



## FISCAL 2002 FOURTH QUARTER FINANCIAL RESULTS

### ACTIVISION REPORTS RECORD FISCAL 2002 YEAR END RESULTS

SANTA MONICA, CA - May 7, 2002 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the fourth quarter and fiscal year ended March 31, 2002.

Net revenues for the fiscal year ended March 31, 2002 were \$786.4 million or 27% higher, as compared to \$620.2 million for the fiscal year ended March 31, 2001. Net income for the fiscal year was \$52.2 million, or \$0.88 per diluted share, compared with net income of \$20.5 million, or \$0.50 per diluted share reported for last year. All of fiscal 2001 share and per share amounts have been restated to reflect Activision's three-for-two stock split for shareholders of record as of November 6, 2001, paid November 20, 2001.

Net revenues for the fourth quarter ended March 31, 2002 were a record \$164.9 million, 30% greater than net revenues of \$126.8 million that the company reported for the fourth quarter of the last fiscal year. For this fiscal year's fourth quarter, the company reported net income of \$10.9 million or \$0.17 per diluted share, an increase of \$10.0 million compared to net income of \$875,000 or \$0.02 per diluted share, for last fiscal year's fourth quarter. The company's fourth quarter 2002 per diluted share results were \$0.06 ahead of the consensus of analyst expectations as reported by First Call.

Activision also announced that the company is increasing its fiscal year 2003 earnings per share guidance by \$0.08 from \$0.94 to \$1.02. The new guidance represents a 16% increase in earnings per share guidance over the prior year. The company is also raising its revenue guidance from \$845 million to \$870 million. For fiscal year 2004, Activision introduced revenue guidance of \$1 billion, which represents a 15% increase year over year, and provided earnings per share guidance of \$1.20, an 18% increase from fiscal year 2003.

Robert Kotick, Chairman and CEO of Activision, Inc. commented, "Fiscal 2002 was another record year for Activision. Consistent with our historical performance, we considerably outperformed the entertainment software market. We significantly strengthened our business, balance sheet and overall financial position. We improved our operating margin by 380 basis points, generated \$153.5 million in cash flow and finished the year with more than \$279 million of cash, lower inventories and all time low DSOs. We have one of the strongest balance sheets in the industry which gives us a clear competitive advantage as we enter fiscal year 2003."

"We believe that our market momentum combined with the largest and most diversified product slate in our company's history will enable Activision to maintain its leadership status in fiscal 2003. We will be releasing more than 65 titles during the fiscal year, the majority of which will be based on proven brand franchises. Our first title, Spider-Man" has shipped approximately 1.5 million units in North America since its release on April 16, 2002. As the installed base for the new console systems continues to grow worldwide, we expect fiscal 2003 and 2004 will continue to be record years for Activision," added Kotick.

#### Business Highlights

Activision's fiscal year end results were driven by solid performance of its titles across all platforms. The successful launches of the Xbox' video game system from Microsoft and the Nintendo" GameCube and Game Boy" Advance and the continued success of the PlayStation" 2 computer entertainment system fueled the company's record performance. Activision continued its market leadership position in both the action sports and super heroes genres. Additionally, the company's first person action titles and new property introductions performed above expectation.

During the fourth quarter, there was strong consumer response to the company's slate. Wreckless: The Yakuza Missions' for the Xbox, Tony Hawk's Pro Skater' 3 for the Xbox and Bloody Roar: Primal Fury' for the GameCube were top five titles, according to NPD TRSTS Data. Additionally, Activision's PC publishing business increased more than 58% as compared to the prior year's fourth quarter. These results were fueled by the release of Star Trek': Bridge Commander, Tony Hawk's Pro Skater' 3, Star Wars" Jedi Knight" II: Jedi Outcast' and continued sales of Return to Castle Wolfenstein™.

Other highlights from the fiscal year are as follows:

- Activision acquired three development studios - Treyarch Inventions LLC, Grey Matter Interactive Studios and Shaba Games, each of which has developed a title that has shipped more than one million units in the past nine months.
- Activision's Tony Hawk's Pro Skater franchise was the single largest independent U.S. videogame franchise in dollars for the fiscal year, according to NPD TRSTS.

- Activision's fiscal year revenues grew 27% year over year, as compared to the U.S. and European software market's growth of 12%.
- Activision ended the fiscal year as the #2 independent U.S. software publisher, according to NPD TRSTS.

Looking ahead to the first quarter of fiscal year 2003, Activision is positioned to continue its market momentum. Spider-Man, which is scheduled to be released internationally in late May/early June 2002, was also the first game ever to launch simultaneously on five platforms -- PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube, Game Boy Advance and PC. After just five days, Spider-Man was a top-10 best selling title on the PC for the week ending April 20, 2002, according to NPD Intellect and held the top three spots for game rentals during the weeks of April 28 and May 5, 2002, according to the Blockbuster Rental Charts. Also slated for the quarter is Soldier of Fortune II: Double Helix' for the PC and Lost Kingdoms' the first real-time action RPG for the Nintendo GameCube.

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 \$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 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 Q4 2002 Financial Tables \(Excel\)](#)

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