

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) July 21, 2004 (July 21, 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 July 21, 2004.

Item 9. Regulation FD Disclosure.

On July 21, 2004, Activision, Inc. issued a press release announcing its financial results for the fiscal quarter ended June 30, 2004. 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: July 21, 2004

ACTIVISION, INC.

By:/s/ Ronald Doornink

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Title: President

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FOR IMMEDIATE RELEASE

#### ACTIVISION ANNOUNCES RECORD FIRST QUARTER 2005 RESULTS

- Net Revenues Hit Q1 All Time High, Rising 33% Year Over Year -
- Company Increases Q2 and Fiscal 2005 Net Revenues and E.P.S. Outlook -
- FY 2005 Earnings Per Diluted Share Outlook Up 28% Year Over Year -

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Santa Monica, CA - July 21, 2004 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the first fiscal quarter ended June 30, 2004.

Net revenues were \$211.3 million as compared to net revenues of \$158.7 million reported for the first quarter last fiscal year. Net income for the first fiscal quarter was \$12.0 million, an increase of \$7.8 million, as compared with net income of \$4.2 million for the previous first quarter. Earnings per diluted share were \$0.08, an increase of \$0.05, as compared with \$0.03 per diluted share reported for the same period last year.

Robert A. Kotick, Chairman and CEO of Activision, stated, "In addition to delivering record net revenues for the first quarter, we also significantly increased our earnings. Both Shrek 2(TM) and Spider-Man 2(TM) were top-selling titles, and as of today, the two titles combined have shipped more than five million units. In the past nine months, all five games created by our internal development studios have each shipped more than one million units, with three shipping more than three million units."

(more)

#### Activision Announces Q1 FY 2005 Results

Kotick continued, "Our focus on big propositions is yielding superb results and we intend to continue leveraging our increasing portfolio of franchises. For the balance of this year and next year, our production strategy centers around developing games based on proven, predictable brands. This strategy should enable us to grow our revenues, earnings and operating margin, and increase our return on invested capital as we have over the past few years. As we look toward the future, Activision will also selectively develop groundbreaking original content, as we did last year with the introductions of True Crime: Streets of L.A.(TM) and Call of Duty(TM)."

#### Business Highlights

Activision's results were driven by strong global consumer response to its products across all platforms. During the quarter, the company released Shrek 2(TM) and Spider-Man 2(TM) for the PlayStation(R) 2 computer entertainment system, Xbox(R) video game system, Nintendo(R) GameCube(TM), Nintendo Game Boy(R) Advance and the PC and True Crime: Streets of L.A.(TM) for the PC.

#### Other highlights include:

- o Today, Activision announced that one of its wholly owned studios, Neversoft, the creators behind the Tony Hawk franchise, is in development on a compelling new intellectual property that will bring Neversoft's world renowned development prowess to a new genre. The unnamed title is slated for release in fiscal 2006, alongside a new game based on the Tony Hawk franchise that Neversoft will also develop for fiscal 2006.
- o According to NPD TRSTS, Spider-Man 2 was the #1 best-selling video

game in the U.S. across all platforms for the month of June. Additionally, Shrek 2 was the #1 best-selling title across all platforms for the month of May and the #2 game behind Spider-Man 2 in June.

- o On July 16, Activision Value Publishing, announced a multi-year alliance with Discovery Consumer Products to develop and distribute video games based on the popular television series American Chopper.

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#### Activision Announces Q1 FY 2005 Results

- o On July 14, Activision confirmed that id Software's highly anticipated DOOM 3(TM) for the PC has entered manufacturing and will begin shipping to retail stores worldwide the week of August 2.
- o On July 7, Activision announced that the company's North American Publishing unit has shipped more than two million units of its Spider-Man 2 video game timed to the theatrical release of Sony Pictures Entertainment's Columbia Pictures "Spider-Man(R) 2".
- o On April 8, 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.

