys. A question around just if you look at your three top franchises for this year, I assume are Guitar Hero, Call of Duty, and Hawk I guess – if you combine those versus Guitar Hero and Call of Duty for '08 do you think you comp positive as you look at three franchises versus the two in '09, or do think that it will be made up of some of the newer titles coming up for this year? And then just a quick question around cash flow, the \$0.61 that you guided to for the year, do you think cash flow pretty much tracks around that earnings number?

#### Mike Griffith

Just to start, Jeetil since we're only going to answer one question –

#### Jeetil Patel – Deutsche Bank Securities

Pick the first one then.

**Mike Griffith**

I think when you look at operating margin contributors, the Call of Duty franchise and as far as new releases on other existing franchises it's a long list of other products. And so we are not going to give the level of granularity on a title by title basis, but strategy has been pretty consistent. Put out only products that we think can achieve that broad penetration can do many millions of units, have clear sequel potential or annualizable and will get us to our operating margin objectives. And I would say that's pretty much the case across the board on every product.

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