

UNITED STATES  
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) February 6, 2006

-----  
(February 6, 2006)  
-----

ACTIVISION, INC.

-----  
(Exact Name of Registrant as Specified in Charter)

Delaware

-----  
(State or Other Jurisdiction of Incorporation)

0-12699

95-4803544

-----  
(Commission File Number)

(IRS Employer  
Identification No.)

3100 Ocean Park Blvd., Santa Monica, CA

90405

-----  
(Address of Principal Executive Offices)

(Zip Code)

(310) 255-2000

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On February 6, 2006, Activision, Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended December 31, 2005. A copy of 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.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release of the Company, dated February 6, 2006.

SIGNATURES

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

ACTIVISION, INC.

By:/s/ Michael Griffith

-----  
Name: Michael Griffith  
Title: President and Chief Executive  
Officer of Activision  
Publishing, Inc.

Date: February 6, 2006

EXHIBIT INDEX

| Exhibit Number | Description  |
|----------------|--|
| -----          | -----  |
| 99.1           | Press Release of Activision, Inc., dated February 6, 2006. |

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

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

ACTIVISION REPORTS THIRD QUARTER AND  
 NINE MONTH FISCAL 2006 RESULTS

Santa Monica, CA -February 6, 2006 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the third quarter and nine months ended December 31, 2005.

Net revenues for the third quarter were a record \$816.2 million or 20% higher, as compared to \$680.1 million for the third quarter of fiscal year 2005. Net income for the third quarter was \$67.9 million, compared with net income of \$97.3 million for the previous fiscal third quarter. Diluted earnings per share were \$0.23 per diluted share, compared to \$0.35 per diluted share reported for the prior fiscal third quarter.

For the nine-month period ended December 31, 2005, the company announced record net revenues of \$1.28 billion, as compared to net revenues of \$1.20 billion reported for the nine-month period last fiscal year. The company also announced earnings per diluted share for the nine-month period of \$0.17, as compared to earnings per diluted share of \$0.49 for the same period last fiscal year.

Robert Kotick, Chairman and CEO of Activision, Inc., commented, "Net revenues for the third quarter and first nine months of fiscal year 2006 were the highest in the company's history. According to NPD we were the #2 overall software publisher in the U.S. and remain the number #1 market share publisher for the Xbox 360. We ended the quarter with approximately \$765 million in cash and short-term investments and \$1.2 billion in shareholders' equity."

Activision Announces Q3 2006 Earnings Results

Kotick continued, "Despite these achievements, we were disappointed with our earnings performance this quarter which was the result of weaker than expected market conditions in the U.S. and Europe due to the transition from current-generation consoles to the next generation of video game systems."

"In the long term, we are planning for market growth that historically follows the introduction of new console hardware. To leverage this future growth and prepare for fiscal 2008, which we expect will be the biggest year in Activision's history, we will continue to focus on investment in our product development resources and intellectual property portfolio, growing our international operations and optimizing our worldwide cost structure and resource allocation," Kotick added.

Business Highlights

Between October and December, Activision released eight new games: Tony Hawk's American Wasteland, Call of Duty(R) 2, Call of Duty(R) 2: Big Red One, Quake 4(TM), GUN(TM), True Crime(R): New York City, Shrek(R) SuperSlam and The Movies(TM).

Business highlights include:

- o Call of Duty 2 was the #2 best-selling PC game in the U.S. for the quarter, according to The NPD Group.
- o Call of Duty 2 was also the #1 Xbox 360 title in the U.S., according to The NPD Group. The Xbox 360 game had the highest attach rate of any console launch in video game history.
- o GUN was the #1 best-selling game based on a new intellectual property in the U.S., according to The NPD Group. GUN marks the third consecutive year that Activision has created the #1 new intellectual property in the marketplace.
- o Tony Hawk's American Wasteland was the #4 best-selling title in the U.S., according to The NPD Group. The game marks the seventh title in the franchise that has been a Top 10 holiday title.

