

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ACTIVISION, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-2606438
(I.R.S. Employer
Identification No.)

3100 Ocean Park Boulevard
Santa Monica, California 90405
(310) 255-2000

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Robert A. Kotick
Chairman of the Board and Chief Executive Officer
ACTIVISION, INC.

3100 Ocean Park Boulevard
Santa Monica, California 90405
(310) 255-2000

(Name, address, including zip code, and telephone number, including area
code, of agent for service)

Copies To:

Robinson Silverman Pearce Aronsohn & Berman LLP
1290 Avenue of the Americas
New York, New York 10104
Attention: Kenneth L. Henderson, Esq.

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the
following box: []

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection with
dividend or interest reinvestment plans, check the following box: [X]

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following
box and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering: []

If this Form is a post-effective amendment filed pursuant to Rule
462(c) under the Securities Act, check the following box and list the
Securities Act registration statement number of the earlier effective
registration statement for the same offering: []

If delivery of the prospectus is expected to be made pursuant to Rule
434, please check the following box: []

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price	Amount of Registra- tion Fee

Common Stock,
\$.000001
par value 161,117 shares \$9.65625 \$1,555,787 \$472

(1) Estimated solely for purposes of calculating the registration fee pursuant to the provisions of Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the reported last high and low sales prices on the Nasdaq National Market on June 9, 1998.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED JUNE 15, 1998

161,117 Shares

ACTIVISION, INC.

Common Stock

This Prospectus relates to 161,117 shares of Common Stock (the "Common Stock"), par value \$.000001 per share, of Activision, Inc. (the "Company") being offered for the account of certain of the Company's stockholders (each a "Selling Stockholder" and collectively the "Selling Stockholders"). See "Selling Stockholders." The shares of Common Stock offered hereby were issued to the Selling Stockholders in connection with (i) the issuance by the Company to Id Software, Inc. ("Id Software") of a warrant to purchase 150,000 shares of Common Stock (the "Warrant") pursuant to a software license agreement and (ii) the issuance by the Company to the holders of all of the issued and outstanding capital stock of NBG USA, Inc. ("NBG USA"), of 11,117 shares of Common Stock in exchange for all of the outstanding capital stock of NBG USA owned by such stockholders.

The Company is a leading international publisher, developer and distributor of interactive entertainment software. The Company's products span a wide range of product genres, including action, adventure, strategy and simulation, and have included best selling titles such as MechWarrior 2, Hexen II, Nightmare Creatures, Heavy Gear, Dark Reign, Blood Omen, Pitfall and Shanghai. Since its founding in 1979, the Company has published hundreds of entertainment software products for a variety of personal computer ("PC") and console systems. See "The Company."

The Common Stock is traded in the NASDAQ National Market System under the symbol "ATVI." On June 11, 1998, the last sale price for the Common Stock as reported on the NASDAQ National Market System was \$10.00 per share.

No underwriting is being utilized in connection with this registration of Common Stock and, accordingly, the shares of Common Stock are being offered without underwriting discounts. The expenses of this registration will be paid by the Company. Normal brokerage commissions, discounts and fees will be payable by the Selling Stockholders.

For a discussion of certain matters which should be considered by prospective investors, see "Risk Factors" commencing on page 2.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS

THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____, 1998.

RISK FACTORS

Before purchasing any of the shares of Common Stock offered hereby, prospective investors should carefully consider the following factors in addition to the other information in this Prospectus.

Fluctuations in Quarterly Results; Future Operating Results Uncertain;
Seasonality

The Company's quarterly operating results have varied significantly in the past and will likely vary significantly in the future depending on numerous factors, several of which are not under the Company's control. Such factors include, but are not limited to, demand for the Company's products and those of its competitors, the size and rate of growth of the interactive entertainment software market, development and promotional expenses relating to the introduction of new products, changes in computing platforms, product returns, the timing of orders from major customers, delays in shipment, the level of price competition, the timing of product introduction by the Company and its competitors, product life cycles, software defects and other product quality problems, the level of the Company's international revenues, and personnel changes. In particular, during the past few fiscal years the Company's operating results for the quarters ended June 30 have been less favorable than in other quarters as a result of the release of fewer new products during the June 30 quarters in accordance with the Company's product release schedules. Products are generally shipped as orders are received, and consequently, the Company operates with little or no backlog. Net revenues in any quarter are, therefore, substantially dependent on orders booked and shipped in that quarter.

The Company's expenses are based in part on the Company's product development and marketing budgets. Many of the costs incurred by the Company to produce and sell its products are expensed as such costs are incurred, which is often long before a product ever is released. In addition, a large portion of the Company's expenses are fixed. As the Company increases its production and sales activities, current expenses will increase and, if sales from previously released products are below expectations, net income is likely to be disproportionately affected.

Due to all of the foregoing, revenues and operating results for any future quarter are not predictable with any significant degree of accuracy. Accordingly, the Company believes that period-to-period comparisons of its operating results are not necessarily meaningful and should not be relied upon as indications of future performance.

The Company's business has experienced and is expected to continue to experience significant seasonality, in part due to consumer buying patterns. Net revenues and net income typically are significantly higher during the fourth calendar quarter, due primarily to the increased demand for consumer software during the year-end holiday buying season. Net revenues and net income in other quarters are generally lower and vary significantly as a result of new product introductions and other factors. The Company expects its net revenues and operating results to continue to reflect significant seasonality.

Dependence On New Product Development; Product Delays

The Company's future success depends in part on the timely introduction of successful new products to replace declining revenues from older products. If, for any reason, revenues from new products were to fail to replace declining revenues from older products, the Company's business, operating results and financial condition would be materially and adversely affected. In addition, the Company believes that the competitive factors in the interactive entertainment software marketplace create the need for higher quality, distinctive products that incorporate increasingly sophisticated effects and the need to support product releases with increased marketing, resulting in higher development, acquisition and marketing costs. The lack of market acceptance or significant delay in the introduction of, or the presence of a defect in, one or more products could have a material adverse effect on the Company's business, operating results and financial condition, particularly in view of the seasonality of the Company's business. Further, because a large portion of a product's revenue generally is associated with initial shipments, the delay of a product introduction expected near the end of a fiscal quarter may have a material adverse effect on operating results for that quarter.

The Company has, in the past, experienced significant delays in the introduction of certain new products. The timing and success of interactive entertainment products remain unpredictable due to the complexity of product development, including the uncertainty associated with technological

developments. Although the Company has implemented substantial development controls, there likely will be delays in developing and introducing new products in the future. There can be no assurance that new products will be introduced on schedule, or at all, or that they will achieve market acceptance or generate significant revenues.

Reliance on Third Party Developers and Independent Contractors

The percentage of products published by the Company that are developed by independent third party developers has increased over the last several fiscal years. From time to time, the Company also utilizes independent contractors for certain aspects of internal product development and production. The Company has less control over the scheduling and the quality of work by independent contractors and third party developers than that of its own employees. A delay in the work performed by independent contractors and third party developers or poor quality of such work may result in product delays. Although the Company intends to continue to rely in part on products that are developed primarily by its own employees, the Company's ability to grow its business and its future operating results will depend, in significant part, on the Company's continued ability to maintain relationships with skilled independent contractors and third party developers. There can be no assurance that the Company will be able to maintain such relationships.

Uncertainty of Market Acceptance; Short Product Life Cycles

The market for entertainment systems and software has been characterized by shifts in consumer preferences and short product life cycles. Consumer preferences for entertainment software products are difficult to predict and few entertainment software products achieve sustained market acceptance. There can be no assurance that new products introduced by the Company will achieve any significant degree of market acceptance, that such acceptance will be sustained for any significant period, or that product life cycles will be sufficient to permit the Company to recoup development, marketing and other associated costs. In addition, if market acceptance is not achieved, the Company could be forced to accept substantial product returns to maintain its relationships with retailers and its access to distribution channels. Failure of new products to achieve or sustain market acceptance or product returns in excess of the Company's expectations would have a material adverse effect on the Company's business, operating results and financial condition.

