



## FISCAL 2003 FOURTH QUARTER FINANCIAL RESULTS

### ACTIVISION REPORTS RECORD FISCAL 2003 YEAR END RESULTS

**Net Revenue and Earnings Per Share Highest In Company's History  
Net Income Increases 27% Year Over Year**

**SANTA MONICA, CA - May 8, 2003** - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the fourth quarter and fiscal year ended March 31, 2003.

Net revenues for the fiscal year ended March 31, 2003 were \$864.1 million or 10% higher, as compared to \$786.4 million for the fiscal year ended March 31, 2002. Net income for the fiscal year was \$66.2 million, or a record \$0.96 per diluted share, compared with net income of \$52.2 million, or \$0.88 per diluted share reported for the last fiscal year.

Net revenues for the fourth quarter ended March 31, 2003 were \$125.0 million as compared to \$164.9 million that the company reported for the fourth quarter of the last fiscal year. For this fiscal year's fourth quarter, the company reported a net loss of \$8.0 million or a loss per share of \$0.13, as compared to net income of \$10.9 million or \$0.17 per diluted share, for last fiscal year's fourth quarter.

Activision increased its outlook for the first quarter of fiscal 2004 to \$140 million in revenues and a loss per share of \$0.01. The company also provided an outlook for the second quarter of \$130 million in revenue and earnings per diluted share of \$0.05. The company's full year outlook remains unchanged at \$750 million in revenue and \$0.70 earnings per diluted share.

Robert Kotick, Chairman and CEO of Activision, Inc. commented, "Fiscal 2003 was another record year for Activision. Not only did we deliver the highest net revenues and earnings in the company's history, we also significantly strengthened our business, balance sheet and overall financial position. We grew net income by 27%, and finished the year with more than \$400 million of cash and short-term investments, 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 the new fiscal year."

"We will enter fiscal 2004 with the largest installed base of video gaming platforms in the industry's history. We have a balanced portfolio of both licensed and original properties including id Software's **Doom™ III** and **Return to Castle Wolfenstein™**, a new game based on **Tony Hawk**, **Soldier of Fortune 2: Double Helix™** and **Tenchu: Wrath of Heaven™**, **X2 Wolverine's Revenge™**, **Disney's Extreme Skate Adventure™**, as well as **True Crime: Streets of L.A.™**, **Call of Duty™** and **Pitfall Harry™**. As the installed base for the new console systems continues to grow, we believe that our diversified product slate, strong brand franchises and top developer partnerships will position us well for both near- and long-term opportunities."

#### Business Highlights

Activision's fiscal year end results were driven by solid performance of its titles across all platforms. The company continued its market leadership position in both the action sports and super heroes genres with **Spider-Man™** and **Tony Hawk's Pro Skater™** both ending the calendar year as top five franchises in North America for the console and hand-held platforms. Additionally, **Soldier of Fortune 2: Double Helix**, **Street Hoops™**, **Medieval Total War™** and **Tenchu: Wrath of Heaven** performed well worldwide.

During the fourth quarter, the company's **Tenchu: Wrath of Heaven** was the #1 PlayStation®2 game in the U.S. for the month of March and topped sell-through retail charts in the U.K., Germany and several regions in the Asia Pacific territory.

Other highlights from the fiscal year are as follows:

- Activision significantly strengthened its intellectual property portfolio through five multi-year partnership agreements:
  - The company entered into a strategic multi-year, multi-property publishing agreement that grants Activision the exclusive interactive rights to publish games based on DreamWorks' three upcoming computer-animated feature films: "Sharkslayer," "Madagascar," and "Over the Hedge."
  - The company was named master videogame licensee for Lemony Snicket's A Series of Unfortunate Events, the best-selling children's book series that is in development for a feature film by Paramount Pictures and Nickelodeon Movies.
  - The company entered into an exclusive agreement with legendary U.K.-based game designer Peter Molyneux. Under the terms of the agreement, the company has secured the exclusive worldwide rights to Molyneux's new project tentatively titled **The Movies** for the PC and all video game console platforms.
  - The company entered into an exclusive agreement with Valve L.L.C. that grants Activision exclusive worldwide publishing rights to upcoming games created by the premiere PC game developer.
  - The company expanded its long-term, broad-based strategic alliance with Marvel Enterprises and signed a multi-year extension for their current video game licensing agreements. The expanded agreements grant Activision the exclusive rights to develop and publish video game products based on Marvel's comic book franchises Spider-Man™, X-MEN™, Fantastic Four™ and Iron Man™ through

2009.

- Activision acquired two development studios - Luxoflux and Z-Axis - each of which has developed a title that has shipped more than one million units. Additionally, the company purchased an equity interest in Infinity Ward, a newly formed studio comprised of 22 of the members who developed the hit title Medal of Honor for the PC.

Under Activision's authorized share buyback program, during the fiscal year 2003, the company purchased 7.2 million shares of common stock at an average cost of \$14.08 per share. During the fourth quarter ended March 31, 2003, the company purchased 5.4 million shares at an average cost of \$14.40 per share. Additionally, under the authorized share buyback program the company entered into a series of structured stock repurchase transactions, in the aggregate amount of approximately \$110 million, of which \$85 million was entered into during the fourth quarter.

On May 5, 2003, the company announced that its Board of Directors has approved a three-for-two split of its outstanding common shares. The split is payable on June 6, 2003, to shareholders of record as of May 16, 2003. The stock split will be accomplished through a 50% stock dividend, providing shareholders with one additional share of common stock for every two shares they hold.

Looking ahead to the first quarter of fiscal year 2004, our slate is being driven by **X2 Wolverine's Revenge**, which shipped simultaneously on five platforms in advance of Twentieth Century Fox's movie release, id Software's **Return to Castle Wolfenstein** and **Wakeboarding Unleashed™ featuring Shaun Murray** for the Xbox® and PlayStation 2 computer entertainment system, **Soldier of Fortune II: Double Helix™** for the Xbox, **Lost Kingdoms™** a real-time action RPG for the Nintendo GameCube™ and **Day of Defeat™**, **Medieval Total War: Viking Invasion™** and **Star Trek®: Elite Force 2™** for the PC .

Today at 4:30 p.m. EDT, Activision's management will host a conference call and Webcast to discuss its fiscal 2003 year-end results and outlook. The company welcomes all members of the financial and media communities to visit the "Investor Relations" area of [www.activision.com](http://www.activision.com) to listen to the conference call via live Webcast or to listen to the call live by dialing into (952) 556-2802.

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 <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 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 Q4 2003 Financial Tables \(PDF\).](#)

Bill Chardavoyne  
Chief Financial Officer  
(310) 255-2229  
[bchardavoyne@activision.com](mailto:bchardavoyne@activision.com)

Kristin Mulvihill Southey  
Vice President, Investor Relations  
(310) 255-2635  
[ksouthey@activision.com](mailto:ksouthey@activision.com)

Maryanne Lataif  
Vice President, Corporate Communications  
(310) 255-2704  
[mlataif@activision.com](mailto:mlataif@activision.com)