
From: Sarah Bond (SHE/HER) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS /CN=6FDD250A06434681BB95FA813DAB9EE2-SARAH BOND>
To: Phil Spencer; Tim Stuart; Matt Booty
Sent: 5/2/2022 11:45:40 PM
Subject: RE: [EXTERNAL] Denali - Activision 10-Q
Attachments: image001.png; image002.png

I have been thinking about how our growth compares to industry averages... (and the point you made the other day Phil that we are right in line).

Increasingly I think part of our growth not outstripping the industry is that we are not in this category... of course we know that this move changes that, but I'd love to see that view.

How is our console business growing vs. console; PC business vs Pc and mobile vs mobile. It doesn't change the bar we hold ourselves too (which is to outstrip industry growth) but the insight does change how best we get to the solve/actions. Tim do you have that view?

Sarah

From: Phil Spencer <philsp@microsoft.com>
Sent: Monday, May 2, 2022 9:28 AM
To: Tim Stuart <timstu@microsoft.com>; Sarah Bond (SHE/HER) <Sarah.Bond@microsoft.com>; Matt Booty <mbooty@microsoft.com>
Subject: RE: [EXTERNAL] Denali - Activision 10-Q

Wow, huge % of CoD revenue.

From: Tim Stuart <timstu@microsoft.com>
Sent: Monday, May 2, 2022 9:17 AM
To: Phil Spencer <philsp@microsoft.com>; Sarah Bond (SHE/HER) <Sarah.Bond@microsoft.com>; Matt Booty <mbooty@microsoft.com>
Subject: RE: [EXTERNAL] Denali - Activision 10-Q

Yes – the table below highlights the platform splits within each segment. At the bottom, \$136M of the \$453M within Activision (30%) is from CoD mobile.

Three Months Ended March 31, 2022

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

From: Phil Spencer <philsp@microsoft.com>

Sent: Monday, May 2, 2022 8:21 AM

To: Tim Stuart <timstu@microsoft.com>; Sarah Bond (SHE/HER) <Sarah.Bond@microsoft.com>; Matt Booty <mbooty@microsoft.com>

Subject: RE: [EXTERNAL] Denali - Activision 10-Q

What line does CoD mobile show up in, Activision?

From: Tim Stuart <timstu@microsoft.com>

Sent: Sunday, May 1, 2022 12:12 PM

To: Phil Spencer <philsp@microsoft.com>; Sarah Bond (SHE/HER) <Sarah.Bond@microsoft.com>; Matt Booty <mbooty@microsoft.com>

Subject: FW: [EXTERNAL] Denali - Activision 10-Q

From ATVI's soon to be released 10-Q. It's amazing the leverage they are getting out of King and the mobile assets – both in YoY revenue and Operating Income (over 50% of total company).

Also noteworthy that bonuses in Activision for COD are going to be substantially down vs last year.

Three Months Ended March 31, 2022

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

Three Months Ended March 31, 2021

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

From: Linda Norman (CELA) <lnorman@microsoft.com>
Sent: Saturday, April 30, 2022 1:42 PM
To: Tim Stuart <timstu@microsoft.com>
Subject: Fwd: [EXTERNAL] Denali - Activision 10-Q

FYI. Linda

Begin forwarded message:

From: "DiSciullo, Beth" <beth.Disciullo@stblaw.com>
Date: April 30, 2022 at 12:24:22 PM PDT
To: "Keith Dolliver (CELA)" <keithd@microsoft.com>, "Linda Norman (CELA)" <lnorman@microsoft.com>, "Michael Wetter (CORPDEV)" <mwetter@microsoft.com>
Cc: "Klein, Alan M" <aklein@stblaw.com>, Anthony Vernace <avernace@stblaw.com>, "Allen, William" <William.Allen@stblaw.com>, "Cronan, Quinn" <Quinn.Cronan@stblaw.com>, "Snyder, Helene Marie" <Helene.Snyder@stblaw.com>
Subject: [EXTERNAL] Denali - Activision 10-Q

Microsoft team,

FYI, please find attached a draft of Activision's first quarter 10-Q that we received from Skadden and that Activision plans to file on Tuesday. Skadden requested any comments by tomorrow evening. We are reviewing but wanted to forward along in the interest of time.

Thanks,

Beth

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