Product Concentration; Dependence On Hit Products

A key aspect of the Company's strategy is to focus its development and acquisition efforts on selected, high quality entertainment software products. The Company derives a significant portion of its revenues from a select number of high quality entertainment software products released each year, and many of these products have substantial production or acquisition costs and marketing budgets. During fiscal 1997, two titles accounted for approximately 23% and 16% respectively, of the Company's consolidated net revenues. During fiscal 1998, two other titles accounted for approximately 24% and 9% respectively, of the Company's consolidated net revenues. The Company anticipates that a limited number of products will continue to produce a disproportionate amount of revenues. Due to this dependence on a limited number of products, the failure of one or more of the Company's principal new releases to achieve anticipated results may have a material adverse effect on the Company's business, operating results and financial condition.

The Company's strategy also includes as a key component developing and releasing products that have franchise value, such that sequels, enhancements and add-on products can be released over time, thereby extending the life of the property in the market. While the focus on franchise properties, if successful, results in extending product life cycles, it also results in the Company depending on a limited number of titles for its revenues. There can be no assurance that the Company's existing franchise titles can continue to be exploited as successfully as in the past. In addition, new products that the Company believes will have potential value as franchise properties may not achieve market acceptance and therefore may not be a basis for future releases.

Changes in Technology and Industry Standards

The consumer software industry is undergoing rapid changes, including evolving industry standards, frequent new platform introductions and changes in consumer requirements and preferences. The introduction of new technologies, including operating systems such as Microsoft's Windows 98, technologies that support multi-player games, and new media formats such as on-line delivery and digital video disks ("DVD"), could render the Company's previously released products obsolete or unmarketable. The development cycle for products utilizing new operating systems, microprocessors or formats may

be significantly longer than the Company's current development cycle for products on existing operating systems, microprocessors and formats and may require the Company to invest resources in products that may not become profitable. There can be no assurance that the mix of the Company's future product offerings will keep pace with technological changes or satisfy evolving consumer preferences, or that the Company will be successful in developing and marketing products for any future operating system or format. Failure to develop and introduce new products and product enhancements in a timely fashion could result in significant product returns and inventory obsolescence and could have a material adverse effect on the Company's business, operating results and financial condition.

Limited Protection of Intellectual Property and Proprietary Rights; Risk of Litigation

The Company holds copyrights on its products, manuals, advertising and other materials and maintains trademark rights in the Company name, the Activision logo, and the names of products owned by the Company. The Company regards its software as proprietary and relies primarily on a combination of trademark, copyright and trade secret laws, employee and third-party nondisclosure agreements and other methods to protect its proprietary rights. Unauthorized copying is common within the software industry, and if a significant amount of unauthorized copying of the Company's products were to occur, the Company's business, operating results and financial condition could be adversely effected. There can be no assurance that third parties will not assert infringement claims against the Company in the future with respect to current or future products. As is common in the industry, from time to time the Company receives notices from third parties claiming infringement of intellectual property rights of such parties. The Company investigates these claims and responds as it deems appropriate. Any claims or litigation, with or without merit, could be costly and could result in a diversion of management's attention, which could have a material adverse effect on the Company's business, operating results and financial condition. Adverse determinations in such claims or litigation could also have a material adverse effect on the Company's business, operating results and financial condition.

Policing unauthorized use of the Company's products is difficult, and while the Company is unable to determine the extent to which piracy of its software products exists, software piracy can be expected to be a persistent problem. In selling its products, the Company relies primarily on "shrink wrap" licenses that are not signed by licensees and, therefore, may be unenforceable under the laws of certain jurisdictions. Further, the Company enters into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of the Company's rights may be ineffective in such countries.

Risk of Software Defects

Software products such as those offered by the Company frequently contain errors or defects. Despite extensive product testing, in the past the Company has released products with defects and has discovered software errors in certain of its product offerings after their introduction. In particular, the PC hardware environment is characterized by a wide variety of non-standard peripherals (such as sound cards and graphics cards) and configurations that make pre-release testing for programming or compatibility errors very difficult and time-consuming. There can be no assurance that, despite testing by the Company, errors will not be found in new products or releases after commencement of commercial shipments, resulting in a loss of or delay in market acceptance, which could have a material adverse effect on the Company's business, operating results and financial condition.

Industry Competition; Competition For Shelf Space

The interactive entertainment software industry is intensely competitive. Competition in the industry is principally based on product quality and features, the compatibility of products with popular platforms, company or product line brand name recognition, access to distribution channels, marketing effectiveness, reliability and ease of use, price and technical support. Significant financial resources also have become a competitive factor in the entertainment software industry, principally due to the substantial cost of product development and marketing that is required to support best-selling titles. In addition, competitors with broad product lines and popular titles typically have greater leverage with distributors and other customers who may be willing to promote titles with less consumer appeal in return for access to such competitor's most popular titles.

The Company's competitors range from small companies with limited resources to large companies with substantially greater financial, technical and marketing resources than those of the Company. The Company's competitors currently include Electronic Arts, LucasArts, Microsoft, Sega, Nintendo,

Sony, Cendant, GT Interactive, Broderbund, Midway, Interplay, Virgin and Eidos, among many others.

As competition increases, significant price competition, increased production costs and reduced profit margins may result. Prolonged price competition or reduced demand would have a material adverse effect on the Company's business, operating results and financial condition. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company will not have a material adverse effect on its business, operating results and financial condition.

Retailers typically have a limited amount of shelf space, and there is intense competition among entertainment software producers for adequate levels of shelf space and promotional support from retailers. As the number of entertainment software products increases, the competition for shelf space has intensified, resulting in greater leverage for retailers and distributors in negotiating terms of sale, including price discounts and product return policies. The Company's products constitute a relatively small percentage of a retailer's sale volume, and there can be no assurance that retailers will continue to purchase the Company's products or promote the Company's products with adequate levels of shelf space and promotional support.

Dependence on Distributors and Retailers; Risk of Customer Business Failure; Product Returns

Certain mass market retailers have established exclusive buying relationships under which such retailers will buy consumer software only from one intermediary. In such instances, the price or other terms on which the Company sells to such retailers may be adversely effected by the terms imposed by such intermediary, or the Company may be unable to sell to such retailers on terms which the Company deems acceptable. The loss of, or significant reduction in sales attributable to, any of the Company's principal distributors or retailers could materially adversely effect the Company's business, operating results and financial condition.

Retailers in the computer industry have from time to time experienced significant fluctuations in their businesses and there have been a number of business failures among these entities. The insolvency or business failure of any significant retailer or other wholesale purchaser of the Company's products could have a material adverse effect on the Company's business, operating results and financial condition. Sales are typically made on credit, with terms that vary depending upon the customer and the nature of the product. The Company does not hold collateral to secure payment. Although the Company has obtained insolvency risk insurance to protect against any bankruptcy filings that may be made by its customers, such insurance contains a significant deductible as well as a co-payment obligation, and the policy does not cover all instances of non-payment. In addition, the Company maintains a reserve for uncollectible receivables that it believes to be adequate, but the actual reserve which is maintained may not be sufficient in every circumstance. As a result of the foregoing, a payment default by a significant customer could have a material adverse effect on the Company's business, operating results and financial condition.

The Company also is exposed to the risk of product returns from retailers and other wholesale purchasers. Although the Company provides reserves for returns that it believes are adequate, and although the Company's agreements with certain of its customers place certain limits on product returns, the Company could be forced to accept substantial product returns to maintain its relationships with retailers and its access to distribution channels. Product returns that exceed the Company's reserves could have a material adverse effect on the Company's business, operating results and financial condition.

Dependence on Key Personnel

The Company's success depends to a significant extent on the performance and continued service of its senior management and certain key employees. Competition for highly skilled employees with technical, management, marketing, sales, product development and other specialized training is intense, and there can be no assurance that the Company will be successful in attracting and retaining such personnel. Specifically, the Company may experience increased costs in order to attract and retain skilled employees. Although the Company enters into term employment agreements with many of its skilled employees and certain other key personnel, there can be no assurance that such employees will not leave the Company or compete against the Company. The Company's failure to attract or retain qualified employees could have a material adverse effect on the Company's business, operating results and financial condition.

