

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) July 28, 2005

(July 28, 2005)

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 July 28, 2005, Activision, Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended June 30, 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 July 28, 2005.

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

Date: July 28, 2005

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|---|
| ----- | ----- |
| 99.1 | Press Release of Activision, Inc., dated July 28, 2005. |

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FOR IMMEDIATE RELEASE

ACTIVISION ANNOUNCES FIRST QUARTER 2006 RESULTS

- Q1 Net Revenues Increase 14% -
- To Date Three Games Ship More Than One Million Units -
- Company Increases Financial Outlook For Fiscal 2006-

Santa Monica, CA -- July 28, 2005 -- Activision, Inc. (Nasdaq: ATVI) today announced financial results for the first fiscal quarter ended June 30, 2005.

Net revenues were a record \$241.1 million as compared to net revenues of \$211.3 million reported for the first quarter last fiscal year. Net loss for the first fiscal quarter was \$3.6 million, as compared with net income of \$12.0 million for the previous first quarter. Loss per share was \$0.02, as compared with \$0.06 earnings per diluted share reported for the same period last year.

Robert A. Kotick, Chairman and CEO of Activision, stated, "Fiscal 2006 is off to a strong start. To date DOOM 3(TM), Madagascar(TM) and Fantastic 4(TM) each have shipped in excess of one million units. During the quarter, we continued to strengthen our business. With \$786 million in cash and short-term investments, one of the industry's strongest balance sheets and a strong product development slate, we have entered fiscal year 2006 with numerous competitive advantages."

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Kotick continued, "We remain focused on our big propositions and intend to continue leveraging our increasing portfolio of franchises. 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 as we have over the past five years."

Business Highlights

Activision's results were driven by strong global consumer response to its new products across all platforms. During the quarter, the company released DOOM 3 for the Xbox(R) video game system, DOOM 3: Resurrection of Evil(TM) for the PC, Madagascar for the PlayStation(R) 2 computer entertainment system, Xbox video game system, Nintendo(R) GameCube(TM), PC, Nintendo Game Boy(R) Advance(TM) and Nintendo DS and Fantastic 4 for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube, PC and Nintendo Game Boy Advance. Additionally, Activision shipped LucasArts' Star Wars(R): Episode III Revenge of the Sith(TM) for the PlayStation 2 computer entertainment system and Xbox video game system in Europe.

Other highlights include:

- o According to NPD Funworld, DOOM(R) Collector's Edition was the #1 best-selling video game in the U.S. on the Xbox platform for the month of April. Additionally, Madagascar was the #1 best-selling children's title and the #2 selling game across all platforms for the month of June.
- o On May 3, 2005, Activision announced that it acquired game developer Toys For Bob. Activision has worked with Toys For Bob since 2002, most recently on Madagascar, which is based on DreamWorks Animation's

feature film.

- o On May 25, Activision announced that it acquired game developer Beenox, Inc. The acquisition further bolsters Activision's internal development capabilities by providing it with a foothold in the Canadian province of Quebec, one of the fastest growing development talent pools in North America.
- o On June 9, Activision announced a strategic alliance with Harrah's Entertainment, Inc. to develop and publish video games based on the popular World Series of Poker Tournament.

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- o On June 16, Activision named Michael Griffith as President and Chief Executive Officer of Activision Publishing, Inc. In his new role, Griffith will assume responsibility for Activision Publishing's operational management including its studio, publishing and corporate activities. A 24-year veteran of Procter & Gamble, Griffith, brings an exceptionally well-balanced blend of management leadership and sales and marketing experience to Activision Publishing.
- o Activision previously reported that on July 11, 2003, the Securities and Exchange Commission commenced a non-public investigation entitled "In the Matter of Certain Video Game Manufacturers and Distributors". Activision recently was advised by the staff of the Securities and Exchange Commission that Activision is no longer a subject of this investigation and the matter is closed with regard to Activision.

Looking ahead to the second quarter, Activision's slate will be driven by the U.S. launches of Ultimate Spider-Man(TM) for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube, PC, Nintendo Game Boy Advance and Nintendo DS and X-Men Legends II: Rise of Apocalypse(TM) for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube and PC; and the worldwide launch of World Series of Poker(R) for the PlayStation 2 computer entertainment system, Xbox video game system, Nintendo GameCube and PSP. Additionally, the company will release Spider-Man 2(TM) the game and Tony Hawk's Underground 2 Remix in Europe timed to the launch of the PSP.

Company Outlook

Activision increased its financial outlook for fiscal 2006 to \$1.47 billion in net revenues and earnings per diluted share of \$0.69. For the second quarter of the fiscal year 2006, the company expects net revenues of \$200 million and a loss per share of \$0.10. For the third quarter, it expects net revenues of \$790 million and earnings per diluted share of \$0.69. For the fourth quarter, Activision expects net revenues of \$240 million and earnings per diluted share of \$0.09.

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Conference Call

Today at 4:30 p.m. EDT, Activision's management will host a conference call and Webcast to discuss its fiscal 2006 first quarter results and outlook for the remainder of fiscal 2006. 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 a live Webcast or to listen to the call live by dialing into (719) 955-1564 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.

