



FISCAL 2003 FIRST QUARTER FINANCIAL RESULTS

ACTIVISION ANNOUNCES RECORD FIRST QUARTER 2003 FINANCIAL RESULTS

Santa Monica, CA - July 23, 2002 - Activision, Inc. - (Nasdaq: ATVI) today announced record financial results for the first fiscal quarter ended June 30, 2002.

Net revenues were \$191.3 million or 73% higher as compared to net revenues of \$110.6 million reported for the first quarter last fiscal year. Net income for the first fiscal quarter was \$20.7 million or a record \$0.31 per share, compared with a net income of \$29 thousand, or a nominal amount per share, reported for the same period last year. These results exceeded the consensus of analyst expectations and were driven by continued positive industry fundamentals combined with strong performance of the company's games worldwide.

Activision also announced that the company is increasing its fiscal year 2003 earnings per share guidance from \$1.10 to \$1.25, which represents a 42% increase in earnings over the prior year. The company is also increasing its revenue guidance from \$890 million to \$920 million. For fiscal year 2004, Activision increased its revenue guidance to \$1.025 billion and its earnings per share guidance to \$1.35.

Robert A. Kotick, Chairman and CEO of Activision, stated, "A strong videogame market coupled with Activision's continued first-rate execution fueled net revenues and earnings that were highest in our history for the period. We ended the quarter as the #2 U.S. console and hand-held publisher overall, according to TRSTS. During the quarter, we strengthened our business and financial position and today have one of the strongest balance sheets in our industry. With \$550 million in cash, an increase of 97% over March 31, 2002, we have entered the fiscal year 2003 with numerous competitive advantages."

"Earlier today, we announced the extension of our successful partnership with Tony Hawk expanding the terms of our exclusive multi-year licensing agreement through 2015. Tony will continue to headline our flagship action sports franchise, Tony Hawk's Pro Skater, which has generated more than \$500 million in worldwide revenues through June 30, 2002 and which was the single largest independent U.S. video game franchise during calendar 2001, according to NPD," Kotick added.

Business Highlights

Activision's results were driven by strong global consumer response to its products across all platforms. During the quarter, the company released Soldier of Fortune II: Double Helix™ for the PC, Spider-Man™ for the PlayStation®2 computer entertainment system, Xbox™ video game console, Nintendo GameCube™, Nintendo Game Boy™ Advance and the PC and Lost Kingdoms™ for the Nintendo GameCube. Additionally, LucasArts Entertainment's Star Wars Jedi Knight® II: Jedi Outcast™ and id Software's Return to Castle Wolfenstein for the PC and Tony Hawk's Pro Skater™ 3 for the Xbox video game console and Game Boy Advance continued to be top-selling titles around the world.

Other highlights from the quarter include:

- Activision acquired Z-Axis Ltd., the award-winning creative studio behind the Dave Mirra Freestyle BMX franchise that has sold in excess of one million units.
- Activision will distribute id Software's DOOM III®, the latest installment in one of the most successful franchises in PC gaming history.
- Activision acquired a 30% equity investment in Infinity Ward, a newly formed studio comprised of individuals who developed the critically acclaimed PC title Medal of Honor Allied Assault, which was the #1 best-selling PC game in the United States for the January through March 2002 quarter, according to NPD Intellect.
- Activision announced two new intellectual property agreements:
 1. The company acquired the interactive entertainment rights to develop and publish games based on Revolution Studios' upcoming feature film "XXX" starring Vin Diesel of "The Fast and the Furious."
 2. The company will co-develop and co-publish games with TDK Mediactive based on the upcoming theatrical sequel to "Shrek," the best-selling DVD title of all time and the #1 video release for 2001.
- Activision was the #2 U.S. console and hand-held publisher overall for the quarter, according to NPD TRSTS.
- Spider-Man was the single largest U.S. videogame franchise for the quarter, according to NPD TRSTS.
- Activision achieved record market share in the U.K. in both units and dollars during the month of June 2002. The company's products represented 8.5% of the market by units and 10.1% by dollars, according to the official ELSPA/Chart-Track.
- During the quarter, Activision successfully completed a public offering of 7,500,000 shares of common stock. As a result

of the public offering, the company strengthened its balance sheet increasing its cash balance by \$248 million.

Looking ahead, the company is poised to continue its market momentum in Q2 with the upcoming releases of Mat Hoffman's Pro BMX™ 2 and Kelly Slater's Pro Surfer™ for the PlayStation 2 computer entertainment system, Xbox video game console, Nintendo GameCube and Game Boy Advance, Street Hoops™ and Blade™ 2 for the PlayStation 2 computer entertainment system and Xbox video game console, Stuart Little™ 2 and XXX™ for the Game Boy Advance and Medieval: Total War™ the PC.

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment and leisure products. Founded in 1979, Activision posted revenues of \$786 million for the fiscal year ended March 31, 2002.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Japan, Australia, Scandinavia and the Netherlands. 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: The statements made in this press release that are not historical facts are "forward-looking statements". Although the company believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, a number of important factors could cause our actual future results to differ materially from those expressed in any such forward-looking statements.

Such factors include, without limitation, product delays, retail acceptance of our products, industry competition, rapid changes in technology and industry standards, protection of proprietary rights, maintenance of relationships with key personnel, vendors and third party developers, international economic and political conditions, integration of recently acquired subsidiaries and identification of suitable future acquisition opportunities.

These important factors and other factors that potentially could affect the company's financial results are described in our filings with the Securities and Exchange Commission, including the company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

[Download the Q1 2003 Financial Tables \(PDF\)](#)

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