Risks Associated With International Operations; Currency Fluctuations

International sales and licensing accounted for 23%, 58% and 67% of the Company's total revenues in the fiscal years 1996, 1997 and 1998, respectively. The Company intends to continue to expand its direct and indirect sales, marketing and localization activities worldwide. Such expansion will require significant management time and attention and financial resources in order to develop adequate international sales and support channels. There can be no assurance, however, that the Company will be able to maintain or increase international market demand for its products. International sales are subject to inherent risks, including the impact of possible recessionary environments in economies outside the United States, the costs of transferring and localizing products for foreign markets, longer receivable collection periods and greater difficulty in accounts receivable collection, unexpected changes in regulatory requirements, difficulties and costs of staffing and managing foreign operations, and political and economic instability. There can be no assurance that the Company will be able to sustain or increase international revenues or that the foregoing factors will not have a material adverse effect on the Company's future international revenues and, consequently, on the Company's business, operating results and financial condition. The Company currently does not engage in currency hedging activities. Although exposure to currency fluctuations to date has been insignificant, there can be no assurance that fluctuations in currency exchange rates in the future will not have a material adverse impact on revenues from international sales and licensing and thus the Company's business, operating results and financial condition.

Risks Associated with Acquisitions

The Company is integrating the operations of its recently acquired CentreSoft and NBG subsidiaries with its previously existing European operations. This process, as well as the process of managing two significant new international operations, will require substantial management time and effort and could divert the attention of management from other matters. In addition, there is a risk of loss of key employees, customers and vendors of the recently acquired operations as well as existing operations as this process is implemented. There is no assurance that the Company will be successful in integrating these operations or that, if the operations are combined, there will not be adverse effects on its business.

Consistent with its strategy to enhance distribution and product development capabilities, the Company intends to continue to pursue acquisitions of companies and intellectual property rights and other assets that can be purchased or licensed on acceptable terms and which the Company believes can be operated or exploited profitably. Some of these transactions could be material in size and scope. While the Company will continually be searching for appropriate acquisition opportunities, there can be no assurance that the Company will be successful in identifying suitable acquisitions. If any potential acquisition opportunities are identified, there can be no assurance that the Company will consummate such acquisitions or if any such acquisition does occur, that it will be successful in enhancing the Company's business or be accretive to the Company's earnings. As the entertainment software business continues to consolidate, the Company faces significant competition in seeking acquisitions and may in the future face increased competition for acquisition opportunities, which may inhibit its ability to complete suitable transactions. Future acquisitions could also divert substantial management time, could result in short term reductions in earnings or special transaction or other charges and may be difficult to integrate with existing operations or assets.

The Company may, in the future, issue additional shares of Common Stock in connection with one or more acquisitions, which may dilute its shareholders. Additionally, with respect to most of its future acquisitions, the Company's shareholders may not have an opportunity to review the financial statements of the entity being acquired, or to evaluate the benefits of the intellectual property rights being purchased or licensed, or to vote on any such acquisitions.

Risk of CentreSoft Vendor Defections; Vendor Concentration

The Company's recently acquired CentreSoft subsidiary performs software distribution services in the United Kingdom and, via export, in other European territories for a variety of entertainment software publishers, many of which are competitors of the Company. These services are generally performed under limited term contracts, some of which provide for cancellation in the event of a change of control. While the Company expects to use reasonable efforts to retain these vendors, there can be no assurance that the Company will be successful in this regard. The cancellation or non-renewal of one or more of these contracts could have a material adverse effect on the Company's business, operating results and financial condition. Three of CentreSoft's vendors accounted for 38.2%, 11.8% and 11.1%, respectively, of CentreSoft's net revenues in fiscal year 1998. The net

revenues from these vendors represented 17.9%, 5.5% and 5.2%, respectively, of total net revenues of the Company.

THE COMPANY

Activision is a leading international publisher, developer and distributor of interactive entertainment software. The Company's products span a wide range of product genres, including action, adventure, strategy and simulation, and have included best selling titles such as MechWarrior 2, Hexen II, Nightmare Creatures, Heavy Gear, Dark Reign, Blood Omen, Pitfall and Shanghai. Since its founding in 1979, the Company has published hundreds of entertainment software products for a variety of personal computer and console platforms.

The Company currently focuses its publishing, development and distribution efforts on products designed for PCs, the Sony PlayStation console system and the Nintendo 64 console system.

The Company's strategy includes the following elements:

Publish high quality titles. The Company seeks to differentiate its titles through the highest quality production values and superior gaming play, supported by comprehensive trade and consumer marketing programs coordinated with product releases. Accordingly, the Company must support the development, production, acquisition and marketing of its titles with the resources necessary to create best selling products. In order to reduce the financial risks associated with the higher development and marketing budgets required to support this strategy, the Company pursues a combination of internally and externally developed titles; between products based on proven technology and newer technology; and between PC and console products.

Focus on franchise properties. The Company focuses its publishing and developing activities principally on titles that are, or have the potential to become, franchise properties with sustainable consumer appeal and brand recognition. These titles can thereby serve as the basis for sequels, prequels, mission packs and other add-ons and related new titles that can be released over an extended period of time. The Company believes that the publishing and distribution of products based in large part on franchise properties will enhance revenue predictability. The Company currently is publishing products based on several franchise properties, including Quake, Hexen, Zork, Pitfall and Shanghai. The Company also has rights to several other properties that it believes may have franchise value, including Heavy Gear, Dark Reign, Battlezone, Heretic, Nightmare Creatures, Asteroids, and Jack Nicklaus Golf.

Expand direct distribution capabilities. In North America, the Company's products are sold primarily on a direct basis to major computer and software retailing organizations, consumer electronic stores and discount warehouses. In international territories, the Company's products are sold both direct to retail and through third party distribution and licensing arrangements. In order to maximize the revenues to be generated by each of its products, the Company is expanding its worldwide direct distribution capabilities. The Company believes that a dedicated internal sales force and direct distribution to retailers provide significant competitive advantages, including the ability to compete more effectively for shelf space, to create additional point-of-sale promotional opportunities, to more properly manage inventory levels, and to increase margins by eliminating third party distributors. Consistent with this strategy, the Company has concluded several acquisitions in the past six months in an effort to bolster its direct distribution capabilities in international markets.

Continue to grow original equipment manufacturer (OEM) revenues. The Company also generates significant revenue throughout the world as a result of arrangements with OEMs, in which the Company's titles are sold together with hardware or peripheral devices manufactured by the OEM. The Company believes that OEM bundle arrangements expand the distribution of its titles to a broader and more diverse audience, and it intends to continue aggressively pursuing these arrangements.

Enhance Product Flow. In order to expand the Company's library of titles, intellectual property rights and talent base, the Company is actively engaged in the exploration of acquisition opportunities in the software development business. Consistent with this strategy, in August 1997 the Company acquired Raven Software Corporation ("Raven"), an entertainment software developer based in Madison, Wisconsin that has created numerous best selling titles, including Heretic, Hexen: Beyond Heretic and Hexen II. In addition, in order to create a closer relationship with independent developers, the Company from time to time makes investments and acquires minority equity interests in independent developers at the same time as it acquires publishing rights to the developers' products.

The Company's principal executive offices are located at 3100 Ocean Park Blvd., Santa Monica, California 90405, and its telephone number is (310) 255-2000. The Company also maintains offices in the United Kingdom, France, Germany Japan, Australia and Madison, Wisconsin. The Company's World Wide Web home page is located at <http://www.activision.com>.

USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of the Common Stock being offered hereby for the account of the Selling Stockholders. Upon the exercise of the Warrant and the issuance of the underlying shares of Common Stock, the Company will receive \$10.38 per share, or aggregate proceeds, assuming the Warrant is fully exercised, of \$1,557,000. The Company intends to use any net proceeds from the exercise of the Warrant for working capital.

SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of Common Stock by the Selling Stockholders as of June 9, 1998, and the number of shares of Common Stock being offered by this Prospectus.

