

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) May 6, 2004 (May 6, 2004)

ACTIVISION, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

0-12699

95-4803544

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

3100 Ocean Park Blvd., Santa Monica, CA

90405

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (310) 255-2000

N/A

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press Release of Activision, Inc., dated May 6, 2004.

Item 12. Results of Operations and Financial Condition.

On May 6, 2004, Activision, Inc. issued a press release announcing its fourth quarter and FY 2004 year-end results. The press release is attached hereto as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 6, 2004

ACTIVISION, INC.

By: /s/ Ronald Doornink

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Title: President

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FOR IMMEDIATE RELEASE

ACTIVISION REPORTS RECORD FISCAL 2004 YEAR END RESULTS
 AND RAISES FISCAL 2005 REVENUE AND E.P.S. OUTLOOK

- Fiscal 2004 Net Revenues Increase 10% and Diluted E.P.S. Grows 26% -
- Q4 Net Revenues Rise 30% Year Over Year -
- Company Increases Fiscal 2005 Net Revenues Outlook to \$1.05 Billion -

SANTA MONICA, CA - May 6, 2004 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the fourth quarter and fiscal year ended March 31, 2004.

Net revenues for the fiscal year ended March 31, 2004 were \$947.7 million or 10% higher, as compared to \$864.1 million for the fiscal year ended March 31, 2003. Net income for the fiscal year was \$77.7 million, or a record \$0.54 per diluted share, compared with net income of \$66.2 million, or \$0.43 per diluted share reported for the last fiscal year.

Net revenues for the fourth quarter ended March 31, 2004 were \$162.9 million, an increase of 30%, as compared to \$125.0 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 \$6.7 million or earnings per diluted share of \$0.04, as compared to net loss of \$8.0 million or a loss per share of \$0.06, for last fiscal year's fourth quarter.

Activision increased its outlook for the first quarter of fiscal 2005 to \$185 million in net revenues and earnings per diluted share of \$0.04 from its prior outlook of \$170 million in net revenues and earnings per diluted share of \$0.03. The company also increased its full year 2005 outlook and now expects \$1.05 billion in net revenues and earnings per diluted share of \$0.64. The company's prior 2005 fiscal year outlook was \$1 billion in net revenues and earnings per diluted share of \$0.60. The company's revised outlook represents an 11% increase in net revenues and a 19% increase in earnings per diluted share year over year.

(more)

Activision Reports Record Fiscal Year 2004 Earnings Results

Robert Kotick, Chairman and CEO of Activision, Inc. commented, "Fiscal 2004 was another record year for Activision. Not only did we deliver the highest net revenues and earnings in the company's history, our results for the fiscal year represented a five-year compound annual revenue growth rate of 17% and compound annual earnings growth rate of 39%. We continued to strengthen our business, balance sheet and overall financial position, growing earnings per share by 26%, and finishing the year with \$588 million of cash and short-term investments, and low inventories and 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 2005 with the largest installed base of video gaming platforms in the industry's history and our strongest product lineup ever. Our lineup, which is comprised of high-profile entertainment properties and titles created by some of the industry's premier development talent, includes Shrek 2, Spider-Man 2(TM), Doom 3(TM), Lemony Snicket's A Series of Unfortunate Events(TM), DreamWork's Shark Tale(TM), Call of Duty(TM): Finest Hour(TM), Tony Hawk's Underground 2, Rome Total War(TM), X-Men Legends(TM) and Vampire(R): The Masquerade Bloodlines(TM). As the installed base for the console systems continues to grow worldwide, we believe that our powerful product slate will enable us to deliver another year of margin expansion and record earnings."

Business Highlights

Activision's fiscal year end results were driven by strong sales of several titles across all platforms. The company maintained its market leadership position in both the skateboarding and super heroes genres with Tony Hawk's Underground and X2: Wolverine's Revenge(TM). Additionally, True Crime(TM): Streets of L.A. (TM), Call of Duty(TM), Return to Castle Wolfenstein(TM), Cabela's Deer Hunt 2004 Season(TM) and Cabela's Dangerous Hunts(TM) were solid performers.

During the fourth quarter, the company released three new titles, Pitfall(R): The Lost Expedition(TM), MTX: Mototrax(TM) and Tenchu(R): Return from Darkness(TM). Additionally, the company's catalogue titles continued to perform well including Tony Hawk's Underground, Call of Duty, True Crime: Streets of L.A and Spider-Man(R).

Other business highlights are as follows:

- o On April 8, 2004, Activision announced that it had partnered with Nielsen Entertainment to develop a new initiative that will allow video game companies to supply advertisers with audience measurement metrics to help them assess the impact of in-game ad exposure. The new initiative will provide tools for advertisers to effectively measure everything from ad exposure to demographics to audience recall when it comes to video game use.

