



## FISCAL 2000 THIRD QUARTER FINANCIAL RESULTS

### ACTIVISION REPORTS RECORD THIRD QUARTER RESULTS

**Net Revenues Increase 39%**

**Operating Profits Rise 48%**

**Net Income Up 42%**

Santa Monica, CA - February 3, 2000 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the third fiscal quarter ended December 31, 1999.

Net revenues for the third fiscal quarter increased 39% to \$268.9 million from \$193.5 million for the third quarter of the last fiscal year. Net income for the third fiscal quarter was \$22.3 million, or \$0.75 per share, compared with \$15.7 million, or \$0.61 per share, for the same period last year. This represents a 42% increase in third quarter net income year over year.

Net revenues for the nine month period increased 46% to \$468.4 million from \$321.3 million reported for the nine month period last fiscal year. For the first nine months of fiscal 2000, the Company reported net income of \$18.8 million, or \$0.71 per share, compared to a net income of \$9.9 million, or \$0.42 per share, for last fiscal year's comparable period. This represents a 91% increase in net income for the nine month period over the prior year.

Net revenues and net income for the third fiscal quarter were the highest in the Company's history. These record results were driven by significant growth in the Company's publishing operations. For the quarter, publishing revenues increased 89% from the prior year as a result of strong sales of Tony Hawk's Pro Skater and Disney/Pixar's Toy Story 2 for the Sony PlayStation, Disney/Pixar's Toy Story 2 for the Nintendo 64 and QUAKE III Arena for the PC. Each of these four titles ranked in the top 10 of their respective categories on U.S. retail sales charts.

During the quarter, the Company released 13 key new products on five different platforms. New products shipped include six for the PC, three for the PlayStation, two for the Nintendo 64, one for the Game Boy and one for the Dreamcast. Key titles released during the quarter were Disney/ Pixar's Toy Story 2 for the PlayStation and Nintendo, Vigilante 8: Second Offense for the PlayStation and Dreamcast, Wu Tang: Shaolin Style for the PlayStation, Space Invaders for the Nintendo 64 and Game Boy, QUAKE III Arena, Star Trek™: Hidden Evil, Battlezone II, Shanghai: Second Dynasty, Teen Digital Diva II: Cosmic and Journal and Interstate '82 for the PC.

"Our record revenues and earnings for the quarter can be attributed to our strategy to focus on branded products with proven audience appeal and leverage these brands across multiple platforms," stated Robert A. Kotick, Chairman and CEO, Activision, Inc. "As a result of this approach, our year-to-date net income grew 91% and operating margins increased 102%. According to NPD's Interactive Entertainment Services, Activision is the #5 game publisher overall for 1999 in North America, and the only publisher to achieve top 10 status on all platforms. In fiscal year 2001, we expect continued operating margin expansion reaping the full benefits of the strategies that we put in place eighteen months ago."

Kotick continued, "The response to our holiday products was very positive both domestically and internationally, with Tony Hawk's Pro Skater ranking as the #1 domestic PlayStation title by units from October through December, according to TRSTS Data. On the PC side, QUAKE III Arena ranked as the #1 action game in both the US and Europe from December 17 through January 8, according to PC Data and UK ChartTrack."

"We expect to round out the fiscal year with a strong slate of games that includes Tony Hawk's Pro Skater, Vigilante 8: Second Offense and Disney's Tarzan for the Nintendo 64, Tony Hawk's Pro Skater for the Nintendo Game Boy and Disney/Pixar's Toy Story 2 for the Sega Dreamcast," Kotick added. "On the PC side, our lineup includes such highly anticipated games as Star Trek: Armada and Soldier of Fortune. Given the success of Tony Hawk's Pro Skater and Vigilante 8: Second Offense for the PlayStation, we have high expectations for these titles on the Nintendo 64 platform. Likewise, with the success of Disney/Pixar's Toy Story 2 for the PlayStation and Nintendo 64, we expect a strong following for this title on the Sega Dreamcast. Additionally, during the upcoming quarter, Disney/Pixar's Toy Story 2 for the PlayStation, Nintendo 64 and Nintendo Game Boy will be launching in various international territories simultaneously with the theatrical release of the film in such territories."

Separately, Activision announced the appointment of William Chardavoyne as Executive Vice President and Chief Financial Officer on an interim basis. Mr. Chardavoyne joins Activision with more than 25 years of financial and general management experience across several industries. His positions include executive finance management roles with such companies as MTV Networks and Sony Pictures Entertainment/Columbia TriStar, as well as 10 years of public accounting experience with Ernst &

Young.

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 \$436 million for the fiscal year ended March 31, 1999.

Activision maintains operations in the US, Canada, the United Kingdom, France, Germany, Japan, Australia, The Netherlands and Belgium. 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: Any reference to the development of products, growth rates, investment or other performance or the continued success of the company's current product offerings constitutes forward-looking information and actual future results may vary materially. There can be no assurance of the rate of growth of the industry or of the company, that the company's products will enjoy continued success or that any products in development will ever be commercially released or that, if released, such products will contribute revenues to the company sufficient to recoup or exceed their development cost. For a discussion of these and other factors that could affect Activision's business and financial results, see information contained in the company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file at the Securities and Exchange Commission.

The statements contained in this release that are not historical facts are "forward-looking statements." 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. These important factors, and other factors that could affect Activision, are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1997, which was filed with the United States Security and Exchange Commission. Readers of this press release are referred to such filings.

[Download the Q3 2000 Financial Tables \(PDF\)](#)

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