

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):  
October 19, 2004 (October 19, 2004)

JAKKS PACIFIC, INC.  
(Exact Name of registrant as specified in its charter)

Delaware 0-28104 95-4527222  
(State or other jurisdiction (Commission File Number) (I.R.S. Employer  
of incorporation) Identification No.)

22619 Pacific Coast Highway 90265  
Malibu, California (Zip Code)  
(Address of principal  
executive offices)

Registrant's telephone number, including area code: (310) 456-7799

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))

JAKKS PACIFIC, INC.  
INDEX TO FORM 8-K  
FILED WITH THE SECURITIES AND EXCHANGE COMMISSION  
October 19, 2004

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Item 2.02. Results of Operations and Financial Condition.

On October 19, 2004, we issued a press release announcing our results of operations for the quarter ended September 30, 2004. A copy of such release is annexed as an exhibit and is incorporated by reference hereto in its entirety.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit Number	Description
- - - - -	- - - - -
99.1*	October 19, 2004 Press Release

- - - - -  
\* Filed herewith

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.

Dated: October 19, 2004

JAKKS PACIFIC, INC.

By: /s/ Jack Friedman

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Jack Friedman  
Chairman and Chief Executive Officer

Exhibit Index

Exhibit Number -----	Description -----
99.1*	October 19, 2004 Press Release

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\* Filed herewith

## JAKKS Pacific Reports Third Quarter 2004 Financial Results

MALIBU, Calif.--(BUSINESS WIRE)--Oct. 19, 2004--

Reported Revenue and Net Income Surge 128.2% and 148.8%  
Company Raises 2004 Revenue and Earnings Guidance

JAKKS Pacific, Inc. (NASDAQ:JAKK), a leading multi-brand company that designs and markets a broad range of consumer products, including toys and writing instruments, today announced record results for the three- and nine-month periods ended September 30, 2004.

Third quarter net sales increased 128.2% to \$206.1 million in 2004, compared to \$90.3 million in the comparable period last year. Excluding non-cash, stock-based compensation charges and also a one-time gain in 2003, net income for the period increased 195.8% to \$25.7 million, or \$0.95 per diluted share, compared to \$8.7 million, or \$0.35 per diluted share, for the third quarter of last year. Reported net income for the third quarter 2004, including pre-tax non-cash, stock-based compensation charges of \$2.5 million, was \$23.8 million, or \$0.88 per diluted share, in 2004, an increase of 148.8% over the \$9.6 million, or \$0.39 per diluted share, for the same period last year, after a one-time, pre-tax gain of \$0.7 million relating to recoveries on a recall of one of the Company's products.

The Company's net sales for the nine months ended September 30, 2004, increased 68.3% to \$389.5 million, from \$231.4 million during the same period in 2003. Excluding pre-tax, non-cash, stock-based compensation charges and a one-time net product recall charge, net income for the nine-month period was \$41.3 million, or \$1.57 per diluted share, an increase of 106.7% from \$20.0 million, or \$0.81 per diluted share, in the comparable period last year. Reported net income for the first nine months of 2004, including pre-tax charges of \$8.5 million for non-cash, stock-based compensation in 2004 and a one-time net charge of \$2.0 million for the voluntary product recall in 2003, was \$34.7 million, or \$1.32 per diluted share, compared to first nine-month 2003 earnings of \$18.7 million, or \$0.76 per diluted share.

"We are extremely pleased with our third quarter results and the dramatic success of our TV Games line of products," said Jack Friedman, Chairman and Chief Executive Officer, JAKKS Pacific. "Our strategy to build an extensive portfolio of innovative non-licensed and licensed products, while simultaneously improving operating efficiencies, is reflected in the strength of our record revenue and net income for the third quarter. We continue to expand our category offerings and believe our marketing programs are fueling sales and product placement, even in the face of a challenging retail environment. The current pace of our business is robust as we head into the holiday season, and due to this continuing strength, we are raising our 2004 guidance. We now anticipate revenue for 2004 to be approximately \$500 million and earnings to be in the range of \$1.85 to \$1.90 per diluted share before non-cash stock-based compensation charges, up from \$440 million in sales and earnings in the range of \$1.75 to \$1.80 per diluted share.

"We are pleased with the performance of our new products obtained through the acquisition of Play Along, including our new Cabbage Patch Kids(R) dolls and Care Bears(R) plush and preschool learning toys."

Stephen Berman, President and Chief Operating Officer, stated, "Our ability to reinvent and expand our portfolio of brands is most evident in our traditional toys segment, which includes action figures, wheels, TV Games and plush dolls. We have maintained our industry-leading position in TV Games, and expect to continue to capitalize on this growing market in the coming quarters through innovation and new products based on top current and retro licenses. By the end of 2004, we will have a total of 12 TV Games(TM) products in the market, up from four at the end of 2003. We have also begun to expand our distribution of the games to international markets, including Europe, Australia and New Zealand. Looking to 2005, JAKKS will be introducing over 20 new exciting titles."

Mr. Berman continued, "We are very encouraged about the upcoming holiday season based on early responses from our retail partners. We anticipate that Care Bears, Cabbage Patch Kids and TV Games will top several 'Hot Toy' lists for the 2004 holiday season, as they have been named to several already. We have secured prime placement at retailers nationwide for our TV Games line in the fourth quarter of this year, and expect our plush toys and World Wrestling Entertainment product lines, as well as other lines, to perform very well."

Mr. Berman concluded, "Our strong performance led to \$86.4 million in cash flow from operations during the first nine months of 2004. We have over \$218.5 million of working capital, including cash and equivalents and marketable securities of \$151.9 million. Given the increasing strength of our balance sheet, we are well positioned to take advantage of acquisition opportunities and to continue to deliver both sales and earning expansion throughout 2004 and beyond."

