

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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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 8, 2003 (May 8, 2003)

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

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(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 8, 2003.

Item 9. Regulation FD Disclosure.

On May 8, 2003, Activision, Inc. issued a press release announcing its fourth quarter and FY 2003 year-end results. The press release is attached hereto as Exhibit 99.1.

This information is also being furnished pursuant to Item 12 -- Results of Operations and Financial Condition, of Form 8-K and is being presented under Item 9 of Form 8-K in accordance with interim guidance issued by the Securities and Exchange Commission in Release Nos. 33-8216 and 34-47583. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

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 8, 2003

ACTIVISION, INC.

By: /s/ Ronald Doornink

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Name: Ronald Doornink  
Title: President

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FOR IMMEDIATE RELEASE

ACTIVISION REPORTS RECORD FISCAL 2003 YEAR END RESULTS

- Net Revenue and Earnings Per Share Highest In Company's History-
- Net Income Increases 27% Year Over Year-

SANTA MONICA, CA - May 8, 2003 - Activision, Inc. (Nasdaq: ATVI) today announced financial results for the fourth quarter and fiscal year ended March 31, 2003.

Net revenues for the fiscal year ended March 31, 2003 were \$864.1 million or 10% higher, as compared to \$786.4 million for the fiscal year ended March 31, 2002. Net income for the fiscal year was \$66.2 million, or a record \$0.96 per diluted share, compared with net income of \$52.2 million, or \$0.88 per diluted share reported for the last fiscal year.

Net revenues for the fourth quarter ended March 31, 2003 were \$125.0 million as compared to \$164.9 million that the company reported for the fourth quarter of the last fiscal year. For this fiscal year's fourth quarter, the company reported a net loss of \$8.0 million or a loss per share of \$0.13, as compared to net income of \$10.9 million or \$0.17 per diluted share, for last fiscal year's fourth quarter.

Activision increased its outlook for the first quarter of fiscal 2004 to \$140 million in revenues and a loss per share of \$0.01. The company also provided an outlook for the second quarter of \$130 million in revenue and earnings per diluted share of \$0.05. The company's full year outlook remains unchanged at \$750 million in revenue and \$0.70 earnings per diluted share.

(more)

Robert Kotick, Chairman and CEO of Activision, Inc. commented, "Fiscal 2003 was another record year for Activision. Not only did we deliver the highest net revenues and earnings in the company's history, we also significantly strengthened our business, balance sheet and overall financial position. We grew net income by 27%, and finished the year with more than \$400 million of cash and short-term investments, lower inventories and all time low 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 2004 with the largest installed base of video gaming platforms in the industry's history. We have a balanced portfolio of both licensed and original properties including id Software's Doom? III and Return to Castle Wolfenstein?, a new game based on Tony Hawk, Soldier of Fortune 2: Double Helix? and Tenchu: Wrath of Heaven?, X2 Wolverine's Revenge?, Disney's Extreme Skate Adventure?, as well as True Crime: Streets of L.A.?, Call of Duty? and Pitfall Harry?. As the installed base for the new console systems continues to grow, we believe that our diversified product slate, strong brand franchises and top developer partnerships will position us well for both near- and long-term opportunities."

Business Highlights

Activision's fiscal year end results were driven by solid performance of its titles across all platforms. The company continued its market leadership position in both the action sports and super heroes genres with Spider-Man? and Tony Hawk's Pro Skater? both ending the calendar year as top five franchises in North America for the console and hand-held platforms. Additionally, Soldier of Fortune 2: Double Helix, Street Hoops?, Medieval Total War? and Tenchu: Wrath of Heaven performed well worldwide.

During the fourth quarter, the company's Tenchu: Wrath of Heaven was the #1 PlayStation 2 game in the U.S. for the month of March and topped sell-through retail charts in the U.K., Germany and several regions in the Asia Pacific territory.

Other highlights from the fiscal year are as follows:

- o Activision significantly strengthened its intellectual property portfolio through five multi-year partnership agreements:
    - o The company entered into a strategic multi-year, multi-property publishing agreement that grants Activision the exclusive interactive rights to publish games based on DreamWorks' three upcoming computer-animated feature films: "Sharkslayer," "Madagascar," and "Over the Hedge."
- (more)
- o The company was named master videogame licensee for Lemony Snicket's A Series of Unfortunate Events, the best-selling children's book series that is in development for a feature film by Paramount Pictures and Nickelodeon Movies.
  - o The company entered into an exclusive agreement with legendary U.K.-based game designer Peter Molyneux. Under the terms of the agreement, the company has secured the exclusive worldwide rights to Molyneux's new project tentatively titled The Movies for the PC and all video game console platforms.
  - o The company entered into an exclusive agreement with Valve L.L.C. that grants Activision exclusive worldwide publishing rights to upcoming games created by the premiere PC game developer.
  - o The company expanded its long-term, broad-based strategic alliance with Marvel Enterprises and signed by signing a multi-year extension for their current video game licensing agreements. The expanded agreements with Marvel grant Activision the exclusive rights to develop and publish video game products based on Marvel's comic book franchises Spider-Man?, X-MEN?, Fantastic Four? and Iron Man? through 2009.
  - o Activision acquired two development studios - Luxoflux and Z-Axis - each of which has developed a title that has shipped more than one million units. Additionally, the company purchased an equity interest in Infinity Ward, a newly formed studio comprised of 22 of the members who developed the hit title Medal of Honor for the PC.

Under Activision's authorized share buyback program, during the fiscal year 2003, the company purchased 7.2 million shares of common stock at an average cost of \$14.08 per share. During the fourth quarter ended March 31, 2003, the company purchased 5.4 million shares at an average cost of \$14.40 per share. Additionally, under the authorized share buyback program the company entered into a series of structured stock repurchase transactions, in the aggregate amount of approximately \$110 million, of which \$85 million was entered into during the fourth quarter.

On May 5, 2003, the company announced that its Board of Directors has approved a three-for-two split of its outstanding common shares. The split is payable on June 6, 2003, to shareholders of record as of May 16, 2003. The stock split will be accomplished through a 50% stock dividend, providing shareholders with one additional share of common stock for every two shares they hold.

(more)

Looking ahead to the first quarter of fiscal year 2004, our slate is being driven by X2 Wolverine's Revenge, which shipped simultaneously on five platforms in advance of Twentieth Century Fox's movie release, id Software's Return to Castle Wolfenstein and Wakeboarding Unleashed? featuring Shaun Murray for the Xbox and PlayStation 2 computer entertainment system, Soldier of Fortune II: Double Helix? for the Xbox, Lost Kingdoms? a real-time action RPG for the Nintendo GameCube and Day of Defeat?, Medieval Total War: Viking Invasion? and Star Trek?: Elite Force 2? for the PC .

Today at 4:30 p.m. EDT, Activision's management will host a conference call and Webcast to discuss its fiscal 2003 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](http://www.activision.com) to listen to the conference call via live Webcast or to listen to the call live by dialing into (952) 556-2802.

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 \$864 million for the fiscal year ended March 31, 2003.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, 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 <http://www.activision.com>.

Note: The statements made in this press release that are not historical facts are forward looking statements. Although the company believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, a number of important factors could cause our 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.

(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,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Net revenues	\$ 125,001	\$ 164,912	\$ 864,116	\$ 786,434
Costs and expenses:				
Cost of sales				
- product costs	71,973	87,886	440,977	435,725
Cost of sales				
- software royalties and amortization	12,647	11,192	79,194	58,892
Cost of sales				
- intellectual property licenses	11,449	6,569	45,002	40,114
Product development	18,203	11,900	56,971	40,960
Sales and marketing	16,002	19,096	100,646	86,161
General and administrative	9,171	11,407	46,479	44,008
	-----	-----	-----	-----
Total operating expenses	139,445	148,050	769,269	705,860
Operating income (loss)	(14,444)	16,862	94,847	80,574
Investment income, net	2,006	622	8,560	2,546
Income (loss) before provision (benefit) for income taxes	(12,438)	17,484	103,407	83,120
Provision (benefit) for income taxes	(4,481)	6,600	37,227	30,882
	-----	-----	-----	-----
Net income (loss)	\$ (7,957)	\$ 10,884	\$ 66,180	\$ 52,238
	=====	=====	=====	=====
Basic earnings (loss) per share	\$ (0.13)	\$ 0.20	\$ 1.03	\$ 1.03
Weighted average common shares outstanding	62,939	54,921	64,159	50,651
Diluted earnings (loss) per share	\$ (0.13)	\$ 0.17	\$ 0.96	\$ 0.88
Weighted average common shares outstanding assuming dilution	62,939	62,599	69,103	59,455