Activision also increased its outlook for fiscal 2005. For the second quarter, the company expects net revenues of \$254 million and earnings per diluted share of \$0.08. For the third quarter, it expects net revenues of \$515 million and earnings per diluted share of \$0.52. For the fourth quarter, Activision expects net revenues of \$120 million and earnings per diluted share of \$0.01. For the full fiscal year, the company expects net revenues of \$1.10 billion and earnings per diluted share of \$0.69. The company's previous fiscal year outlook was \$1.05 billion in net revenues and earnings per diluted share of \$0.64. The company's revised outlook represents a 16% increase in net revenues and a 28% increase in earnings per diluted share year over year.

Looking ahead to the second quarter, Activision's slate will be driven by Doom 3(TM) and Rome: Total War(TM), two of the most anticipated PC games of the year; Call of Duty: United Offensive(TM), the expansion pack to the best-selling, critically acclaimed PC title Call of Duty; DreamWork's Shark Tale(TM), for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube, Nintendo Game Boy Advance and the PC; and X-Men Legends(TM) for the PlayStation 2 computer entertainment system, Xbox video game system and Nintendo GameCube.

Today at 4:30 p.m. EDT, Activision's management will host a conference call and Webcast to discuss its Q1 fiscal year 2005 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 (719) 457-2617 in the U.S.

(more)

#### Activision Announces Q1 FY 2005 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](http://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 June 30, |            |
|--|------------------------|------------|
|  | 2004                   | 2003       |
|  |                        | Restated   |
| Net revenues   | \$ 211,276             | \$ 158,725 |
| Costs and expenses:  |                        |            |
| Cost of sales - product costs                                | 89,088                 | 76,610     |
| Cost of sales - software royalties and amortization          | 12,283                 | 15,498     |
| Cost of sales - intellectual property licenses               | 17,648                 | 10,143     |
| Product development  | 21,105                 | 13,580     |
| Sales and marketing  | 41,734                 | 26,285     |
| General and administrative                                   | 13,685                 | 11,463     |
| Total operating expenses                                     | 195,543                | 153,579    |
| Operating income   | 15,733                 | 5,146      |
| Investment income, net                                       | 2,112                  | 1,257      |
| Income before provision for income taxes                     | 17,845                 | 6,403      |
| Provision for income taxes                                   | 5,888                  | 2,240      |
| Net income   | \$ 11,957              | \$ 4,163   |
| Basic earnings per share                                     | \$ 0.09                | \$ 0.03    |
| Weighted average common shares outstanding                   | 137,765                | 132,069    |
| Diluted earnings per share                                   | \$ 0.08                | \$ 0.03    |
| Weighted average common shares outstanding assuming dilution | 153,407                | 140,655    |

Share and earnings per share data have been restated to reflect our three-for-two stock split for shareholders of record as of February 23, 2004, paid March 15, 2004.

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

|   | June 30,<br>2004 | March 31,<br>2004 |
|---|------------------|-------------------|
| ASSETS  |                  |                   |
| Current assets:                                   |                  |                   |
| Cash, cash equivalents and short-term investments | \$ 539,146       | \$ 587,649        |
| Accounts receivable, net                          | 123,048          | 62,577            |
| Inventories                                       | 39,635           | 26,427            |
| Software development                              | 75,696           | 58,320            |

|                                |            |            |
|--------------------------------|------------|------------|
| Intellectual property licenses | 15,159     | 32,115     |
| Deferred income taxes          | 23,497     | 26,127     |
| Other current assets           | 21,184     | 18,660     |
|                                | -----      | -----      |
| Total current assets           | 837,365    | 811,875    |
| Software development           | 21,660     | 28,386     |
| Intellectual property licenses | 17,630     | 16,380     |
| Property and equipment, net    | 24,841     | 25,539     |
| Deferred income taxes          | 6,666      | 9,064      |
| Other assets                   | 1,243      | 1,080      |
| Goodwill                       | 76,436     | 76,493     |
|                                | -----      | -----      |
| Total assets                   | \$ 985,841 | \$ 968,817 |
|                                | =====      | =====      |