The Company also announced that it is engaged in discussions with WWE concerning the restructuring of its toy license and with WWE and THQ with respect to the restructuring of the JAKKS THQ Joint Venture video games license

agreement with WWE. The discussions are an outgrowth of certain litigation that has been pending between WWE and a former licensing consultant to WWE and a former employee of WWE, to which the Company is not a party. WWE has raised questions about the validity of the licenses as a result of certain transactions between the Company and that licensing consultant that occurred more than six years ago. The Company has denied any wrongdoing in connection with the transactions with the licensing consultant and maintains that they were unrelated to either the toy or video game license. If the discussions are satisfactorily concluded, the restructuring of the licenses may have an impact on the Company's future revenues and net income to an extent that is presently unknown. If the discussions with WWE and THQ are not satisfactorily concluded, the Company anticipates that litigation is likely to be commenced by WWE challenging the validity of the licenses and seeking compensatory and punitive damages, in which event the Company intends to vigorously defend itself against claims which it believes are without merit.

Anyone interested will be able to listen to the teleconference, scheduled to begin at 9:00 a.m. EDT (6:00 a.m. PDT) on October 19, via the Internet at [www.jakkspacific.com](http://www.jakkspacific.com) or [www.CompanyBoardroom.com](http://www.CompanyBoardroom.com). These websites will host an archive of the teleconference for 30 days.

A telephonic playback will be available from 11:00 a.m. EDT on October 19 through 12:00 a.m. EDT on November 2. Calling 800-642-1687 or 706-645-9291 for international callers, password "271443," can access the playback.

JAKKS Pacific, Inc. is a multi-brand company that designs and markets a broad range of toys and leisure products. The product categories include: Action Figures, Arts & Activity Kits, Stationery, Writing Instruments, Performance Kites, Water Toys, Sports Activity Toys, Vehicles, Infant/Pre-School, Plush, Construction Toys and Dolls. The products are sold under various brand names, including Flying Colors(R), Play Along(R), Road Champs(R), Remco(R), Child Guidance(R), Pentech(R), Trendmasters(R), Toymax(R), Funnoodle(R), Go Fly a Kite(R) and ColorWorkshop(TM). The Company also participates in a joint venture with THQ Inc. that has exclusive worldwide rights to publish and market World Wrestling Entertainment(TM) video games. For further information, visit [www.jakkspacific.com](http://www.jakkspacific.com).

This press release contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections about JAKKS' business based, in part, on assumptions made by its management. These statements are not guarantees of JAKKS' future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, those described above and the following: changes in demand for JAKKS' products, product mix, the timing of customer orders and deliveries, the impact of competitive products, and pricing and difficulties encountered in the integration of acquired businesses. The forward-looking statements contained herein speak only as of the date on which they are made, and JAKKS does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

JAKKS Pacific, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets

	September 30, 2004	December 31, 2003
----- (In thousands) -----		
ASSETS		
Current assets:		
Cash and cash equivalents	\$131,796	\$118,182
Marketable Securities	20,091	19,345
Accounts receivable, net	129,041	86,119
Inventory, net	49,315	44,400
Prepaid expenses and other current assets	27,989	16,762
	-----	-----
Total current assets	358,232	284,808
	-----	-----
Property and equipment	44,632	43,473
Less accumulated depreciation and amortization	32,786	31,751
	-----	-----
Property and equipment, net	11,846	11,722
	-----	-----
Goodwill, net	291,179	206,952
Trademarks & other assets, net	24,347	24,785

Investment in joint venture	4,265	9,097
Total assets	\$689,869	\$537,364

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$126,712	\$50,168
Current portion of long-term debt	-	19
Income taxes payable	13,021	2,021
Total current liabilities	139,733	52,208
Long-term debt, net of current portion		
Deferred income taxes	98,000	98,042
	1,164	1,164
	99,164	99,206
Total liabilities	238,897	151,414
Stockholders' equity:		
Common stock, \$.001 par value	26	25
Additional paid-in capital	275,624	245,219
Retained earnings	175,774	141,055
Accumulated other comprehensive income (loss)	(452)	(349)
	450,972	385,950
Total liabilities and stockholders' equity	\$689,869	\$537,364

JAKKS Pacific, Inc. and Subsidiaries  
Third Quarter Earnings Announcement, 2004  
Condensed Statements of Operations (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
(In thousands, except per share data)				
Net sales	\$206,083	\$90,308	\$389,463	\$231,358
Less cost of sales				
Cost of goods	100,754	42,949	194,120	118,169
Royalty expense	22,661	9,741	38,013	16,951
Amortization of tools and molds	867	1,392	3,783	4,664
Cost of sales	124,282	54,082	235,916	139,784
Gross profit	81,801	36,226	153,547	91,574
Direct selling expenses	19,258	9,895	39,578	27,900
Selling, general and administrative expenses	30,961	13,879	66,166	35,909
Acquisition shut-down and recall costs	-	(700)	-	2,000
Depreciation and amortization	784	573	2,037	1,618
Income from operations	30,798	12,579	45,766	24,147
Other (income) expense:				
Profit from Joint Venture	(911)	(936)	(1,274)	(1,303)
Interest, net	785	922	1,954	794
Other	-	-	-	-
Income before provision for income taxes	30,924	12,593	45,086	24,656
Provision for income taxes	7,112	3,023	10,367	5,918
Net income	\$23,812	\$9,570	\$34,719	\$18,738
Earnings per share - diluted	\$0.88	\$0.39	\$1.32	\$0.76
Shares used in earnings per share - diluted	27,019	24,629	26,343	24,716

CONTACT: JAKKS Pacific, Inc.  
Genna Goldberg, 310-455-6235  
or  
Integrated Corporate Relations  
John Mills, 310-395-2215