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, 2005 | 2004 |
|---|--------------------------------|-----------|
| | ----- | ----- |
| Net revenues | \$241,093 | \$211,276 |
| Costs and expenses: | | |
| Cost of sales | | |
| - product costs | 136,754 | 89,088 |
| Cost of sales | | |
| - software royalties and amortization | 14,576 | 12,283 |
| Cost of sales | | |
| - intellectual property licenses | 20,940 | 17,648 |
| Product development | 17,802 | 21,105 |
| Sales and marketing | 46,318 | 41,734 |
| General and administrative | 18,151 | 13,685 |
| | ----- | ----- |
| Total operating expenses | 254,541 | 195,543 |
| Operating income (loss) | (13,448) | 15,733 |
| Investment income, net | 7,348 | 2,112 |
| Income (loss) before provision (benefit) for income taxes | (6,100) | 17,845 |
| Provision (benefit) for income taxes | (2,515) | 5,888 |
| | ----- | ----- |
| Net income (loss) | \$ (3,585) | \$ 11,957 |
| | ===== | ===== |
| Basic earnings (loss) per share | \$ (0.02) | \$ 0.07 |
| Weighted average common shares outstanding | 201,856 | 183,686 |
| Diluted earnings (loss) per share | \$ (0.02) | \$ 0.06 |
| Weighted average common shares outstanding assuming | | |

dilution

201,856 204,539

Share and earnings per share data have been restated to reflect our four-for-three stock split for shareholders of record as of March 7, 2005, paid March 22, 2005.

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

| | June 30, 2005 | March 31, 2005 |
|---|------------------|-------------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash, cash equivalents and short-term investments | \$ 785,899 | \$ 840,864 |
| Accounts receivable, net | 94,804 | 109,144 |
| Inventories | 45,136 | 48,018 |
| Software development | 97,825 | 73,096 |
| Intellectual property licenses | 14,336 | 21,572 |
| Deferred income taxes | 8,568 | 6,760 |
| Other current assets | 23,237 | 23,010 |
| | ----- | ----- |
| Total current assets | 1,069,805 | 1,122,464 |
| | ===== | ===== |
| Software development | 9,764 | 18,518 |
| Intellectual property licenses | 20,605 | 14,154 |
| Property and equipment, net | 31,911 | 30,490 |
| Deferred income taxes | 35,536 | 28,041 |
| Other assets | 1,299 | 1,635 |
| Goodwill | 98,527 | 91,661 |
| | ----- | ----- |
| Total assets | \$1,267,447 | \$1,306,963 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 65,447 | \$ 108,984 |
| Accrued expenses | 88,558 | 98,067 |
| | ----- | ----- |
| Total current liabilities | 154,005 | 207,051 |
| | ----- | ----- |
| Other liabilities | 93 | - |
| | ----- | ----- |
| Total liabilities | 154,098 | 207,051 |
| | ===== | ===== |
| Shareholders' equity: | | |
| Common stock | - | - |
| Additional paid-in capital | 764,560 | 741,680 |
| Retained earnings | 343,029 | 346,614 |
| Treasury stock | - | - |
| Accumulated other comprehensive income | 7,743 | 11,618 |
| Unearned compensation | (1,983) | - |
| | ----- | ----- |
| Total shareholders' equity | 1,113,349 | 1,099,912 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$1,267,447 | \$1,306,963 |
| | ===== | ===== |

ACTIVISION, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Quarter Ended June 30, 2005 and 2004
(Amounts in thousands)

| June 30, 2005 | | Quarter Ended | June 30, 2004 | | Percent |
|---------------|------------|---------------|---------------|------------|------------------------|
| Amount | % of Total | | Amount | % of Total | Increase (Decrease) |

| | | | | | |
|------------------------|-----------|-------|-----------|-------|-------|
| Geographic Revenue Mix | | | | | |
| United States | \$112,320 | 47% | \$125,191 | 59% | -10% |
| International | 128,773 | 53% | 86,085 | 41% | 50% |
| | ----- | ----- | ----- | ----- | ----- |
| Total net revenues | \$241,093 | 100% | \$211,276 | 100% | 14% |
| | ===== | ===== | ===== | ===== | ===== |
| Activity/Platform Mix | | | | | |
| Publishing: | | | | | |
| Console | \$142,362 | 59% | \$119,127 | 56% | 20% |
| Hand-held | 25,331 | 10% | 18,430 | 9% | 37% |
| PC | 25,858 | 11% | 24,095 | 12% | 7% |
| | ----- | ----- | ----- | ----- | ----- |
| Total publishing | \$193,551 | 80% | \$161,652 | 77% | 20% |
| | ===== | ===== | ===== | ===== | ===== |
| Distribution: | | | | | |
| Console | \$ 38,088 | 16% | \$ 39,194 | 18% | -3% |
| Hand-held | 3,908 | 2% | 3,655 | 2% | 7% |
| PC | 5,546 | 2% | 6,775 | 3% | -18% |
| | ----- | ----- | ----- | ----- | ----- |
| Total distribution | \$ 47,542 | 20% | \$ 49,624 | 23% | -4% |
| | ----- | ----- | ----- | ----- | ----- |
| Total net revenues | \$241,093 | 100% | \$211,276 | 100% | 14% |
| | ===== | ===== | ===== | ===== | ===== |

ACTIVISION, INC. AND SUBSIDIARIES
FINANCIAL INFORMATION
For the Quarter Ended June 30, 2005 and 2004

| | Quarter Ended June 30, 2005 | Quarter Ended June 30, 2004 |
|-------------------------------|--------------------------------|--------------------------------|
| Publishing Net Revenues | | |
| PC | 14% | 15% |
| ----- | ----- | ----- |
| Console | 73% | 74% |
| ----- | ----- | ----- |
| Sony PlayStation 2 | 34% | 42% |
| Microsoft Xbox | 34% | 16% |
| Nintendo GameCube | 5% | 15% |
| Sony PlayStation | 0% | 1% |
| Hand-held | 13% | 11% |
| ----- | ----- | ----- |
| Game Boy Advance | 8% | 11% |
| Nintendo Dual Screen | 3% | 0% |
| PlayStation Portable | 2% | 0% |
| ----- | ----- | ----- |
| Total publishing net revenues | 100% | 100% |
| ===== | ===== | ===== |