Name of Selling Shareholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common Stock Being Registered
	Number of Shares	Percentage of Class(2)	
Id Software, Inc. 18601 LBJ Freeway #615 Mesquite, Texas 75150	300,000	1.5%*	150,000
Stefan Plambeck 2006 Marshall Avenue St. Paul, MN 55104	8,226	(1)	8,226
Detlef Erhardt Fasanweg 3 93133Burglengenfeld GERMANY.	132,914	(1)	1,390
Ingrid Herrmann Fasanweg 3 93133Burglengenfeld GERMANY.	132,914	(1)	1,390
Jim Harries 3720 18th Avenue South Minneapolis, MN	111	(1)	111
All Selling Stockholders as a group	574,165	3.0%*	161,117

* Assumes complete exercise of the Warrant owned by id Software and other warrants owned by id Software to purchase a total of 300,000 shares of Common Stock.

(1) Less than 1%.

(2) Percentages are based on 19,016,915 shares of Common Stock that were issued and outstanding as of May 31, 1998.

The Company has entered into a series of license agreements with id Software pursuant to which the Company has been granted the right to distribute certain of id Software's entertainment software products and has entered into a share exchange agreement (the NBG USA Share Exchange Agreement") with all of the holders of the outstanding capital stock of NBG USA. The acquisition of NBG USA was related to the acquisition in November 1997 of NBG Germany and Target, companies previously owned by Mr. Erhardt and Ms. Herrmann. Other than such contracts, none of the Selling Stockholders has had a material relationship with the Company within the past three years.

The transaction contemplated by the NBG USA Share Exchange Agreement was consummated on March 12, 1998. Pursuant to the NBG USA Share Exchange Agreement, the NBG USA Selling Stockholders agreed not to sell, pledge, gift, hypothecate or otherwise dispose of shares of Common Stock received in the transaction until the issuance by the Company of its first earnings press

release including at least thirty days of combined operations of the Company and NBG USA.

In order to ensure that the representations, warranties and covenants made by the NBG USA stockholders under the NBG USA Share Exchange Agreement are not breached, and in order to provide a source of indemnification to the Company pursuant to such agreement, the former NBG USA stockholders deposited in escrow pursuant to a warranty escrow agreement a total of 1,112 shares of Common Stock, to be held until the earlier of (i) the date on which the first audited results of the combined enterprises' financial statements are published, (2) March 12, 1999, or (3) the date set forth in a joint written direction executed by the Company and the former NBG USA stockholders.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 55,000,000 shares of capital stock, \$.000001 par value, consisting of 50,000,000 shares of Common Stock and 5,000,000 shares of preferred stock. As of May 31, 1998, approximately 19,016,915 shares of Common Stock were outstanding. The Common Stock is listed in the NASDAQ National Market System under the symbol "ATVI."

Each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of Common Stock can elect all of the directors then standing for election. Subject to preferences which may be applicable to any outstanding shares of preferred stock, holders of Common Stock are entitled to such distributions as may be declared from time to time by directors of the Company out of funds legally available therefor. The Company has not paid, and has no current plans to pay, dividends on its Common Stock. The Company intends to retain all earnings for use in its business.

Holders of Common Stock have no conversion, redemption or preemptive rights to subscribe to any securities of the Company. All outstanding shares of Common Stock are fully paid and nonassessable. In the event of any liquidation, dissolution or winding-up of the affairs of the Company, holders of Common Stock will be entitled to share ratably in the assets of the Company remaining after provision for payment of liabilities to creditors and preferences applicable to outstanding shares of preferred stock.

The rights, preferences and privileges of holders of Common Stock are subject to the rights of the holders of any outstanding shares of preferred stock. At present, no shares of preferred stock are outstanding. As of June , 1998, the Company had approximately 5,000 stockholders of record, excluding banks, brokers and depository companies that are stockholders of record for the account of beneficial owners.

The transfer agent for the Common Stock of the Company is Continental Stock Transfer & Trust Company, 2 Broadway, New York, New York 10004.

PLAN OF DISTRIBUTION

The Common Stock may be sold from time to time by the Selling Stockholders, or by pledgees, donees, transferees or other successors in interest. Such sales may be made on one or more exchanges or in the over-the-counter market, or otherwise, at prices and at terms then prevailing or at prices related to the then current market price, or in negotiated transactions. The shares may be sold by one or more of the following, without limitation: (a) a block trade in which the broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction, (b) purchases by a broker or dealer as principal and resale by such broker or dealer or for its account pursuant to the Prospectus, as supplemented, (c) an exchange distribution in accordance with the rules of such exchange, and (d) ordinary brokerage transactions and transactions in which the broker solicits purchasers. In addition, any securities covered by this Prospectus which qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this Prospectus, as supplemented. From time to time the Selling Stockholders may engage in short sales, short sales against the box, puts and calls and other transactions in securities of the Company or derivatives thereof, and may sell and deliver the shares in connection therewith.

From time to time Selling Stockholders may pledge their shares pursuant to the margin provisions of their respective customer agreements with their respective brokers. Upon a default by a Selling Stockholder, the broker may offer and sell the pledged shares of Common Stock from time to time as described above.

All expenses of registration of the Common Stock (other than commissions and discounts of underwriters, dealers or agents), estimated to be approximately \$8,500, shall be borne by the Company. As and when the Company is required to update this Prospectus, it may incur additional expenses in excess of this estimated amount.

LEGAL MATTERS

Certain legal matters in connection with the shares of Common Stock offered hereby have been passed upon for the Company by Robinson Silverman Pearce Aronsohn & Berman LLP, New York, New York.

EXPERTS

The consolidated financial statements and financial statement schedule of the Company and its subsidiaries as of March 31, 1998 and 1997 and for each of the years in the three year period ended March 31, 1998, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at its offices at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the SEC located at Seven World Trade Center, New York, New York 10048 and at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates, and can also be obtained electronically through the SEC's Electronic Data Gathering, Analysis and Retrieval system at the SEC's Web site (<http://www.sec.gov>). The Company's Common Stock is listed on the Nasdaq National Market and copies of such reports and other information can also be inspected at the offices of the Nasdaq National Market, 1735 K Street, N.W., Washington, D.C. 20006.

The Company has filed with the SEC a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations promulgated thereunder, with respect to the Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto, as permitted by the rules and regulations of the SEC. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement, including the exhibits thereto and the financial statements, notes and schedules filed as a part thereof, which may be inspected and copied at the public reference facilities of the SEC referred to above. Statements contained in this Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the full text of such contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

The Company furnishes stockholders with annual reports containing audited financial statements and with proxy material for its annual meetings complying with the proxy requirements of the Exchange Act.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been filed by the Company with the SEC are incorporated in this Prospectus by reference:

1. The Company's Annual Report on Form 10-K for the year ended March 31, 1998, which contains audited consolidated balance sheets of the Company and subsidiaries as of March 31, 1998 and 1997, and related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three year period ended March 31, 1998.

2. All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since March 31, 1998.

All reports and other documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in and to be a part of this Prospectus from the date of filing of such reports and documents.

Any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement in any subsequently filed document that is also deemed to be incorporated by reference herein modifies or supersedes such prior statement.

This Prospectus incorporates documents by reference which are not presented or delivered herewith. These documents are available upon written or oral request from the Company, without charge, to each person to whom a copy of this Prospectus has been delivered, other than exhibits to those documents. Requests should be directed to the Office of the Secretary, Activision, Inc., 3100 Ocean Park Boulevard, Santa Monica, California 90405 (telephone (310) 255-2000).

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference into this Prospectus constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include the various matters described herein under "Risk Factors" and various other factors described in the Company's other filings with the Commission.

SPECIAL NOTE REGARDING THE YEAR 2000 PROBLEM

Many computer systems and applications currently use two digits to define the applicable year. As a result, date-sensitive systems may recognize the year 2000 as 1900 or not at all, which could cause miscalculations or system failures.