(more)

Activision Reports Record Fiscal Year 2004 Earnings Results

- o During the critical holiday period, Activision ranked as the #2 U.S. publisher overall on the console platforms, according to NPD Funworld, and had three top-five selling titles with Tony Hawk's Underground, True Crime: Streets of L.A. and Call of Duty.
- o On December 19, 2003, Activision announced that the company will work directly with DreamWorks to develop and publish video games based on DreamWorks' upcoming animated theatrical "Shrek 2" feature film. Activision has a long-term relationship with DreamWorks to develop games based on the next three DreamWork's animated feature films - "Shark Tale," "Madagascar" and "Over the Hedge."
- o On October 30, 2003, Activision announced that it had exercised its option to acquire the remaining 70% of outstanding common stock in Infinity Ward, the developer of the critically acclaimed best selling PC game, Call of Duty.
- o On June 11, 2003, Activision Value Publishing, a division of Activision, Inc., extended its successful partnership with world-renowned outdoor hunting outfitter, Cabela's Inc. Through the end of fiscal year 2004, the Cabela's franchise has generated for more \$95 million in revenue, according to NPD Intellect.
- o In May 2003, Activision expanded its publishing and distribution role for LucasArt's video game console and PC products in Europe.

During the fiscal year, the Board of Directors approved two three-for-two splits of its outstanding common shares. The first split was approved on April 29, 2003 and was paid on June 6, 2003 to shareholders of record as of May 16, 2003. On February 11, 2004, the Board of Directors approved a second split that was paid on March 15, 2004, to shareholders of record as of February 23, 2004.

Looking ahead to the first quarter of fiscal year 2005, Activision's slate is being driven by games based on two of the most anticipated movie releases of the year, "Shrek 2" and "Spider-Man 2", and a PC version of the hit console title True Crime: Streets of L.A.

Today at 4:30 p.m. EDT, Activision's management will host a conference call and Webcast to discuss its fiscal 2004 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 to listen to the conference call via live Webcast or to listen to the call live by dialing into (913) 981-4910 in the U.S.

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Activision Reports Record Fiscal Year 2004 Earnings Results

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 \$948 million for the fiscal year ended March 31, 2004.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Italy, 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. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. 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.

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. Readers of this press release are referred to such filings. The company may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in the company's assumptions or otherwise. The company undertakes no obligation to release publicly any revisions to its forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

(Tables to Follow)

ACTIVISION, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except earnings per share data)

Quarter ended		
March 31,		
Year ended		
March 31, ---		

2004 2003		
2004 2003 ---		

Restated		
Restated Net		
revenues \$		
162,897 \$		
125,001 \$		
947,656 \$		
864,116	Costs	
and expenses:		
Cost of sales		
— product		
costs 91,239		
71,973		
475,541		
440,977	Cost	
of sales—		
software		
royalties and		
amortization		
9,169	12,647	
59,744	79,194	
Cost of sales		
—		
intellectual		
property		
licenses		
4,854	11,449	
31,862	45,002	
Product		

~~development~~
~~18,031 18,203~~
~~97,859 56,971~~
~~Sales and~~
~~marketing~~
~~26,196 16,002~~
~~128,221~~
~~100,646~~
~~General and~~
~~administrative~~
~~8,765 9,171~~
~~44,612 46,479~~

~~Total~~
~~operating~~
~~expenses~~
~~158,254~~
~~139,445~~
~~837,839~~
~~769,269~~
~~Operating~~
~~income (loss)~~
~~4,643~~
~~(14,444)~~
~~109,817~~
~~94,847~~
~~Investment~~
~~income, net~~
~~2,050 2,006~~
~~6,175 8,560~~
~~Income (loss)~~
~~before~~
~~provision~~
~~(benefit) for~~
~~income taxes~~
~~6,693~~
~~(12,438)~~
~~115,992~~
~~103,407~~
~~Provision~~
~~(benefit) for~~
~~income taxes~~
~~29 (4,481)~~
~~38,277 37,227~~

~~Net income~~
~~(loss) \$~~
~~6,664 \$~~
~~(7,957) \$~~
~~77,715 \$~~
~~66,180~~

~~Basic~~
~~earnings~~
~~(loss) per~~
~~share \$ 0.05~~
~~\$ (0.06) \$~~
~~0.58 \$ 0.46~~
~~Weighted~~
~~average~~
~~common shares~~
~~outstanding~~
~~135,551~~
~~141,614~~
~~133,249~~
~~144,359~~
~~Diluted~~
~~earnings~~
~~(loss) per~~
~~share \$ 0.04~~
~~\$ (0.06) \$~~
~~0.54 \$ 0.43~~

Weighted
average
common shares
outstanding
assuming
dilution
150,230
141,614
144,893
155,483 Share
and earnings
per share
data have
been restated
to reflect
our three-
for-two stock
splits for
shareholders
of record as
of May 16,
2003, paid
June 6, 2003
and for
shareholders
of record as
of February
23, 2004,
paid March
15, 2004.

