



FISCAL 2002 FIRST QUARTER FINANCIAL RESULTS

ACTIVISION ANNOUNCES RECORD FIRST QUARTER 2002 FINANCIAL RESULTS

First Quarter Net Revenue and Net Earnings Highest in Company's History Company Exceeds Analyst Expectations Company Increases Fiscal Year 2002 and 2003 Guidance

SANTA MONICA, CA - July 24, 2001 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the first fiscal quarter ended June 30, 2001.

Net revenues were \$110.6 million or 31% higher as compared to net revenues of \$84.6 million reported for the first quarter last fiscal year. Net income for the first fiscal quarter was \$29 thousand or a nominal amount per share, compared with a net loss of \$5.2 million, or \$0.21 loss per share, reported for the same period last year.

These results, which exceeded First Call consensus earnings estimates by \$0.05, were driven in part by new titles for the Game Boy® Advance, PlayStation® 2 computer entertainment system and PlayStation® game console.

Activision also announced that the company is increasing its fiscal year 2002 earnings per share guidance from \$0.80 to \$0.87, which represents a 16% increase in earnings over the prior year. The company is also increasing its revenue guidance from \$605 million to \$620 million and its fiscal year 2003 earnings per share guidance to \$1.11.

Additionally, during the quarter, Activision successfully completed the conversion or redemption of \$60 million of 6% Convertible Subordinated Notes due 2005 and repaid in full the remaining \$8.5 million balance of its three-year \$25 million term loan. As a result of the full redemption or conversion of its Notes, the company strengthened its balance sheet and reduced its debt-to-equity ratio by 96% while maintaining its strong cash balance.

Robert A. Kotick, Chairman and CEO of Activision, said, "This is the most exciting period in the video game industry's history. The successful launches of the PlayStation 2 and Game Boy Advance, as well as the upcoming launches of additional new game systems this fall, will lead to substantial growth and increased opportunity for Activision."

"We're especially delighted with the continued performance of our action sports titles, including our recently launched Mat Hoffman's Pro BMX for the PlayStation and Tony Hawk's Pro Skater™ 2 for Game Boy Advance. Action sports continue to be one of the largest and fastest-growing genres in video games. With more than 60 marquee athletes signed and the success of games based on Tony Hawk and Mat Hoffman, Activision continues to be a leader in this category."

Business Highlights

Activision continued to have top titles across multiple platforms last quarter. The company's momentum was fueled by strong demand for its products, including Mat Hoffman's Pro BMX™ for the PlayStation® game console and Game Boy® Color, Tony Hawk's Pro Skater™ 2, Bomberman™ Tournament, Pinobee™: Wings of Adventure for Nintendo's Game Boy Advance, Bloody Roar™ 3 for the PlayStation 2 computer entertainment system, Spider-Man for the Dreamcast™, The Simpson's Wrestling™ and World's Scariest Police Chases™ for the PlayStation and Commander Keen™, Sly™ 2: The Sinister Six™, X-Men: Wolverines' Rage™ and Tomb Raider® Curse of the Sword™ for the Game Boy® Color platform.

Other highlights from the quarter include:

- According to NPD's TRSTS Data, Activision was the #2 independent U.S. console and handheld game publisher for the quarter. Activision had top-10 titles on the PlayStation, Nintendo 64, Dreamcast™, and Game Boy Advance.
- Mat Hoffman's Pro BMX ranked as the #1 PlayStation game in dollars for the quarter, further solidifying the company's dominance of the action sports genre.
- Activision was the #1 independent U.S. publisher for the Game Boy Advance - the fastest selling game system ever launched - with Tony Hawk's Pro Skater 2 ranking as #2 title overall by dollars for the hand-held platform. The company ended the quarter with a 17.6% market share on the Game Boy Advance.

Looking ahead, the company is poised to maintain its leading position on hand-held platforms with the launches of Spider-Man: Mysterio's Menace™ and X-Men: Reign of Apocalypse™ for the Game Boy Advance and Stuart Little™: The Journey Home for the Game Boy Color. Activision's product slate for the second quarter also includes Spider-Man games for the PlayStation and PC, X-Men: Mutant Academy 2™ for the PlayStation, Tony Hawk's Pro Skater 2 for the Nintendo 64 and Mat Hoffman's Pro BMX for the Dreamcast."

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 Q1 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