The Company has assessed its computerized systems to determine their ability to correctly identify the year 2000 and is devoting the necessary internal and external resources to replace, upgrade or modify all significant systems which do not correctly identify the year 2000. The Company anticipates that all of its systems will be year 2000 compliant well before the end of 1999. In addition, the Company has determined the extent to which its operations may be affected by the compliance efforts of its significant suppliers and is taking the necessary steps to minimize the problems.

Based on current information, the costs of addressing the year 2000 issue have not and are not expected to have a material adverse impact on the Company's financial position, results of operations or cash flows.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

No dealer, salesman or other person has been authorized to give any information or to make representations other than those contained in this Prospectus, and if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Selling Stockholders. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that the information herein is correct as of any time subsequent to its date. This Prospectus does not constitute an offer of solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer of solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

TABLE OF CONTENTS

	Page
Risk Factors2
The Company.8
Use of Proceeds.9
Selling Stockholders	10
Description of Capital Stock	11
Plan of Distribution	12
Legal Matters.	12
Experts.	12
Available Information.	12
Documents Incorporated by Reference.	13
Special Note Regarding Forward-Looking Statements	14
Special Note Regarding The Year 2000 Problem	14

161,117 Shares

ACTIVISION, INC.

Common Stock

PROSPECTUS

_____, 1998

=====

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table itemizes the expenses incurred by the Company in connection with the offering of the Common Stock being registered. All the amounts shown are estimates except the Securities and Exchange Commission (the "Commission") registration fee.

Item	Amount
Registration Fee - Securities and Exchange Commission	\$472
Legal Fees and Expenses.	5,000
Accounting Fees and Expenses	3,000
TOTAL	\$8,472 =====

Item 15. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law ("DGCL"), paragraph B of Article SIXTH of the Company's Amended and Restated Certificate of Incorporation and paragraph 5 of Article VII of the Company's By-laws provide for the indemnification of the Company's directors and officers in a variety of circumstances, which may include liabilities under the Securities Act of 1933, as amended (the "Securities Act").

Paragraph B of Article SIXTH of the Amended and Restated Certificate of Incorporation provides mandatory indemnification rights to any officer or director of the Company who, by reason of the fact that he or she is an officer or director of the Company, is involved in a legal proceeding of any nature. Such indemnification rights shall include reimbursement for expenses incurred by such officer or director in advance of the final disposition of such proceeding in accordance with the applicable provisions of the DGCL. Paragraph 5 of Article VII of the Company's By-laws currently provide that the Company shall indemnify its directors and officers to the fullest extent permitted by the DGCL.

Paragraph A of Article SIXTH of the Amended and Restated Certificate of Incorporation contains a provision which eliminates the personal liability of a director to the Company and its stockholders for certain breaches of his or her fiduciary duty of care as a director. This provision does not, however, eliminate or limit the personal liability of a director (i) for any breach of such director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under the Delaware statutory provision making directors personally liable, under a negligence standard, for unlawful dividends or unlawful stock repurchases or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit. This provision offers persons who serve on the Board of Directors of the Company protection against awards of monetary damages resulting from negligent (except as indicated above) and "grossly" negligent actions taken in the performance of their duty of care, including grossly negligent business decisions made in connection with takeover proposals for the Company. As a result of this provision, the ability of the Company or a stockholder thereof to successfully prosecute an action against a director for a breach of his duty of care has been limited. However, the provision does not affect the availability of equitable remedies such as an injunction or rescission based upon a director's breach of his duty of care.

It is currently unclear as a matter of law what impact these provisions will have regarding securities law violations. The Commission takes the position that indemnification of directors, officers and controlling persons against liabilities arising under the Securities Act is against public policy as expressed in the Securities Act and therefore is unenforceable.

Item 16. Exhibits

(a) Exhibits:

5.1 Opinion of Robinson Silverman Pearce Aronsohn & Berman LLP as to legality of securities being registered.

10.1 Form of Warrant to purchase 150,000 shares of Common Stock granted

to Id Software, Inc. by Activision, Inc.

10.2 Form of Registration Rights Agreement between Id Software, Inc. and Activision, Inc. relating to the 150,000 shares of Common Stock underlying the Warrant.

23.1 Consent of Robinson Silverman Pearce Aronsohn & Berman LLP (included as part of Exhibit 5.1).

23.2 Consent of KPMG Peat Marwick LLP.

24.1 Power of attorney (included on signature page).

Item 17. Undertakings

The Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the Prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Company hereby further undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The Company hereby further undertakes to deliver or cause to be delivered with the Prospectus, to each person to whom the Prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the Prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the Prospectus, to deliver, or cause to be delivered to each person to whom the Prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the Prospectus to provide such interim financial information.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the

successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Los Angeles, State of California, on June 12, 1998.

ACTIVISION, INC.

By: /s/ Robert A. Kotick

 Robert A. Kotick, Chairman and
 Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Robert A. Kotick and Brian G. Kelly, and each or any of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective documents in connection therewith), with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ Robert A. Kotick ----- (Robert A. Kotick)	Chairman, Chief Executive Officer (Principal Executive Officer) and Director	June 12, 1998
/s/ Brian G. Kelly ----- (Brian G. Kelly)	Chief Operating Officer, President and Director	June 12, 1998
/s/ Barry J. Plaga ----- (Barry J. Plaga)	Chief Financial Officer (Principal Financial and Accounting Officer)	June 12, 1998
/s/ Harold A. Brown ----- (Harold A. Brown)	Director	June 12, 1998
/s/ Barbara S. Isgur ----- (Barbara S. Isgur)	Director	June 12, 1998
/s/ Steven T. Mayer ----- (Steven T. Mayer)	Director	June 12, 1998
----- (Robert J. Morgado)	Director	June, 1998

EXHIBIT INDEX

Exhibit No.	Description	Page Number in Signed Registration Statement
5.1	Opinion of Robinson Silverman Pearce Aronsohn & Berman LLP as to legality of securities being registered.	
10.1	Form of Warrant to purchase 150,000 shares of Common Stock granted to Id Software, Inc. by Activision, Inc.	
10.2	Form of Registration Rights Agreement between Id Software, Inc. and Activision, Inc. relating to the 150,000 shares of Common Stock underlying the Warrant.	
23.1	Consent of Robinson Silverman Pearce Aronsohn & Berman LLP (included as part of Exhibit 5.1).	
23.2	Consent of KPMG Peat Marwick LLP.	
24.1	Power of attorney (included on signature page).	

ROBINSON SILVERMAN PEARCE ARONSOHN & BERMAN LLP
1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10104
(212) 541-2000

FACSIMILE: (212) 541-4630

June 12, 1998

Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, CA 90405

Re: Activision, Inc.
Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the "Registration Statement") to be filed by Activision, Inc., a Delaware corporation (the "Company"), on or about the date hereof with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, with respect to 161,117 shares of the Company's common stock, par value \$.000001 per share (the "Common Stock") held by certain of the Company's stockholders.

We are familiar with the Amended and Restated Certificate of Incorporation, as amended, and the By-laws of the Company and have examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, evidence of corporate action, certificates and other instruments, and have made such other investigations of law and fact, as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, it is our opinion that:

(a) The Company has been duly incorporated and is validly existing under the laws of the State of Delaware.

(b) The 11,117 shares of Common Stock being registered for the account of certain of the Company's stockholders have been duly authorized and are validly issued, fully paid and nonassessable. The 150,000 shares of Common Stock being registered on account of the warrant issued to Id Software, Inc. have been duly authorized and, when issued upon exercise of such warrant and payment of the purchase price therefor, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name wherever appearing in such Registration Statement, including the Prospectus consisting a part thereof, and any amendment thereto. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the Rules and Regulations of the Commission thereunder.

Very truly yours,

/s/ Robinson Silverman Pearce
Aronsohn & Berman LLP

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT. AS A CONDITION TO SALE OR OTHER TRANSFER OF THIS SECURITY, THE COMPANY MAY, AT ITS OPTION, REQUIRE THE PROPOSED TRANSFEROR HEREOF TO DELIVER TO THE COMPANY AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED FOR SUCH PROPOSED SALE OR OTHER TRANSFER.

ACTIVISION, INC.