- o For the quarter, Activision was the #2 publisher overall and the #1 publisher overall for the Xbox 360 platform, according to The NPD Group.
- o On November 9, Activision and Marvel Entertainment expanded their long-term, broad-based strategic alliance by signing a multi-year extension to their current video game licensing agreements for the Spider-Man(TM) and X-Men(TM) franchises through 2017.
- o On November 9, Activision signed an agreement with Spider-Man Merchandising L.P., a limited partnership between Marvel Entertainment, Inc. (NYSE: MVL) and Sony Pictures Consumer Products Inc., to extend its exclusive worldwide publishing rights to the phenomenally successful Spider-Man(R) motion pictures through 2017.
- o On November 11, Activision signed a multi-year agreement with DreamWorks Animation which grants Activision the exclusive video game rights to four upcoming feature films from DreamWorks Animation -- "Bee Movie," "Kung Fu Panda," "Rex Havoc" and "How to Train Your Dragon." The deal also extends Activision's video game rights beyond "Shrek 3" to include potential future films in the "Shrek" franchise.

#### Company Outlook

Based on weaker than expected market conditions in the third quarter, Activision revised its outlook for the fiscal year 2006 and the fourth quarter. For the fiscal year, Activision expects net revenues of \$1.405 billion to \$1.415 billion and earnings per share of \$0.09 to \$0.11. For the fourth quarter, the company expects \$125 million to \$135 million in net revenues and a loss per share of \$0.07 to \$0.09.

For fiscal year 2007, Activision expects net revenues to slightly exceed \$1 billion and a modest increase in year-over-year earnings per share, excluding the impact of adopting FASB 123(R), which relates to the expensing of stock options and other share-based payments. For fiscal year 2008, the company expects net revenues to exceed \$1.6 billion.

#### Conference Call

Today at 4:30 p.m. EST, Activision's management will host a conference call and Webcast to discuss its third quarter fiscal year 2006 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) 457-2637 in the U.S.

#### About Activision

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 \$1.4 billion for the fiscal year ended March 31, 2005.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Italy, Spain, 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, sales of the company's titles during the remainder of fiscal year 2006, consumer spending trends, the seasonal and cyclical nature of the interactive game market, the company's ability to predict consumer preferences among competing hardware platforms, including next-generation hardware, software pricing, product returns and price protection, product delays, retail acceptance of our products, delays in hardware launches, 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  
 December 31,  
 Nine months  
 ended  
 December 31,  
 2005 2004  
 2005 2004

|   |                      |
|---|----------------------|
| <hr/>   |                      |
| Net revenues                                      |                      |
| \$ 816,242  | \$ 680,094           |
| <del>1,279,875</del>                              | <del>1,201,996</del> |
| Costs and expenses:                               |                      |
| Cost of sales—product                             |                      |
| <del>367,685</del>                                | <del>316,494</del>   |
| <del>617,021</del>                                | <del>528,759</del>   |
| Cost of sales—software royalties and amortization |                      |
| <del>104,264</del>                                | <del>58,200</del>    |
| <del>139,267</del>                                | <del>116,846</del>   |
| Cost of sales—intellectual property licenses      |                      |
| <del>26,376</del>                                 | <del>22,598</del>    |
| <del>55,765</del>                                 | <del>57,797</del>    |
| Product development                               |                      |
| <del>53,139</del>                                 | <del>25,068</del>    |
| <del>99,013</del>                                 | <del>66,054</del>    |
| Sales and marketing                               |                      |
| <del>155,999</del>                                | <del>105,248</del>   |
| <del>258,957</del>                                | <del>200,216</del>   |
| General and administrative                        |                      |
| <del>24,712</del>                                 | <del>15,407</del>    |
| <del>65,780</del>                                 | <del>44,854</del>    |
| <hr/>   |                      |
| <hr/>   |                      |
| Total   |                      |
| operating expenses                                |                      |
| <del>732,175</del>                                | <del>543,015</del>   |
| <del>1,235,803</del>                              | <del>1,014,526</del> |
| Operating income                                  |                      |
| <del>84,067</del>                                 | <del>137,079</del>   |
| <del>44,072</del>                                 | <del>187,470</del>   |

|                   |                   |
|-------------------|-------------------|
| Investment        |                   |
| income, net       |                   |
| <del>9,162</del>  | <del>3,197</del>  |
| <del>22,840</del> | <del>7,954</del>  |
| Income before     |                   |
| provision for     |                   |
| income taxes      |                   |
| 93,229            |                   |
| 140,276           |                   |
| 66,912            |                   |
| 195,424           |                   |
| Income tax        |                   |
| provision         |                   |
| <del>25,284</del> | <del>43,014</del> |
| <del>15,794</del> | <del>60,662</del> |

