



Activision Announces First Quarter 2004 Financial Results

Santa Monica, CA - July 22, 2003 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the first fiscal quarter ended June 30, 2003.

Net revenues were \$158.7 million as compared to net revenues of \$191.3 million reported for the first quarter last fiscal year. Net income for the first fiscal quarter was \$4.2 million or \$0.04 per share, compared with net income of \$20.7 million, or \$0.21 per share, reported for the same period last year.

Robert A. Kotick, Chairman and CEO of Activision, stated, "We were pleased that our results exceeded our previously provided outlook. During the quarter, we continued to strengthen our business and financial position. With \$390 million in cash and short-term investments, one of the industry's strongest balance sheets and a strong product development slate, we have entered fiscal year 2004 with a number of competitive advantages."

Business Highlights

Activision's results were driven by strong global consumer response to its products across all platforms. During the quarter, the company released **X2 Wolverine's Revenge™** for the PlayStation 2 computer entertainment system, Xbox® video game system, Nintendo® GameCube™, Nintendo Game Boy Advance and the PC, id Software's **Return to Castle Wolfenstein™** and **Wakeboarding Unleashed™** for the PlayStation 2 computer entertainment system and Xbox video game system, **Soldier of Fortune II: Double Helix™** for the Xbox video game system, **Medieval Total War: Viking Invasion™** for the PC and **Lost Kingdoms 2™** for the Nintendo GameCube. Additionally, **Tenchu: Wrath of Heaven™** and **Spider-Man™** continued to experience strong sales around the world.

Other highlights from the quarter include:

- LucasArts announced its intent to enter into a pan-European publishing and distribution agreement with Activision. This latest agreement strengthens the partnership between the two companies and expands Activision's distribution role for LucasArts' video game console and PC products in Europe.
- Activision Value Publishing, a division of Activision, Inc., extended its successful partnership with world-renowned outdoors hunting outfitter, Cabela's, Inc. through an exclusive multi-year video game licensing agreement that expires in 2014.
- Activision signed an exclusive, long-term agreement to publish games developed by Spark Unlimited, a newly formed studio comprised of 28 of the individuals who developed titles in the Medal of Honor™ console and PC series, including several of the production leads. Spark will develop three console-based games for Activision that will be released on multiple platforms. The first title, which will be released under the **Call of Duty™** brand, will be a first-person action game that is slated for release in 2004.
- id Software™ and Activision confirmed that id Software's **BOOM 3™**, one of the most anticipated games, is headed to the Xbox video game system from Microsoft.
- On June 6, 2003, Activision's three-for-two stock split, which was announced on May 5, 2003, became effective.

Activision provided its outlook for the remainder of fiscal 2004. For the second quarter, the company expects revenues of \$100 million and a loss per share of \$0.13. For the third quarter, it expects revenues of \$360 million and a earning per share of \$0.58. For the fourth quarter, Activision expects revenues of \$131 million and loss per share of \$0.03. For the full fiscal year, the company expects revenues of \$750 million and earnings per share of \$0.47.

Looking ahead, the company is excited by the upcoming holiday season. Releases this fall include **Tony Hawk's Underground™** and **Disney's Extreme Skate Adventure™** for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo Gamecube and Game Boy Advance; **True Crime: Streets of L.A.™** for the PlayStation 2 computer entertainment system, Xbox video game system and Nintendo GameCube; **Cabela's Deer Hunt™** for the PlayStation 2 computer entertainment system and Xbox video game system; and LucasArts Entertainment's **Star Wars® Jedi Knight: Jedi Academy™**, **Call of Duty** and **Empires: Dawn of the Modern World™** for the PC.

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 \$864 million for the fiscal year ended March 31, 2003.

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 Q1 2004 Finacial Tables \(PDF\)](#)