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

	March 31, 2003	March 31, 2002
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 406,954	\$ 279,007
Accounts receivable, net	15,822	76,733
Inventories	19,577	20,736
Software development	26,791	36,263
Intellectual property licenses	8,906	6,326
Deferred income taxes	38,290	22,608
Other current assets	10,565	15,200
	-----	-----
Total current assets	526,905	456,873
	=====	=====
Software development	35,281	3,254
Intellectual property licenses	36,943	10,899
Property and equipment, net	22,265	17,832
Deferred income taxes	10,322	28,795
Other assets	5,081	3,242
Goodwill	68,019	35,992
	-----	-----
Total assets	\$ 704,816	\$ 556,887
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 147	\$ 168
Accounts payable	45,602	64,410
Accrued expenses	58,656	59,096
	-----	-----
Total current liabilities	104,405	123,674
Long-term debt, less current portion	2,671	3,122
	-----	-----
Total liabilities	107,076	126,796
Shareholders' equity:		
Common stock	-	-
Additional paid-in capital	592,295	397,528
Retained earnings	130,564	64,384
Treasury stock	(121,685)	(20,323)
Accumulated other comprehensive loss	(3,434)	(11,498)
	-----	-----
Total shareholders' equity	597,740	430,091
Total liabilities and shareholders' equity	\$ 704,816	\$ 556,887
	=====	=====

ACTIVISION, INC.  
AND SUBSIDIARIES  
FINANCIAL

INFORMATION For  
the Quarter and  
Year Ended March  
31, 2003 and  
2002 (Amounts in  
thousands)

Percent Increase  
Quarter Ended  
(Decrease) March  
31, 2003 March  
31, 2002 Amount  
% of Total

Amount % of  
Total ~~Geographic~~  
Revenue Mix  
United States \$  
52,217 42% \$  
72,464 44% 28%  
International  
72,784 58%  
92,448 56% 21%

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Total  
net revenues \$  
125,001 100% \$  
164,912 100%  
-24%

Activity/Platform  
Mix Publishing:  
Console \$ 56,197  
71% \$ 57,005 53%  
-3% Hand held  
4,905 6% 17,699  
17% 72% PC  
17,901 23%  
32,809 30% 45%

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Total  
publishing \$  
79,003 63% \$  
108,313 66% 27%  
Distribution:  
Console \$ 36,264  
79% \$ 46,149 82%  
-21% Hand held  
2,305 5% 3,787  
6% 39% PC 7,429  
16% 6,663 12%  
11%

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Total  
distribution \$  
45,998 37% \$  
56,599 34% 19%

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Total  
net revenues \$  
125,001 100% \$  
164,912 100%  
-24% Percent  
Increase Year  
Ended (Decrease)  
March 31, 2003  
March 31, 2002  
Amount % of  
Total Amount %  
of Total  
Geographic  
Revenue Mix  
United States \$  
432,261 50% \$  
404,905 51% 7%  
International  
431,855 50%  
381,529 49% 13%  
Total net  
revenues \$  
864,116 100% \$  
786,434 100% 10%  
Activity/Platform  
Mix Publishing:  
Console \$  
466,116 76% \$  
312,986 57% 49%  
Hand held 49,966  
8% 119,177 22%  
-58% PC 99,893  
16% 117,345 21%  
-15% Total  
publishing \$  
615,975 71% \$  
549,508 70% 12%  
Distribution:  
Console \$  
208,505 84% \$  
167,709 71% 24%  
Hand held 14,103  
6% 39,865 17%  
-65% PC 25,533

~~10% 29,352 12%~~  
~~-13% Total~~  
~~distribution \$~~  
~~240,141 29% \$~~  
~~236,926 30% 5%~~  
~~Total net~~  
~~revenues \$~~  
~~864,116 100% \$~~  
~~786,434 100% 10%~~

ACTIVISION, INC. AND SUBSIDIARIES  
 FINANCIAL INFORMATION For the Quarter  
 and Year Ended March 31, 2003 and  
 2002 Quarter Ended Quarter Ended Year  
 Ended Year Ended March 31, 2003 March  
 31, 2002 March 31, 2003 March 31,  
 2002 Publishing Net Revenues PC 23%  
~~30% 16% 21%~~

~~Console 71%~~  
~~53% 76% 57%~~

~~PlayStation~~  
~~2 45% 14% 42% 20% PlayStation 11% 14%~~  
~~9% 21% Microsoft Xbox 10% 21% 12% 6%~~  
~~Nintendo GameCube 5% 1% 12% 3%~~  
~~Nintendo 64 0% 2% 1% 6% Sega~~  
~~Dreamcast 0% 1% 0% 1% Hand held 6%~~  
~~17% 8% 22%~~

~~Game Boy~~  
~~Advance 6% 14% 7% 15% Game Boy Color~~  
~~0% 3% 1% 7%~~

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

=====