



FISCAL 2000 FOURTH QUARTER FINANCIAL RESULTS

ACTIVISION REPORTS RESULTS FOR FISCAL YEAR 2000

Record Net Revenues

Santa Monica, CA - May 9, 2000 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the fourth quarter and fiscal year ended March 31, 2000.

Prior to charges related to the company's previously announced restructuring plan, Activision's net revenues for the fiscal year ended March 31, 2000 were \$584 million, an increase of 34% over the \$436 million in net revenues reported for the fiscal year ended March 31, 1999. Net income for the fiscal year was \$20 million, or \$.74 per share, compared with a net income of \$15 million, or \$.62 per share, reported for last year.

Net revenues for the quarter ended March 31, 2000 were \$116 million compared with \$115 million reported for the fourth quarter of fiscal 1999. Net income for the quarter ended March 31, 2000 was \$1 million, or \$.04 per share, compared to net income of \$5 million, or \$.21 per share, for last fiscal year's fourth quarter. These results exclude pre-tax charges of \$70 million (\$54 million after-tax) related to the company's strategic restructuring plan.

The impact of the strategic restructuring includes a write down of goodwill relating to TDC, an OEM business unit that was acquired in 1992, amounting to \$11 million and a write down of intangibles, including goodwill, relating to Expert Software, one of the company's value publishing subsidiaries, amounting to approximately \$26 million. In addition, the company recorded (i) approximately \$16 million of charges related to the discontinuing of certain product lines for which the company has no exploitation plans; (ii) approximately \$11 million relating to the restructuring of its worldwide publishing infrastructure, including termination costs; and (iii) approximately \$6 million for additional provisions, principally for accounts receivables and inventory.

After the restructuring charges, the company reported a net loss and loss per share for fiscal year 2000 of \$34 million and \$1.38, respectively, compared to net income and earnings per share of \$15 million and \$.62 per share, respectively, in fiscal year 1999. For the fourth quarter, the company reported a net loss and loss per share of \$53 million and \$2.07, respectively, compared to net income and earnings per share of \$5 million and \$0.21, respectively, for the fourth quarter of fiscal year 1999.

According to NPD Interactive Services, Activision's U.S. reported sell through during the quarter significantly outpaced the market, increasing 89% year over year compared to market wide sales growth of 12%. The company ended the fiscal year as the #5 U.S. interactive entertainment publisher. These results were driven by such top-selling games as Tony Hawk's Pro Skater, Disney/Pixar's Toy Story 2, Quake III Arena, Cabela's Big Game Hunter III, Blue Stinger, and Disney's Tarzan for Nintendo's Game Boy Color, each of which ranked in the top 10 for their respective platforms on U.S. retail sales charts.

"This year, we achieved our goal of becoming a market leader on every significant platform," stated Robert Kotick, Chairman and CEO, Activision, Inc. "According to NPD, Activision was the only publisher to achieve top 10 status on all major platforms in calendar 1999. We attribute these achievements to our strong brands as well as the success of our cross-platform strategy. We believe that the momentum we created this year will enable us to capitalize on the market opportunities presented by the next -generation console game systems and the Internet."

Kotick added, "Additionally, we have taken aggressive steps to realign our business in order to support our commitment to the new console systems. With the benefits of our restructuring plan, we should be able to better leverage the revenue growth opportunities that we expect our industry to experience over the next five years."

For fiscal year 2001, Activision is projecting that industry revenues will be down approximately 10% versus the prior year. In light of the overall softness in the marketplace, the company is revising its projections and expects that its net revenues in fiscal year 2001 will be down approximately 10% versus the prior year's net revenues excluding restructuring charges. The company projects its earnings per share will be down approximately 30% versus the prior year's earnings per share excluding restructuring charges, due to increased spending for next-generation platforms and provisions for anticipated retail price declines.

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 \$572 million for the fiscal year ended March 31, 2000.

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: 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.

[Download the Q4 2000 Financial Tables \(PDF\)](#)