



FISCAL 2003 THIRD QUARTER FINANCIAL RESULTS

Company delivers record net revenues and net income for Q3 and first nine months

Santa Monica, CA - January 22, 2003 - Activision, Inc. (Nasdaq: ATVI) today announced results for the third fiscal quarter ended December 31, 2002.

Net revenues were \$378.7 million, compared to net revenues of \$371.3 million reported for the third quarter last fiscal year. Net income for the third fiscal quarter increased 13.3% to \$44.3 million, compared to net income of \$39.1 million for the prior year and earnings per diluted share were \$0.63 compared to \$0.66, reported for the same period last year.

For the nine-month period ended December 31, 2002 the company announced record results. Net revenues were \$739.1 million, an increase of 18.9% over net revenues of \$621.5 million reported for the nine-month period last fiscal year. Net income for the nine-month period increased 79% to \$74.1 million, or \$1.06 per diluted share, compared to net income of \$41.4 million, or \$0.73 per diluted share, reported for the same period last year.

The company provided its outlook for its fourth quarter 2003. It expects revenues of \$100 million and a loss per share of \$0.15. For fiscal year 2003, Activision is increasing its expected net revenues from \$823 million to \$839 million and earnings per share from \$0.88 to \$0.91.

Robert A. Kotick, Chairman and CEO of Activision, said, "Activision has a solid financial base and one of the strongest balance sheets in our industry. We are a disciplined company with exceptional talent. We will continue to make investments in our future through high profile intellectual property rights acquisitions and developer acquisitions and alliances. Our strong portfolio of properties coupled with our development capabilities should enable us to deliver games that can take full advantage of the mass-market penetration rates of the console platforms that we expect in the future."

Activision also issued its revised outlook for fiscal year 2004. The company expects revenues of \$750 million and earnings per share of \$0.70. For the first quarter of fiscal year 2004, the company expects revenues of \$130 million and a loss per share of \$0.07.

Business Highlights

- According to NPD, for calendar year 2002, Activision had two of the top 5 selling video game franchises for the U.S. console and hand-held markets - Spider-Man and Tony Hawk's Pro Skater.
- During the quarter, Activision announced three significant partnerships:
 - The company acquired console software developer Luxoflux Corporation, which is currently in development with **True Crime: Streets of L.A.** and the sequel to DreamWorks Pictures' blockbuster Academy Award® winning feature film "Shrek" which is being co-developed and co-published by TDK Mediactive, Inc. and Activision.
 - The company was named master videogame licensee for Lemony Snicket's A Series of Unfortunate Events, the best-selling children's book series that is in development for a feature film by Paramount Pictures and Nickelodeon Movies. The license grants Activision the exclusive right to develop and publish products for all video game consoles, hand-held platforms and the PC based on the franchise, A Series of Unfortunate Events.
 - The company signed an exclusive multi-title, multi-year agreement to publish real-time PC strategy games developed by Stainless Steel Studios, creators of the critically acclaimed, best-selling PC strategy title Empire Earth, which has sold more than a million units worldwide since its initial release.
- On January 8, 2003, Activision announced that it had expanded its long-term, broad-based strategic alliance with Marvel Enterprises and signed a multi-year extension for their current video game licensing agreements. The expanded agreements grant Activision the exclusive rights to develop and publish video game products based on Marvel's comic book franchises Spider-Man™, X-MEN™, Fantastic Four™ and Iron Man™ through 2009.
- On January 20, 2003, Activision announced a strategic multi-year, multi-property publishing agreement with DreamWorks SKG that grants Activision the exclusive interactive rights to publish games based on DreamWorks' three upcoming computer-animated feature films "Sharkslayer," "Madagascar," and "Over the Hedge" and their sequels. Under the terms of the agreement, Activision has acquired the rights to develop and publish games for the console, hand-held and PC platforms.

During the quarter, Activision released 20 new games, including **Tony Hawk's Pro Skater 4**, **X-Men: Next Dimension**, **Minority Report**, **Star Trek: Star Fleet Command III** and **Disney's Tarzan**. Looking ahead, the company has several upcoming titles including **Tenchu: Wrath of Heaven**, **X2: Wolverine's Revenge**, **DOOM III**, **Pitfall Harry**, a new **Tony Hawk** title, **True Crime: Streets of L.A.** and id Software's **Return to Castle Wolfenstein** for the consoles.

As previously announced, on October 4, 2002, Activision's Board of Directors authorized the company to repurchase up to \$150 million of shares of its common stock in the open market or in privately negotiated transactions, including privately negotiated structured call option transactions, and through transactions in the options markets. As a result of this program, during the third quarter of fiscal 2003, Activision repurchased approximately 1,815,000 shares of its common stock at an average price of \$13.15 per share.

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 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 Q3 2003 Financial Tables \(PDF\).](#)

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