

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) March 9, 1999

(March 3, 1999)

ACTIVISION, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

0-12699

94-2606438

(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

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

Item 5. Other Events.

On March 3, 1999, Activision, Inc., a Delaware corporation ("Activision"), Expert Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Activision ("Merger Subsidiary"), and Expert Software, Inc., a Delaware corporation ("Expert"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which, among other things, Expert will be merged with and into Merger Subsidiary and will become a wholly owned subsidiary of Activision (the "Merger"). Under the terms of the Merger Agreement, the stockholders of Expert will receive either (i) \$2.65 in cash for each share of Expert common stock; (ii) shares of common stock of Activision equal to \$2.65 divided by the Activision Per Share Market Value (as defined in the Merger Agreement) for each share of Expert common stock; or (iii) a combination of cash and shares of common stock of Activision.

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

(c) Exhibits.

2.1 Agreement and Plan of Merger, dated as of March 3, 1999, by and among Activision, Inc., Expert Acquisition Corp. and Expert Software, Inc. (incorporated by reference to Form 8-K of Expert Software, Inc., filed March 9, 1999).

99.1 Press release issued by Activision and Expert dated March 3, 1999, announcing the execution of the Merger Agreement.

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: March 9, 1999

ACTIVISION, INC.

By: /s/ Brian G. Kelly

Name: Brian G. Kelly
Title: President

Activision and Expert Software Announce Agreement to Merge; Transaction Will Catapult Activision into Top Tier of Value Software Business

SANTA MONICA, Calif., and CORAL GABLES, Fla., March 3 /PRNewswire/ - Activision, Inc., (Nasdaq: ATVI) and Expert Software, Inc. (Nasdaq: XPRT), a leading developer and publisher of value-priced consumer software, today jointly announced the execution of a merger agreement pursuant to which Activision will acquire Expert Software. The deal furthers Activision's growth strategy by positioning the company as a top player in the value-software category, one of the fastest growing segments in the PC interactive leisure software business. The agreement follows Activision's acquisition eight months ago of Head Games Publishing, a leading developer and publisher of value-priced outdoor sports and lifestyle interactive software products.

Under the terms of the agreement, Expert Software's shareholders will receive \$2.65 per share from Activision for a total transaction value of approximately \$23 million, payable in either stock, cash or a combination of stock and cash. The transaction, which will be accounted for as a purchase, is expected to be completed by June 1999 and is subject to customary closing conditions including the approval of Expert's shareholders. Upon completion of the acquisition, Expert Software will become a wholly owned subsidiary of Activision, Inc.

"Combining Expert's products with our Head Games line, catalogue titles and recognizable brands will further establish Activision as a leading player in the value-priced software business, which according to the International Development Group has grown by more than 75% in dollars from 1997 to 1998," states Ron Doornink, president of Activision, Inc. "This agreement reinforces our strategy to capitalize on the tremendous opportunities that exist for lower-priced PC software and enables us to develop and market leisure software with recognizable brands at affordable price points to a mass consumer audience. Activision will now have a division focused solely on the consumer, product development process and distribution channels that are unique to the value business."

"We are very excited to partner with Activision which is committed to developing a larger value-priced PC software business," added Ken Carrier, Expert's chief executive officer and co-founder. "By aligning ourselves with them, we will have the capital, the marketing clout and resources to prosper in the rapidly consolidating and increasingly competitive market for consumer software. Additionally, we believe that combining the popular Expert brands, which include Bicycle Cards and Sega games, with the Head Games products, as well as an aggressive exploitation of Activision's substantial library of titles, will result in a powerful presence in the value-priced market."

Carrier continued, "Purchases of quality home PCs priced below \$1,000 steadily increased during 1998. According to research firm PC Data, 66% of all PCs sold in January 1999 were below \$1,000. We believe that the growing number of home PC owners worldwide will increase consumer demand for branded, high-quality, value-priced software titles."

Expert Software's senior management team, including founders Ken and Sue Carrier, have signed long-term employment agreements with Activision.

Headquartered in Coral Gables, Florida, Expert Software, Inc. (Nasdaq: XPRT) is a leading developer and publisher of high-quality, value-priced software titles. The company specializes in sophisticated yet easy-to-use programs addressing a broad array of everyday consumer interests, including entertainment, education, lifestyle, personal productivity and small office/home office. Most Expert titles are priced under \$15 and are available in more than 25,000 retail locations throughout the world including computer superstores, office supply stores, warehouse clubs, supermarkets and drug stores. Over 27 million units of Expert products have been sold, including Home Design 3D(R), Landscape Design 3D(R), Diet & Fitness, Resume Writer, and Casino. The Expert Software family of brands also includes the popular Sega PC Collection, and Bicycle(R) Card Games. Expert Software can be found on the World Wide Web at <http://www.expertsoftware.com>.

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment software for personal computers and advanced console game systems such as the PlayStation game console and Nintendo 64. Founded in 1979, Activision posted revenues of \$370 million for the calendar year ended December 31, 1998.

Activision maintains publishing and development operations in the US, Canada, the United Kingdom, France, Germany, Japan and Australia, and distribution subsidiaries in the United Kingdom, Germany, The Netherlands and Belgium. 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>.

The statements contained in this release that are not historical facts are "forward-looking statements." The companies cautions readers of this press release that a number of important factors could cause either Activision's or Expert's actual future results to differ materially from those expressed in any such forward-looking statements. These important factors, and other factors that could affect Activision and Expert, are described in Activision's Annual Report on Form 10-K for the fiscal year ended March 31, 1998, and Expert's Form 10K and Quartelry Reports on 10-Q, which have been filed with the United States Securities and Exchange Commission. Readers of this press release are referred to such filings.