|               |         |
|---------------|---------|
| <hr/>         |         |
| <hr/>         |         |
| Net           |         |
| income \$     |         |
| 67,945        | \$      |
| 97,262        | \$      |
| 51,118        | \$      |
| 134,762       | Basic   |
| earnings per  |         |
| share         | \$ 0.25 |
| \$ 0.39       | \$ 0.19 |
| \$ 0.55       |         |
| Weighted      |         |
| average       |         |
| common shares |         |
| outstanding   |         |
| 274,965       |         |
| 248,569       |         |
| 272,089       |         |
| 246,577       |         |
| Diluted       |         |
| earnings per  |         |
| share         | \$ 0.23 |
| \$ 0.35       | \$ 0.17 |
| \$ 0.49       |         |
| Weighted      |         |
| average       |         |
| common shares |         |
| outstanding   |         |
| assuming      |         |
| dilution      |         |
| 298,752       |         |
| 276,608       |         |
| 295,963       |         |
| 274,521       |         |
| Shares and    |         |
| earnings per  |         |
| share data    |         |
| have been     |         |
| restated to   |         |
| reflect our   |         |
| four for      |         |
| three stock   |         |
| splits for    |         |
| shareholders  |         |
| of record as  |         |
| of March 7,   |         |
| 2005, paid    |         |
| March 22,     |         |
| 2005 and for  |         |
| shareholders  |         |
| of record as  |         |
| of October    |         |
| 10, 2005,     |         |
| paid October  |         |
| 24, 2005.     |         |

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

|              |           |
|--------------|-----------|
| December 31, | March 31, |
| 2005         | 2005      |



~~816,242 100% \$~~  
~~680,094 100%~~  
~~20%~~

~~Segment/Platform~~

~~Mix Publishing:~~

~~Console \$~~

~~479,686 59%~~

~~382,400 56% 25%~~

~~Hand-held~~

~~74,032 9%~~

~~63,243 9% 17%~~

~~PC 113,782 14%~~

~~68,410 11% 66%~~

~~Total~~

~~publishing net~~

~~revenues \$~~

~~667,500 82% \$~~

~~514,053 76% 30%~~

~~Distribution:~~

~~Console \$~~

~~95,408 12% \$~~

~~134,503 20%~~

~~29% Hand-held~~

~~37,154 4% 7,923~~

~~1% 369% PC~~

~~16,180 2%~~

~~23,615 3% 31%~~

~~Total~~

~~distribution~~

~~net revenues \$~~

~~148,742 18% \$~~

~~166,041 24%~~

~~10%~~

~~Total net~~

~~revenues \$~~

~~816,242 100% \$~~

~~680,094 100%~~

~~20%~~

~~Percent~~

~~Increase Nine~~

~~Months Ended~~

~~(Decrease) ----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~-----~~

~~Geographic~~

~~Revenue Mix~~

~~North America \$~~

~~626,538 49% \$~~

~~627,238 52% 0%~~



International  
653,337 51%  
574,758 48% 14%

~~Total  
net revenues  
\$1,279,875 100%  
\$1,201,996 100%  
6%~~

~~Segment/Platform  
Mix Publishing:  
Console \$  
730,073 57% \$  
647,069 54%  
13% Hand held  
143,650 11%  
105,342 9% 36%  
PC 154,735 12%  
189,689 15%  
18%~~

~~Total  
publishing net  
revenues  
\$1,028,458 80%  
\$ 942,100 78%  
9%~~

~~Distribution:  
Console \$  
163,344 13% \$  
203,626 17%  
20% Hand held  
60,229 5%  
15,134 1% 298%  
PC 27,844 2%  
41,136 4% 32%~~

~~Total  
distribution  
net revenues \$  
251,417 20% \$  
259,896 22% 3%~~

~~Total  
net revenues  
\$1,279,875 100%  
\$1,201,996 100%  
6%~~

ACTIVISION, INC. AND SUBSIDIARIES  
FINANCIAL INFORMATION  
For the Quarter and Nine Months Ended December 31, 2005 and 2004

Quarter  
Ended  
Quarter  
Ended Nine  
Months  
Ended Nine  
Months  
Ended  
December  
31, 2005  
December



net  
revenues  
100% 100%  
100% 100%

---

---

---

---

---

---

---

---

-