Incorporated Under the Laws of Delaware

WARRANT

To Purchase 150,000 Shares of
Common Stock (\$.000001 par value)

1. Basic Terms. This certifies that, for value received, Id Software, Inc. ("id Software") is the registered owner of this Warrant and entitled, subject to the terms and conditions of this Warrant, (a) at any time and from time to time, in whole or in part, from and after the date hereof until the Expiration Date set forth in Paragraph 3 below, to purchase Seventy-Five Thousand (75,000) shares of the Common Stock, par value \$0.000001 (the "Common Stock"), of Activision, Inc. (the "Company") from the Company, and (b) an additional Seventy-Five Thousand (75,000) shares of Common Stock at any time and from time to time, in whole or in part, from and after the date the "master disk," as such term is defined in the License Agreement defined below, is delivered to the Company in accordance with the terms of the License Agreement, in each case at the Purchase Price set forth in Paragraph 2 below, on delivery of this Warrant to the Company with the exercise form duly executed and payment of the Purchase Price in the manner set forth in Paragraph 2 below.

This Warrant is issued pursuant to that certain Quake III License Agreement between id Software and the Company dated as of March 30, 1998 (the "License Agreement"). Any profit or gain id Software makes on this Warrant and/or the underlying stock shall not be considered as an Advance as that term is used in the License Agreement and shall not be recoupable by Activision.

2. Purchase Price. The purchase price (the "Purchase Price") for each share of Common Stock shall be \$10.38; provided, however, that the Purchase Price shall be subject to adjustment from time to time as provided in Sections 10 and 11 hereof. The Purchase Price shall be payable in cash or by certified or official bank or bank cashier's check payable to the order of the Company, or by any other means consented to by the Company.

3. When Exercisable. This Warrant shall be exercisable in accordance with Section 1 hereof and shall expire on the Expiration Date, which shall be at 11:59 p.m, Los Angeles, California, time, on March 30, 2001, provided, however, that, if the aggregate amount of revenue recorded (on an accrual basis) by the Company by such date from sales and/or distributions of product units of Quake III, pursuant to the License Agreement is in excess of \$2,500,000, then this Warrant shall continue to be exercisable until and shall expire on March 30, 2008, unless terminated sooner under Paragraph 13 of this Warrant. This Warrant shall expire, become void and be of no further force or effect after the Expiration Date.

4. Company's Covenants as to Common Stock. Shares deliverable on the exercise of this Warrant shall, at delivery and upon payment of the Purchase Price, be fully paid and non-assessable, free from taxes, liens, and charges with respect to their purchase. The Company shall take any necessary steps to assure that the par value per share of the Common Stock issuable hereunder is at all times equal to or less than the then current Purchase Price per share of the Common Stock issuable pursuant to this Warrant. The Company shall at all times reserve and hold available sufficient shares of Common Stock to satisfy the terms of this Warrant.

5. Method of Exercise. The purchase rights represented by this Warrant are exercisable at the option of the registered owner in whole at any time, or in part, from time to time, within the periods specified in Sections 2 and 3 hereof. In case of the exercise of this Warrant for less than all shares purchasable, the Company shall cancel the Warrant and execute and deliver a new Warrant of like tenor and date for the balance of the shares purchasable.

6. Limited Rights of Owner. This Warrant does not entitle the owner to any voting rights or other rights as a shareholder of the Company, or to any other rights whatsoever except the rights herein expressed. No dividends are payable or will accrue on this Warrant or the shares purchasable hereunder until, and except to the extent that, this Warrant is exercised.

7. Exchange for Other Denominations. This Warrant is exchangeable, on its surrender by the registered owner to the Company, for new Warrants of like tenor and date representing in the aggregate the right to purchase the number of shares purchasable hereunder in denominations designated by the registered owner at the time of surrender.

8. Transfer. Except as otherwise provided herein, this Warrant is transferable only on the books of the Company by the registered owner in person or by attorney, on surrender of this Warrant, properly endorsed. The Warrant will be immediately transferrable following issuance provided such transfer complies with applicable federal and state securities laws.

9. Recognition of Registered Owner. Prior to due presentment for registration of transfer of this Warrant, the Company may treat the registered owner as the person exclusively entitled to receive notices and otherwise to exercise rights hereunder.

10. Effect of Stock Split, etc. If the Company, by stock split, stock dividend, reverse split, reclassification of shares, or otherwise, changes as a whole the outstanding Common Stock into a different number or class of shares or other securities of the Company, then: (1) the number and/or class of shares or other securities of the Company as so changed shall, for the purposes of this Warrant, replace the shares outstanding immediately prior to the change, and (2) the Warrant Purchase Price in effect, and the number of shares or other securities of the Company purchasable under this Warrant, immediately prior to the date upon which the change becomes effective, shall be proportionately adjusted (the price to the nearest cent). Irrespective of any adjustment or change in the Warrant Purchase Price or the number of shares or other securities of the Company purchasable under this or any other Warrant of like tenor, the Warrants theretofore and thereafter issued may continue to express the Warrant Purchase Price per share and the number of shares purchasable as the Warrant Purchase Price per share and the number of shares purchasable were expressed in the Warrant when initially issued. The provisions of this Section 10 shall similarly apply to successive changes of the kinds described herein.

11. Effect of Merger, etc. If the Company consolidates with or merges into another corporation, the registered owner shall thereafter be entitled, upon exercise of this Warrant, to purchase, with respect to each share of Common Stock purchasable hereunder immediately before the consolidation or merger becomes effective, the securities or other consideration to which a holder of one share of Common Stock is entitled to receive in the consolidation or merger without any change in or payment in addition to the Warrant purchase price in effect immediately prior to the merger or consolidation. The Company shall take any necessary steps in connection with a consolidation or merger to assure that all the provisions of this Warrant shall thereafter be applicable, as nearly as reasonably may be, to any securities or other consideration so deliverable on exercise of this Warrant. The Company shall not consolidate or merge unless, prior to consummation, the successor corporation (if other than the Company) assumes the obligations of this paragraph by written instrument executed and mailed to the registered owner at the address of the owner on the books of the Company. A sale, lease or other transfer of all or substantially all the assets of the Company for a consideration (apart from the assumption of obligations) consisting primarily of securities is a consolidation or merger for the foregoing purposes. The provisions of this Section 11 shall similarly apply to successive mergers or consolidations or sales, leases or transfers.

12. Notice of Adjustment. On the happening of an event requiring an adjustment of the Warrant Purchase Price or the shares purchasable hereunder, the Company shall forthwith give written notice to the registered owner stating the adjusted Warrant purchase price and the adjusted number and kind of securities or other property purchasable hereunder resulting from the event and setting forth in reasonable detail the method of calculation and the facts upon which the calculation is based. The Board of Directors of the Company, acting in good faith, shall determine the calculation.

13. Notice and Effect of Dissolution, etc. In case a voluntary or involuntary dissolution, liquidation, or winding up of the Company (other than in connection with a consolidation or merger covered by Paragraph 11 above) is at any time proposed, the Company shall give at least 30 days' prior written notice to the registered owner. Such notice shall contain: (1) the date on which the transaction is to take place; (2) the record date (which shall be at least 30 days after the giving of the notice) as of which holders of Common Stock will be entitled to receive distributions as a result

of the transaction; (3) a brief description of the transaction; (4) a brief description of the distributions to be made to holders of Common Stock as a result of the transaction; and (5) an estimate of the fair value of the distributions. On the date of the transaction, if it actually occurs, this Warrant and all rights hereunder shall terminate.

14. Registration of Common Stock. Neither this Warrant nor the shares of Common Stock issuable upon exercise hereof have been registered under the Securities Act of 1933, as amended, or any state securities laws. The initial Holder hereof, by accepting this Warrant, represents and warrants that it is purchasing this Warrant for its own account for investment and not with a view to or for sale in connection with any distribution thereof except in conformity with the provisions of the Securities Act of 1933, as amended, and the Rules and Regulations promulgated thereunder, and further agrees that neither this Warrant nor the shares issuable on exercise hereof may be sold or transferred in the absence of an effective registration statement under the Securities Act of 1933, or an opinion of counsel satisfactory to the Company to the effect that there is an exemption from such registration. In addition, the Holder hereof agrees to deliver to the Company a similar written statement with respect to any shares of Common Stock purchased upon the exercise of this Warrant unless such shares have at the time of issuance been registered under the Securities Act of 1933, as amended, and any applicable state securities laws, or the holder can demonstrate the availability of a federal exemption from registration not requiring same.

