



FISCAL 2003 SECOND QUARTER FINANCIAL RESULTS

ACTIVISION ANNOUNCES RECORD RESULTS AND RAISES FY 2003 GUIDANCE

FY Q2 2003 Revenues Up 21% And Earnings Per Share Increased 225% from \$0.04 to \$0.13
Net Revenues For First Six Months FY 2003 Increased 44% Year Over Year
Six Month Earnings Per Share Grew From \$.04 To \$.43 Year Over Year
Company Increases FY 2003 Revenue and EPS Guidance

Santa Monica, CA - October 29, 2002 - Activision, Inc. (Nasdaq: ATVI) today announced record financial results for the second fiscal quarter and the six-month period ended September 30, 2002.

Net revenues for the six-month period ended September 30, 2002, were \$360.4 million, 44% greater than net revenues of \$250.2 million reported for the six-month period of last fiscal year. Net income for the six-month period was \$29.8 million, or \$0.43 per diluted share, compared with \$2.2 million, or \$0.04 per diluted share, reported for the same period last year.

The company is also increasing its fiscal year 2003 revenue guidance from \$920 million to \$934 million and its earnings per share guidance by \$0.04 from \$1.25 to \$1.29.

Robert A. Kotick, Chairman and CEO of Activision said, "Our record results for the second quarter and the first half of the fiscal year were the highest in the company's history and continued a trend of solid annual revenue and EPS growth. Our multi-platform strategy and the ability of our employees to successfully execute in markets around the world, allowed us to achieve these record results. Our strong performance indicates that our business strategies are on track and solidifies our position as the #2 video game publisher overall, year to date, as measured by NPD Intellect."

"We expect that during calendar year 2002, the U.S. and European video game software market, which includes console, hand-held and PC platforms, will grow between 18% and 20% and we remain confident that our careful planning, strong balance sheet, leading brand portfolio and commitment to expanding operating margins will continue to provide us with the flexibility to capitalize on the growth ahead. Our flagship holiday title, Tony Hawk's Pro Skater' 4, shipped to retail outlets nationwide on October 23, more than one month ahead of the holiday buying season. We have a strong product slate for the second half of the year and believe that we are well on our way to achieving our newly revised fiscal year 2003 revenue and EPS guidance."

Business Highlights

Activision's quarterly results were driven by newly released titles, as well as the strong performance of the company's catalog games. During the quarter, the company shipped Medieval: Total War for the PC; Street Hoops and Blade 2 for the PlayStation 2 computer entertainment system and Xbox video game console; Mat Hoffman's Pro BMX 2 for the PlayStation 2 computer entertainment system, Xbox video game console and Game Boy Advance; Kelly Slater's Pro Surfer' for the PlayStation 2 computer entertainment system, Xbox video game console, Nintendo GameCube and Game Boy Advance; and Stuart Little 2: The Movie and XXX for the Game Boy Advance.

Other highlights include:

- Calendar year through September 30, 2002, Activision was the #2 publisher overall for the console, hand-held and PC market, according to NPD Intellect.
- Activision's epic real-time strategy game Medieval: Total War topped worldwide PC sell-through charts in the U.K., Germany and U.S. for the month of September 2002.
- Activision's Spider-Man continues strong worldwide sales and was the #3 franchise in the U.K.
- On October 11, 2002, Activision announced that the company acquired Luxoflux Corporation, a leading console software developer who is currently in development on Activision's upcoming title True Crime: Streets of L.A.' and a game based on 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 transaction marks Activision's fifth development acquisition over the past year and underscores the company's commitment to acquiring proven technical and design talent with a history of high-quality product creation, while over time enhancing the company's financial operating model.
- On October 4, 2002, Activision's Board of Directors authorized a buyback program under which the company can repurchase up to \$150 million of its common stock.

Activision's upcoming holiday slate includes the recently released Tony Hawk's Pro Skater 4, for the PlayStation 2 computer entertainment system, Xbox video game console, GameCube, PlayStation game console and Game Boy Advance; Minority Report™ for the PlayStation 2 computer entertainment system, Xbox video game console, GameCube and Game Boy Advance; X-Men: Next Dimension for the PlayStation 2 computer entertainment system, Xbox video game console and GameCube; Rally Fusion: Race of Champions™ for the PlayStation 2 computer entertainment system and Xbox video game console; Wreckless The Yakuza Missions™ for the PlayStation 2 computer entertainment system and GameCube; Street Hoops for the GameCube; Star Trek: Star Fleet Command III for the PC; and Disney's Tarzan: Return to the Jungle and Ironman 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 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 Q2 2003 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