



FISCAL 2002 SECOND QUARTER FINANCIAL RESULTS

ACTIVISION ANNOUNCES BETTER THAN EXPECTED SECOND QUARTER 2002 FINANCIAL RESULTS

Record Net Revenue and Net Earnings For First Six Months FY 2002 Company Increases Fiscal Year 2002 and 2003 Guidance

SANTA MONICA, CA - October 17, 2001 - Activision, Inc. (Nasdaq: ATVI) today announced better than expected financial results for the second fiscal quarter and record results for the six-month period ended September 30, 2001.

Net revenues were \$139.6 million as compared to net revenues of \$144.4 million reported for the second quarter last fiscal year. Net income for the second fiscal quarter was \$2.2 million or \$0.06 per diluted share, compared with net income of \$4.3 million, or \$0.17 per diluted share, reported for the same period last year. The company's second quarter 2002 per diluted share results were \$0.05 ahead of the consensus of analyst expectations as reported by First Call.

The company reported record results for the six-month period ended September 30, 2001. Net revenues were \$250.2 million, 9% greater than net revenues of \$228.9 million reported for the six-month period last fiscal year. Net income for the six-month period was \$2.2 million, or \$0.06 per share, compared with net loss of \$873 thousand, or \$0.04 loss per share, reported for the same period last year.

Activision also announced that the company is increasing its fiscal year 2002 earnings per share guidance from \$0.87 to \$1.00. The new guidance represents a 33% increase in earnings over the prior year. The company is also increasing its revenue guidance from \$620 million to \$680 million and its fiscal year 2003 revenue guidance from \$750 million to \$800 million and its earnings per share guidance by \$0.14 from \$1.11 to \$1.25.

Robert A. Kotick, Chairman and CEO of Activision, said, "Our results for the first half of the fiscal year continued a trend of solid EPS growth, reflecting our commitment to achieving consistent financial performance. The diversity of our product portfolio, coupled with our multi-platform strategy and the ability of our employees to successfully execute in markets around the world, allowed us to achieve record financial results. These results indicate that our business strategies are on track, allowing us to sustain record-setting momentum."

"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 navigate market conditions even during challenging macro-economic circumstances," Kotick added. "We are encouraged by our sales figures and to date, we have not experienced any major changes in retail ordering for our products. We have an exceptionally strong slate for the second half of the year and believe that we are well on our way to achieving our upwardly revised fiscal year-end targets."

Business Highlights

Activision's quarterly results were driven in part by new titles for the Game Boy[®] Advance, Nintendo 64 and PlayStation game console. The company continued to have top titles across multiple platforms during July and August. The company's momentum was fueled by strong demand for its products, including Tony Hawk's Pro Skater 2, Mat Hoffman's Pro BMX[™] and World's Scariest Police Chases[™] for the PlayStation[™] game console, Tony Hawk's Pro Skater[™] 2, Spider-Man: Mysterio's Menace[™], X-Men: Reign of Apocalypse[™] and Bomberman[™] Tournament for the Game Boy Advance and Tony Hawk's Pro Skater 2 for the Nintendo 64.

Other highlights from the quarter include:

- According to NPD's TRSTS Data, Activision was the #2 third-party U.S. console publisher for the months of July and August, as well as year to date through August.
- Activision was the #1 third-party U.S. publisher for the handheld market [™] Game Boy Advance and Game Boy[™] Color. The company ended the July/August period with a 17.3% share of the Game Boy Advance market.
- Activision was the #1 third-party U.S. publisher for the Nintendo 64 with the launch of Tony Hawk's Pro Skater 2.
- Activision is the #1 U.S. publisher of comic super hero brands. In August, the company announced that it has acquired the exclusive worldwide rights to develop and publish interactive games for the next-generation console systems and the PC based on Marvel's "First Family," "The Fantastic Four", and "The Invincible" Iron Man". These brands complement the company's current slate of Marvel Super Heroes that include Spider-Man[™], X-Men[™] and Blade[™].

On October 3, 2001, Activision announced that the company acquired Treyarch Invention, LLC., a leading console software developer with a focus on action and action sports video games. The acquisition further enables Activision to implement its multi-platform development strategy by bolstering the company's internal product development capabilities for the next-generation console systems, and strengthens Activision's position in the action and action sports genres. The transaction underscores Activision's commitment to acquiring proven technical and design talent and has a history of high-quality product creation, while over time enhancing the company's financial operating model.

Activision's upcoming holiday slate includes such highly anticipated games as 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; Shaun Palmer's Pro Snowboarder™ for the PlayStation 2 and Game Boy Advance; Supercar Street Challenge™ for the PlayStation 2 and PC; Spider-Man 2 Enter: Electro™ for the PlayStation; and Jackie Chan Adventures™ and Mat Hoffman Pro BMX™ 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 Q2 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