ACTIVISION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2004	March 31, 2003
	-----	-----
ASSETS		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 587,649	\$ 406,954
Accounts receivable, net	62,577	15,822
Inventories	26,427	19,577
Software development	58,320	26,791
Intellectual property licenses	32,115	8,906
Deferred income taxes	26,127	38,290
Other current assets	18,660	10,565
	-----	-----
Total current assets	811,875	526,905
Software development	28,386	35,281
Intellectual property licenses	16,380	36,943
Property and equipment, net	25,539	22,265
Deferred income taxes	9,064	10,322
Other assets	1,080	5,081
Goodwill	76,493	68,019
	-----	-----
Total assets	\$ 968,817	\$ 704,816
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 147
Accounts payable	72,874	45,602
Accrued expenses	63,205	58,656
Total current liabilities	136,079	104,405
Long-term debt, less current portion	-	2,671
	-----	-----
Total liabilities	136,079	107,076
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	758,626	592,295
Retained earnings	208,279	130,564
Treasury stock	(144,128)	(121,685)
Accumulated other comprehensive income (loss)	9,961	(3,434)
	-----	-----
Total shareholders' equity	832,738	597,740
	-----	-----
Total liabilities and shareholders' equity	\$ 968,817	\$ 704,816

ACTIVISION, INC. AND SUBSIDIARIES
 FINANCIAL INFORMATION
 For the Quarter and Year Ended March 31, 2004 and 2003
 (Amounts in thousands)

	Quarter Ended				Percent Increase (Decrease)
	March 31, 2004		March 31, 2003		
	Amount	% of Total	Amount	% of Total	
Geographic Revenue Mix					
United States	\$ 65,509	40%	\$ 52,217	42%	25%
International	97,388	60%	72,784	58%	34%
Total net revenues	\$162,897	100%	\$125,001	100%	30%
Activity/Platform Mix					
Publishing:					
Console	\$ 68,919	71%	\$ 56,197	71%	23%
Hand-held	2,795	3%	4,905	6%	-43%
PC	24,896	26%	17,901	23%	39%
Total publishing	\$ 96,610	59%	\$ 79,003	63%	22%
Distribution:					
Console	\$ 52,293	79%	\$ 36,264	79%	44%
Hand-held	3,802	6%	2,305	5%	65%
PC	10,192	15%	7,429	16%	37%
Total distribution	\$ 66,287	41%	\$ 45,998	37%	44%
Total net revenues	\$162,897	100%	\$125,001	100%	30%

	Year Ended				Percent Increase (Decrease)
	March 31, 2004		March 31, 2003		
	Amount	% of Total	Amount	% of Total	
Geographic Revenue Mix					
United States	\$446,812	47%	\$432,261	50%	3%
International	500,844	53%	431,855	50%	16%
Total net revenues	\$947,656	100%	\$864,116	100%	10%
Activity/Platform Mix					
Publishing:					
Console	\$508,418	76%	\$466,116	76%	9%
Hand-held	24,945	4%	49,966	8%	-50%
PC	132,369	20%	99,893	16%	33%
Total publishing	\$665,732	70%	\$615,975	71%	8%
Distribution:					
Console	\$223,802	79%	\$208,505	84%	7%
Hand-held	18,361	7%	14,103	6%	30%
PC	39,761	14%	25,533	10%	56%
Total distribution	\$281,924	30%	\$248,141	29%	14%
Total net revenues	\$947,656	100%	\$864,116	100%	10%

FINANCIAL
INFORMATION For
the Quarter and
Year Ended March
31, 2004 and 2003

~~Quarter
Ended Quarter
Ended Year Ended
Year Ended March
31, 2004 March
31, 2003 March
31, 2004 March
31, 2003~~

~~Publishing Net
Revenues PC 26%
23% 20% 16%~~

~~Console 71% 71%
76% 76%~~

~~PlayStation 2 41%
45% 43% 42%
Microsoft Xbox
23% 10% 22% 12%
Nintendo GameCube
4% 5% 8% 12%
PlayStation 3
11% 3% 0%
Nintendo 64 0% 0%
0% 1% Hand held
3% 6% 4% 8%~~

~~Game Boy Advance
3% 6% 4% 7% Game
Boy Color 0% 0%
0% 1%~~

~~Total
publishing net
revenues 100%
100% 100% 100%~~

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