#### LIABILITIES AND SHAREHOLDERS' EQUITY

|  |            |            |
|--|------------|------------|
| Current liabilities:                       |            |            |
| Accounts payable                           | 75,558     | 72,874     |
| Accrued expenses                           | 56,534     | 63,205     |
| Total current liabilities                  | 132,092    | 136,079    |
| Shareholders' equity:                      |            |            |
| Common stock                               | -          | -          |
| Additional paid-in capital                 | 770,257    | 758,626    |
| Retained earnings                          | 220,236    | 208,279    |
| Treasury stock                             | (144,128)  | (144,128)  |
| Accumulated other comprehensive income     | 7,384      | 9,961      |
|  | -----      | -----      |
| Total shareholders' equity                 | 853,749    | 832,738    |
|  | -----      | -----      |
| Total liabilities and shareholders' equity | \$ 985,841 | \$ 968,817 |
|  | =====      | =====      |

#### ACTIVISION, INC. AND SUBSIDIARIES

##### FINANCIAL INFORMATION

For the Quarter Ended June 30, 2004 and 2003

(Amounts in thousands)

|                        | Quarter Ended |            |               |            | Percent Increase<br>(Decrease) |
|------------------------|---------------|------------|---------------|------------|--------------------------------|
|                        | June 30, 2004 |            | June 30, 2003 |            |                                |
|                        | Amount        | % of Total | Amount        | % of Total |                                |
|                        | -----         | -----      | -----         | -----      |                                |
| Geographic Revenue Mix |               |            |               |            |                                |
| United States          | \$125,191     | 59%        | \$ 82,739     | 52%        | 51%                            |
| International          | 86,085        | 41%        | 75,986        | 48%        | 13%                            |
|                        | -----         | -----      | -----         | -----      | -----                          |
| Total net revenues     | \$211,276     | 100%       | \$158,725     | 100%       | 33%                            |
| Activity/Platform Mix  |               |            |               |            |                                |
| Publishing:            |               |            |               |            |                                |
| Console                | \$119,127     | 74%        | \$ 88,484     | 77%        | 35%                            |
| Hand-held              | 18,430        | 11%        | 4,596         | 4%         | 301%                           |
| PC                     | 24,095        | 15%        | 21,325        | 19%        | 13%                            |
|                        | -----         | -----      | -----         | -----      | -----                          |
| Total publishing       | \$161,652     | 77%        | \$114,405     | 72%        | 41%                            |
| Distribution:          |               |            |               |            |                                |
| Console                | \$ 39,194     | 79%        | \$ 35,342     | 80%        | 11%                            |
| Hand-held              | 3,655         | 7%         | 2,912         | 6%         | 26%                            |
| PC                     | 6,775         | 14%        | 6,066         | 14%        | 12%                            |
|                        | -----         | -----      | -----         | -----      | -----                          |
| Total distribution     | \$ 49,624     | 23%        | \$ 44,320     | 28%        | 12%                            |
|                        | -----         | -----      | -----         | -----      | -----                          |
| Total net revenues     | \$211,276     | 100%       | \$158,725     | 100%       | 33%                            |
|                        | =====         | =====      | =====         | =====      | =====                          |

#### ACTIVISION, INC. AND SUBSIDIARIES

##### FINANCIAL INFORMATION

For the Quarter Ended June 30, 2004 and 2003

|                               | Quarter Ended<br>June 30, 2004 | Quarter Ended<br>Jun 30, 2003 |
|-------------------------------|--------------------------------|-------------------------------|
| Publishing Net Revenues       |                                |                               |
| PC                            | 15%                            | 19%                           |
| Console                       | 74%                            | 77%                           |
| PlayStation 2                 | 42%                            | 37%                           |
| Microsoft Xbox                | 16%                            | 31%                           |
| Nintendo GameCube             | 15%                            | 5%                            |
| PlayStation                   | 1%                             | 4%                            |
| Hand-held                     | 11%                            | 4%                            |
| Game Boy Advance              | 11%                            | 4%                            |
| Total publishing net revenues | 100%                           | 100%                          |