



FISCAL 2002 THIRD QUARTER FINANCIAL RESULTS

ACTIVISION REPORTS RECORD THIRD QUARTER 2002 FINANCIAL RESULTS

Record Nine Month Net Revenue and Net Earnings Company Increases Fiscal Year 2002 and 2003 Guidance

SANTA MONICA, CA - January 23, 2002 - Activision, Inc. (Nasdaq: ATVI) today announced record results for the third fiscal quarter ended December 31, 2001.

Net revenues were \$371.3 million or 40% higher as compared to net revenues of \$264.5 million reported for the third quarter last fiscal year. Net income for the third fiscal quarter was \$39.1 million or \$0.66 per diluted share, 91% greater than net income of \$20.5 million, or \$0.45 per diluted share, reported for the same period last year. The company's third quarter 2002 per diluted share results were \$0.08 ahead of the consensus of analyst expectations as reported by First Call.

The company reported record results for the nine-month period ended December 31, 2001. Net revenues were \$621.5 million, 26% greater than net revenues of \$493.4 million reported for the nine-month period last fiscal year. Net income for the nine-month period was \$41.4 million, or \$0.73 per diluted share, 111% greater than net income of \$19.6 million, or \$0.45 per diluted share, reported for the same period last year.

Activision is increasing its fiscal year 2002 earnings per share guidance from \$0.73 to \$0.82. The new guidance represents a 64% increase in earnings per share over the prior year. The company is also raising its revenue guidance from \$725 million to \$765 million. For fiscal year 2003, Activision is increasing its revenue guidance from \$810 million to \$845 million and its earnings per share guidance approximately 11% from \$0.85 to \$0.94.

Robert A. Kotick, Chairman and CEO of Activision, said, "Our record results for the third fiscal quarter once again demonstrate the ability of Activision's diverse product slate and platform mix to deliver top-line growth, increased operating margins and strong cash generation. The combination of better than expected market conditions, strong worldwide consumer demand for our products and the successful U.S. launches of the Xbox™ video game system from Microsoft and Nintendo GameCube, contributed to these results. We continue to focus on cost controls and operating efficiencies as key drivers of our operating margin expansion initiatives."

Kotick added, "We remain confident about the remainder of the year and believe that our strong balance sheet and cash position provide us with the financial flexibility to take advantage of the market growth opportunities ahead. We expect that our growth will be fueled by the acceleration of console hardware adoption rates worldwide. With the impending launches of Xbox and GameCube internationally, we expect that fiscal 2003 will be another record year."

Business Highlights

Activision's quarterly results were driven in part by new titles for the PlayStation® 2 computer entertainment system, Xbox video game system from Microsoft, Nintendo GameCube, Game Boy® Advance, PlayStation game console and the PC. The company continued to have top titles across multiple platforms. There was strong consumer response to the company's holiday slate including Tony Hawk's Pro Skater™ 3 for the PlayStation 2, GameCube, PlayStation and Game Boy Color; Return to Castle Wolfenstein™ and Star Trek™: Armada™ II for the PC; Tony Hawk's Pro Skater™ 2x for the Xbox video game console; Palmer's Pro Snowboarder™ for the PlayStation 2, Game Boy Advance and Game Boy Color; Spider-Man 2 Enter: Electro™ for the PlayStation; and Mat Hoffman Pro BMX™ for the Game Boy Advance.

Other highlights from the quarter include:

- According to NPD, Activision ranked as the #3 U.S. videogames publisher overall for both the quarter and calendar year 2001. Additionally, for the quarter, Activision was the #2 U.S. console publisher overall.
- Activision was the #2 third-party software publisher in the United Kingdom for calendar 2001, increasing market share 19% year over year to 5.4%, according to Elspa/Chart-Track.
- Activision increased its market share in the U.S. console and hand-held market for the quarter to a record high of 9.3%, according to NPD TRSTS.
- Activision's Tony Hawk's Pro Skater franchise was the single largest U.S. videogame franchise in dollars for the quarter, according to NPD TRSTS.
- During the quarter, Activision's had top-10 titles on the PC and all Sony, Nintendo and Microsoft console and hand-held

platforms, according to NPD.

- Return to Castle Wolfenstein was the #1 selling premium priced PC title in the U.S. during the holiday season, according to NPD Intellect. The company has shipped more than one million units of the game, making it one of the best-selling PC software titles of the holiday season.

On January 14, 2002, Activision announced that the company exercised its option to acquire the remaining 60% equity interest in Gray Matter Interactive Studios, the developer of the holiday season blockbuster PC game, Return to Castle Wolfenstein™. The acquisition of Gray Matter, combined with Activision's Raven Software studios, solidifies the company's industry leading position as a developer of first-person action games. The transaction further underscores the company's commitment to acquire high-quality entertainment software developers with proven technical and design talent.

For the remainder of the fiscal year, Activision is positioned to continue its market momentum with such highly anticipated games as Tony Hawk's Pro Skater 3 for the Xbox, PC and Game Boy Advance; Star Trek™: Bridge Commander™ for PC; WRECKLESS: The Yakuza Missions™ for the Xbox video game console; Bloody Roar: Primal Fury for Nintendo GameCul and Space Invaders™ for the Game Boy Advance.

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 net revenues of \$620 million for the fiscal year ended March 31, 2001.

Activision maintains operations in the US, Canada, the United Kingdom, France, Germany, Japan, Australia 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 Security 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 2002 Financial Tables \(PDF\)](#)

Bill Chardavoyne
Chief Financial Officer
(310) 255-2229
bchardavoyne@activision.com

Kristin Mulvihill
Sr. Director, Investor Relations
(310) 255-2635
kmulvihill@activision.com

Maryanne Lataif
Vice President, Corporate Communications
Activision, Inc.
(310) 255-2704
mlataif@activision.com