15. Notices. Any notice, demand, request, consent, approval, declaration, delivery or other communication hereunder to be made pursuant to the provisions of this Agreement shall be sufficiently given or made if in writing and either delivered in person with receipt acknowledged, sent by overnight courier with receipt acknowledged, or facsimile transmission with receipt acknowledged, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Activision, to:

Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, California 90405
Fax: (310) 255-2155

Attention: President and Chief Operating Officer

If to id Software, to:

Id Software, Inc.
18601 LBJ Freeway #615
Mesquite, Texas 75150

Attention: Todd Hollenshead
Chief Executive Officer

With copy to: D Wade Cloud, Jr.
Hiersche, Martens, Hayward, Drakeley &
Urbach, P.C.
15303 Dallas Parkway
Suite 700, LB 17
Dallas, Texas 75248

or at such other address as may be substituted by notice given as herein provided.

16. Governing Law. This Warrant shall be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflict of laws.

17. Amendment. This Agreement may be amended only by a writing executed by all parties.

18. Descriptive Headings. The descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed and delivered by a duly authorized representative as of the 30th day of March, 1998.

ACTIVISION, INC.

By: _____
Name: Brian Kelly
Title: President and Chief Operating

Officer

Assignment Form

(To be executed by the registered owner to transfer the Warrant)

For value received the undersigned hereby sells, assigns, and transfers to

Name

Address

this Warrant and irrevocably appoints

_____ attorney (with full power of substitution) to transfer this Warrant on the books of the Company.

Dated: _____

(Please sign exactly as name appears on Warrant)

Taxpayer ID No: _____

SIGNATURE GUARANTEED

(Name of bank, trust company or broker)

By: _____

Name: _____

Its: _____

Address: _____

Exercise Form

(To be executed by the registered owner to purchase Common Stock pursuant to the Warrant)

To: Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, California 90405
Attention: Chief Financial Officer

The undersigned hereby (1) irrevocably elects to exercise the right to purchase _____ shares of your Common Stock pursuant to this Warrant, and encloses payment of \$_____ therefor; (2) requests that a certificate for the shares be issued in the name of the undersigned and delivered to the undersigned at the address below; and (3) if such number of shares is not all of the shares purchasable hereunder, that a new Warrant of like tenor for the balance of the remaining shares purchasable hereunder be issued in the name of the undersigned and delivered to the undersigned at the address below.

Dated: _____

(Please sign exactly as name appears on Warrant)

Address:

Taxpayer ID No:

Investment Letter

To: Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, California 90405
Attention: Chief Financial Officer

In connection with the undersigned's purchase of shares of Common Stock of Activision, Inc. pursuant to the exercise of a Warrant, the undersigned hereby represents that it is acquiring said shares for its own account for investment and not with a view to or for sale in connection with any distribution of said shares.

Dated: _____

By: _____
(Signature)

(Printed or Typed Name)

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement"), is made and entered into as of March 30, 1998, between Activision, Inc., a Delaware corporation ("Activision"), and Id Software, Inc., a Texas corporation ("id Software").

R E C I T A L S

A. Activision and id Software have entered into that certain Quake III License Agreement of even date herewith, which provides in part that Activision will issue the Warrant (as defined below) and register for public sale the 150,000 shares of Activision Common Stock issuable to id Software upon the exercise of the Warrant.

B. This Agreement sets forth the agreement of the parties with respect to such registration.

NOW THEREFORE, in consideration of the premises and the agreements contained herein, the parties hereby agree as follows:

1. Definitions. The following terms shall have the following respective meanings for purposes of this Agreement:

"Commission" means the United States Securities and Exchange Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Holder" means id Software and any other person who holds Shares registered or required to be registered pursuant to this Agreement.

"License Agreement" means that certain Quake III License Agreement dated as of March 30, 1998, between Activision, Inc. and id Software.

"Registration Date" shall mean the date on which the final prospectus covering the Shares (or any portion thereof) is transmitted for filing with the Commission pursuant to Rule 424(b) under the Securities Act.

"Registration Statement" shall mean the Registration Statement on Form S-3 covering the Shares to be filed by Activision in accordance with this Agreement.

Rule 144 means Rule 144 promulgated by the Commission under the Securities Act, which Rule provides in part that, under certain circumstances, "restricted securities" may be sold pursuant to the exemption from registration contained in Section 4(1) of the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Shares" shall mean the 150,000 shares, \$.000001 par value, of Activision Common Stock purchasable from Activision pursuant to the exercise of the Warrant.

"Warrant" shall mean that certain Warrant (exercisable to purchase the Shares) issued by Activision to id Software as of March 30, 1998, pursuant to the terms of the License Agreement.

2. Registration Statement. The parties agree that the Warrant and the Shares are "restricted securities" as that term is defined in Rule 144. So that id Software may exercise the Warrant and sell the Shares to the public, should it desire to do so in its sole and absolute discretion, Activision covenants and agrees that it shall prepare and file the Registration Statement with the Commission no later than May 31, 1998, and use its commercially reasonable best efforts to cause the Registration Statement to become effective.

The prospectus forming part of the Registration Statement will state that id Software intends to sell Shares under Rule 144 to the extent the Shares become eligible for sale under such Rule after the date of the prospectus, and/or will contain such other disclosures as may be required by the Commission in order to permit id Software to discontinue using the prospectus and make any sales thereafter under Rule 144, to the extent the Shares become eligible for sale under Rule 144 after the date of the

prospectus.

Activision may require each selling Holder to furnish to it such information regarding the distribution of such Holder's Shares as is required by law to be disclosed in a registration statement and Activision may exclude from any registration the Shares of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

id Software and each Holder covenants and agrees that (i) it will not offer or sell any Shares under the Registration Statement until it has received copies of the final prospectus included therein as amended or supplemented and notice from Activision that the Registration Statement and any post-effective amendments thereto have become effective, and (ii) id Software, each Holder and their respective officers, directors and affiliates will comply with the prospectus delivery requirements of the Securities Act as applicable to them in connection with the sale of Shares pursuant to the Registration Statement.

After the Registration Statement has been declared effective by the Commission, Activision shall keep the Registration Statement effective until the earlier to occur of the following:

(a) the Warrant has been exercised in full and 100% of the Shares have, in one or more separate transactions, (i) been sold, transferred or otherwise disposed of (or could have been sold, transferred or otherwise disposed of) under the exemption from registration contained in Section 4(1) of the Securities Act (including Rule 144), or (ii) could at the time be sold under Rule 144 by the person or persons who are at the time the holder or holders of the Shares;

(b) the Warrant has not been exercised, but if it were to be exercised, 100% of the Shares could at the time be sold under the exemption from registration contained in Section 4(1) of the Securities Act (including Rule 144) by such holder or holders;

(c) id Software has given notice to Activision in accordance with the notice provisions of the License Agreement that Activision need not continue to maintain the effectiveness of the Registration Statement;

(d) the Warrant has expired unexercised; or

(e) the fourth anniversary of the date on which the Registration Statement was declared effective by the Commission.

In furtherance thereof Activision shall use its best efforts to amend or supplement the Registration Statement and prospectus used in connection therewith from time to time, during such period and to the extent necessary in order to comply with applicable laws and regulations.

