



FISCAL 1999 THIRD QUARTER FINANCIAL RESULTS

ACTIVISION REPORTS RECORD THIRD QUARTER RESULTS

Net Revenue Increases 58%

Net Income Increases 73%

Activision, Inc. (Nasdaq: ATVI) today announced financial results for the third fiscal quarter ended December 31, 1998.

Net revenue for the third fiscal quarter ended December 31, 1998 increased 58% to \$193,537,000, from \$122,141,000 reported for the third quarter last fiscal year. Net income for the third fiscal quarter was \$16,022,000, or \$0.64 per share, compared to \$9,278,000, or \$0.41 per share, reported for the same period last year. This represents a 73% increase in third quarter net income year over year.

Net revenue for the nine month period ended December 31, 1998 increased 55% to \$311,599,000, from \$201,670,000 reported for the nine month period last fiscal year. For the first nine months, the Company reported net income of \$9,983,000, or \$0.44 per share, compared to a net income of \$5,701,000, or \$0.25 per share, for last fiscal year's comparable period. This represents a 75% increase in net income for the nine month period over the prior year.

Results for prior fiscal year periods have not been restated to reflect acquisitions completed in the current fiscal year which were accounted for as immaterial poolings of interests.

Robert A. Kotick, Co-Chairman and CEO, stated, "Our record revenue and earnings for the quarter can be attributed to the breadth and depth of our holiday PC and console release schedule, which included Tenchu, Asteroids and Apocalypse, as well as our value-priced PC software titles from Head Games Publishing. The response to our holiday products has been very positive both domestically and internationally. We continue to see strong consumer demand for a number of our games including Cabela's Big Game Hunter II for the PC, Activision Classics, Apocalypse and Tenchu for the PlayStation, and Asteroids for the PC and PlayStation. Additionally, our international distribution operations continue to post outstanding gains with a 57% increase in revenue compared to a year ago."

Kotick added, "Looking forward into the fourth quarter, we expect to round out the year with a strong slate of titles featuring one of the industry's strongest brands -- Civilization: Call to Power for the PC. Also expected on the PC are Jack Nicklaus: Golden Bear Challenge, Heavy Gear II and Fighter Squadron, as well as N64 versions of such blockbuster titles as Quake II and Vigilante 8 and T'ai Fu and Guardian's Crusade for the PlayStation game console."

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment software for personal computers and advanced console game systems such as the Sony PlayStation and Nintendo 64. Founded in 1979, Activision posted revenues of \$260 million for the fiscal year ended March 31, 1998.

Activision maintains publishing and development operations in the US, Canada, the United Kingdom, France, Germany, Japan and Australia, and distribution subsidiaries in the United Kingdom, Germany, The Netherlands and Belgium. More information about Activision and its products can be found on the company's World Wide Web site which is located at <http://www.activision.com>.

Note: Any reference to the development of products, growth rates, investment or other performance or the continued success of the company's current product offerings constitutes forward-looking information and actual future results may vary materially. There can be no assurance of the rate of growth of the industry or of the company, that the company's products will enjoy continued success or that any products in development will ever be commercially released or that, if released, such products will contribute revenues to the company sufficient to recoup or exceed their development cost. For a discussion of these and other factors that could affect Activision's business and financial results, see information contained in the company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file at the Securities and Exchange Commission.

The statements contained in this release that are not historical facts are "forward-looking statements." The company cautions readers of this press release that a number of important factors could cause Activision's actual future results to differ materially from those expressed in any such forward-looking statements. These important factors, and other factors that could affect Activision, are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1997, which was filed with the United States Security and Exchange Commission. Readers of this press release are referred to such filings.

[Download the Q3 1999 Financial Tables \(PDF\)](#)