



Activision Set to Acquire DemonWare

Acquisition Further Strengthens Activision's Online Multiplayer Development Capabilities

SANTA MONICA, Calif., Mar 06, 2007 (BUSINESS WIRE) -- Further strengthening its online multiplayer development capabilities, Activision, Inc. (Nasdaq:ATVI) announced today that the company has entered into an agreement to acquire DemonWare, the leading provider of network middleware technologies for console and PC games headquartered in Dublin, Ireland. The acquisition will enable Activision to gain efficiencies related to online game development and positions the company to take advantage of the growth in online gameplay that will be driven by the next-generation consoles.

Activision has utilized DemonWare's technologies in its games since 2005, most recently in its best-selling title Call of Duty(R) 3. DemonWare has two main products -- DemonWare's Matchmaking+, which provides advanced community services for multiplayer gaming, including player matching, user profiling and gaming statistics across current-and next-gen consoles and PCs; and DemonWare's State Engine, a cross-platform network engine that ensures that console-to-console communications are secure and as lag-free as possible.

"In the next two-to-four years, we expect that online gaming will grow significantly as a result of a more seamless plug and play experience provided by the next-generation consoles," states Mike Griffith, CEO of Activision Publishing. "The acquisition of DemonWare will enable us to eliminate many of the challenges associated with online multiplayer game development, reducing development time and risk, and allowing us to deliver consistent, high-quality online gaming experiences. In addition to increasing our talent pool of highly skilled engineers, DemonWare's suite of technologies combined with Activision own library of tools and technologies will enable us to easily share online development capabilities on multiple platforms across our development studios."

"Activision and DemonWare have worked together on several highly successful multiplayer titles, and we have a shared vision on where the future of online gaming lies," states Dylan Collins, CEO of DemonWare. "Our technology has been used in some of the most innovative multiplayer games on both the console and PC platforms, so consumers should be incredibly excited about the plans we have for Activision's online gaming strategy moving forward."

Under the terms of the agreement, DemonWare will become a wholly owned subsidiary of Activision and the company's management team and key employees will sign long-term employment contracts with Activision. DemonWare will continue to be headquartered in Dublin, Ireland, with offices in Vancouver, B.C. The transaction is expected to be completed no later than the close of Activision's first quarter of fiscal year 2008. The closing of the transaction is subject to the completion of certain customary closing conditions. Financial terms of the agreement were not disclosed.

About DemonWare

DemonWare is the leading network middleware company in the computer games industry, providing online functionality to multiplayer games on all PC and console platforms. Founded in 2003 by Dylan Collins and Sean Blanchfield, the company has offices in Dublin, Ireland and Vancouver, B.C. Investors in DemonWare include Dublin Seed Capital Fund and Enterprise Ireland. For additional information, please go to www.demonware.net.

About Activision

Headquartered in Santa Monica, Calif., Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment and leisure products. Founded in 1979, Activision posted net revenues of \$1.47 billion for the fiscal year ended March 31, 2006.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Italy, Japan, Australia, Scandinavia, Spain, the Netherlands and South Korea. 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.

Cautionary Notes Regarding Forward-Looking Statements: The statements made in this press release that are not historical facts are "forward-looking statements." These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. 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. Such factors include, without limitation, the findings of the special sub-committee, the effect of the special sub-

committee's review and conclusions on, and other developments in, the informal inquiry opened by the SEC in July 2006 and the derivative litigation filed in July 2006 against certain current and former directors and officers of the company, the possibility that additional claims and proceedings will be commenced, including additional stockholder litigation, employee litigation, and additional actions by the SEC and/or other regulatory agencies, and direct and indirect expenses and diversion of management time resulting from or relating to the special sub-committee review and related regulatory proceedings and litigation, the company's ability to timely file required reports with the SEC, and the possibility that the company will be subject to delisting from The Nasdaq Stock Market due to its inability to timely file periodic reports under the Securities Exchange Act of 1934 or failure to satisfy other requirements for continued listing.

Other factors that could cause Activision's actual future results to differ materially from those expressed in the forward-looking statements set forth in this release include, without limitation, other litigation (unrelated to stock option granting practices), sales of the company's titles, shifts consumer spending trends, the seasonal and cyclical nature of the interactive game market, the company's ability to predict consumer preferences among competing hardware platforms (including next-generation hardware), declines in software pricing, product returns and price protection, product delays, retail acceptance of the company's products, adoption rate of new hardware and related software, 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, natural disasters, integration of recently acquired subsidiaries, and identification of suitable future acquisition opportunities. These important factors and other factors that potentially could cause actual future results to differ materially from current expectations are described in our filings with the SEC, including the company's most recent annual report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K. Readers of this press release are referred to such filings. The forward-looking statements in this press release are based upon information available to the company as of the date of the release, and the company assumes no obligations to update any such forward-looking statement. The company may change its intention, belief or expectation, at any time and without notice, based upon any changes in the enumerated factors or in the company's assumptions, or otherwise, and forward-looking statements believed to be true when made may ultimately prove to be incorrect. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the company's control and may cause our actual results to differ materially from our current expectations.

SOURCE: Activision, Inc.

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