3. Registration Procedures. Activision further covenants and agrees that it will, as expeditiously as reasonably possible:

(a) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act and the Exchange Act with respect to the sale or other disposition of the Shares;

(b) as soon as available, furnish to id Software such number of copies of the Registration Statement and of each amendment or supplement thereto, and of each prospectus (including each preliminary prospectus or summary prospectus) included therein, in conformity with the requirements of the Securities Act, and such other documents, as id Software may reasonably request;

(c) use its best efforts to list the Shares on any securities exchange on which the Activision Common Stock is then listed;

(d) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but no later than 18 months after the Registration Date, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

4. Notification to id Software. After the effective date of the Registration Statement:

(a) Activision will notify id Software of the issuance of any stop

order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for such purpose. Immediately upon receipt of any such notice, id Software shall cease to offer or sell any Shares pursuant to the Registration Statement. Activision will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, obtain as soon as possible the withdrawal or revocation thereof, and will notify id Software at the earliest practicable date of the date on which id Software may offer and sell Shares pursuant to the Registration Statement.

(b) Activision will notify id Software promptly if any event shall occur or if any state of facts shall exist that, in the judgment of Activision, should be set forth in any preliminary or final prospectus then being used by id Software in connection with the sale of any Shares. Immediately upon receipt of such notice, id Software shall cease to offer or sell any Shares pursuant to such preliminary or final prospectus, cease to deliver or use such preliminary or final prospectus and, if so requested by Activision, use its best efforts to return to Activision, at Activision's expense, all copies (other than permanent file copies) of such preliminary or final prospectus. Activision will, as promptly as practicable, take such action as may be necessary to amend or supplement such preliminary or final prospectus in order to set forth or reflect such event or state of facts.

(c) If Activision determines in its good faith judgment that the filing of the Registration Statement in accordance with Section 2 or the use of any prospectus would require the disclosure of material information which Activision has a bona fide business purpose for preserving as confidential or the disclosure of which would impede Activision's ability to consummate a significant transaction, upon written notice of such determination by Activision, the rights of id Software or any other Holder to offer, sell or distribute any Shares pursuant to the Registration Statement or to require Activision to take action with respect to the registration or sale of Shares pursuant to the Registration Statement will, for a period of up to 60 days in respect of a single such notice or event or series of related events in any 12 month period, be suspended until the date upon which Activision notifies id Software and all other Holders in writing that suspension of such rights for the grounds set forth in this Section 4(c) is no longer necessary.

5. Demand Registration. At any time following the fourth anniversary of the date on which the Registration Statement was declared effective by the Commission, if (a) Activision has withdrawn or abandoned the Registration Statement pursuant to Section 2(e) of this Agreement, and (b) the Holder has not sold, transferred or otherwise disposed of all the Shares, the Holder may, at its election, give notice to Activision that the Holder demands a registration of all or part of the remaining Shares under the Securities Act and agrees to pay for the expense of such registration.

Upon receipt of such notice Activision shall use its commercially reasonable best efforts to effect registration of such of the remaining Shares as are covered by the notice on a registration statement on such Form as may be required under the circumstances (such registration statement will also be deemed to be the Registration Statement unless the context otherwise requires).

The terms and provisions of Sections 2, 3, 4, 7 and 8 of this Agreement shall also apply to such registration and Registration Statement unless the context otherwise requires.

6. Expenses. All expenses incident to performance of or compliance with this Agreement, including, without limitation, all registration and filing fees (including all filing fees incident to any filing, if any, with the National Association of Securities Dealers, Inc.), listing fees, if any, and expenses, printing expenses, fees and disbursements of counsel and accountants for Activision, expenses of any audits incident to or required by the registration and expenses of complying with securities laws, shall be paid by Activision, provided, that Activision shall not be liable for the fees and disbursements of counsel for id Software or any transfer taxes, fees, discounts or commissions in respect of the Shares sold by id Software.

7. Indemnification.

(a) In the event of the registration of the Shares under the Securities Act pursuant to this Agreement, Activision shall indemnify and hold harmless id Software and each other person (including each underwriter) who participated in the offering of such Shares and each other person, if any, who controls such participating person within the meaning of the Securities Act, against any losses, claims, damages or

liabilities, joint or several, to which id Software or any such participating person or controlling person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any alleged untrue statement of any material fact contained, as of the Registration Date, in any Registration Statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse id Software or any such participating person or controlling person for any legal or any other expenses reasonably incurred by id Software or any such participating person or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Activision shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in the Registration Statement, preliminary prospectus, prospectus or amendment or supplement in reliance upon and in conformity with written information furnished to Activision by id Software specifically for use therein or (in the case of any registration if Activision is not a party to the underwriting agreement) so furnished for such purpose by any underwriter. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of id Software or any such participating person or controlling person, and shall survive the transfer of such Shares by id Software.

(b) In the event of any registration of any Shares under the Securities Act pursuant to this Agreement, id Software agrees to indemnify and hold harmless Activision, its directors and officers and each other person, if any, who controls Activision within the meaning of the Securities Act against any losses, claims, damages or liabilities, joint or several, to which Activision or any such director or officer or any such person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon information provided in writing to Activision by id Software for use in connection with such registration and which is contained, on the Registration Date, in any Registration Statement under which Shares were registered under the Securities Act at the request of id Software, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto; provided, that id Software shall not be required pursuant to this Section 7(b) to contribute any amount in excess of the aggregate proceeds to id Software of the Shares being offered by id Software pursuant to the Registration Statement.

8. State Securities Laws. The parties understand and acknowledge that: (a) Section 18 of the Securities Act provides that state securities or blue sky laws requiring the registration or qualification of securities shall not apply to "covered securities," as that term is defined in Section 18; and (b) the Common Stock of Activision is a "covered security" by virtue of being listed on the NASDAQ National Market System. The parties agree that should the Common Stock cease to be a covered security for any reason, all the provisions of this Agreement, including, without limitation, the indemnification provisions of Section 6 hereof, shall also extend and apply to any necessary state securities registration or qualification of the Shares.

9. Miscellaneous.

(a) Assignment. This Agreement may be assigned by id Software only as part of a sale, transfer or other disposition of the Warrant (or of the Shares, if they have been purchased in a transaction exempt from registration under the Securities Act). They may be assigned by Activision only as part of a transaction to which Section 11 of the Warrant applies and then only if the assignee expressly assumes and agrees to perform the obligations of Activision under this Agreement.

(b) No Inconsistent Agreements. Activision has not and will not hereafter enter into any agreement with respect to its securities which is inconsistent with the rights granted to id Software in this Agreement.

(c) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waiver or consents to departure from the provisions hereof may not be given unless in writing signed by the party sought to be charged.

(d) Notice Generally. Any notice, demand, request, consent, approval declaration, delivery or other communication hereunder to be made pursuant to the provisions of this Agreement shall be sufficiently given or made if in writing and either delivered in person with receipt acknowledged, sent by overnight courier with receipt acknowledged, or facsimile transmission with receipt acknowledged, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Activision, to:

Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, California 90405

Attention: President and Chief Operating Officer

If to id Software, to:

Id Software, Inc.
18601 LBJ Freeway #615
Mesquite, Texas 75150

Attention: Todd Hollenshead
Chief Executive Officer

With copy to: D. Wade Cloud, Jr.
Hiersche, Martens, Hayward, Drakeley & Urbach,

P.C.

15303 Dallas Parkway
Suite 700, LB 17
Dallas, Texas 75248

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration, delivery or other communication hereunder shall be deemed to have been duly given or served on the date of personal delivery thereof (with receipt acknowledged), or upon receipt if sent by overnight courier or by mail. Failure or delay in delivering copies of any notice, demand, request, approval, declaration, delivery or other communication to the person designated above to receive a copy shall in no way adversely affect the effectiveness of such notice, demand, request, approval, declaration, delivery or other communication.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(f) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) Governing Law. This Agreement shall be governed by the laws of the State of California, without regard to the conflicts of laws principles thereof.

(h) Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) Entire Agreement. This Agreement represents the entire agreement and understanding of the parties hereto in respect of the subject matter hereof.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

ACTIVISION, INC.

By: _____

Name: Brian Kelly
Title: President and Chief Operating Officer

ID SOFTWARE, INC.

By: _____
Name: Todd Hollenshead
Title: Chief Executive Officer

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Activision, Inc.

We consent to the use of our report incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG Peat Marwick LLP

Los Angeles, California
June 12, 1998