

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)

95-4803544

(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 Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)
Common Stock, \$.000001 par value	770,051 shares	\$31.73

Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
\$24,433,718	\$6,109

(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 October 10, 2001.

(2) Each share of common stock includes a right to purchase one one-hundredth of a share of Series A Junior Preferred Stock pursuant to a rights agreement between the registrant and Continental Stock Transfer & Trust Company, as Rights Agent.

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.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED OCTOBER 16, 2000

770,051 Shares

ACTIVISION, INC.

Common Stock

The stockholders of Activision, Inc. listed in this prospectus under the section entitled "Selling Stockholders" are offering and selling up to 777,051 shares of Activision's common stock under this prospectus.

All of the Selling Stockholders acquired their shares of Activision common stock in connection with Activision's acquisition on October 1, 2001 of Treyarch Invention LLC, a California based console software development company. The Selling Stockholders were all of the members and certain employees of Treyarch.

Activision will not receive any of the proceeds from the sale of shares being offered by the Selling Stockholders.

Activision's common stock is traded in the NASDAQ National Market System under the symbol "ATVI." On October 10, 2001, the last sale price for the common stock as reported on the NASDAQ National Market System was \$32.15 per share.

No underwriting is being used in connection with this offering of common stock. The shares of common stock are being offered without underwriting discounts. The expenses of this registration will be paid by Activision. Normal brokerage commissions, discounts and fees will be payable by the Selling Stockholders.

Activision's principal executive offices are located at 3100 Ocean Park Boulevard, Santa Monica, California 90405, telephone number (310)-255-2000.

For a discussion of certain matters that should be considered by prospective investors, see "Risk Factors" starting on page 4 of this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of common stock offered or sold under this prospectus or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The information in this prospectus is not complete and may be changed. The Selling Stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this Prospectus is _____, 2001.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospectus may have changed since that date.

Information contained in our web site does not constitute part of this document.

FORWARD-LOOKING STATEMENTS

We make statements in this prospectus and the documents incorporated by reference that are considered forward-looking statements under the federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The words "anticipate," "believe," "may," "estimate," "expect," and similar expressions, and variations of such terms or the negative of such terms, are intended to identify such forward-looking statements.

All forward-looking statements are subject to certain risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results, performance or achievements could differ materially from those expressed in, or implied by, any such forward-looking statements. Important factors that could cause or contribute to such difference include those discussed under "Risk Factors" in this prospectus and under "Business-Factors Affecting Future Performance" in our Annual Report on Form 10-K. You should not place undue reliance on such forward-looking statements, which speak only as of their dates. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider the information set forth under the heading "Risk Factors."

RISK FACTORS

You should carefully consider the risks described below before investing in our common stock. The occurrence of any of the following risks could harm our business and our prospects. In that event, our business may be negatively affected, the price of our stock may decline and you may lose part or all of your investment.

We depend on a relatively small number of brands for a significant portion of our revenues and profits.

A significant portion of our revenues are derived from products based on a relatively small number of popular brands each year. In addition, many of these products have substantial production or acquisition costs and marketing budgets. In our fiscal year ended March 31, 2001, 49% of our worldwide net publishing revenues (37% of consolidated net revenues) was derived from two brands, one of which accounted for 39% and the other of which accounted for 10% of worldwide net publishing revenues (29% and 8%, respectively, of consolidated net revenues). In our fiscal year ended March 31, 2000, two brands accounted for 34% of our worldwide net publishing revenues (24% of consolidated net revenues), one of which accounted for 19%, and the other of which accounted for 15% of worldwide net publishing revenues (13% and 11%, respectively, of consolidated net revenues). We expect that a limited number of popular brands will continue to produce a disproportionately large amount of our revenues. Due to this dependence on a limited number of brands, the failure of one or more products based on these brands to achieve anticipated results may significantly harm our business and financial results.

Our future success depends on our ability to release popular products.

The life of any one game product is relatively short, in many cases less than one year. It is therefore important for us to be able to continue to develop many high quality new products that are popularly received. If we are unable to do this, our business and financial results may be significantly harmed.

We focus our development and publishing activities principally on products

that are, or have the potential to become, franchise brand properties. Many of these products are based on intellectual property and other character or story rights acquired or licensed from third parties. The license and distribution agreements are limited in scope and time, and we may not be able to renew key licenses when they expire or to include new products in existing licenses. The loss of a significant number of our intellectual property licenses or of our relationships with licensors could have a material adverse effect on our ability to develop new products and therefore on our business and financial results.

The current transition in console platforms has a material impact on the market for interactive entertainment software.

When new console platforms are announced or introduced into the market, consumers typically reduce their purchases of game console entertainment software products for current console platforms in anticipation of new platforms becoming available. During these periods, sales of our game console entertainment software products can be expected to slow down or even decline until new platforms have been introduced and have achieved wide consumer acceptance. We are currently experiencing such a transition period. Each of the three current principal hardware producers has either launched or announced that it will launch a new platform in the near future. Sony made the first shipments of its PlayStation 2 console system in North America and Europe in the fourth quarter of calendar year 2000. During that quarter, Sony's manufacturing shortages resulted in significant shipment delays of PlayStation 2 units in North America and Europe. Nintendo announced that its new console system, Nintendo GameCube, will be released in the fourth quarter of calendar year 2001 in Japan and North America and in calendar year 2002 in Europe. Microsoft announced that its new console system, Xbox, will be released in the fourth quarter of calendar year 2001 in North America and Japan and in calendar year 2002 in Europe. In June 2001, Nintendo launched its Game Boy Advance hand held device. Delays in the launch, shortages of these platforms or lack of consumer acceptance could adversely affect our sales of

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products for these platforms. Current sales of our products for the existing PlayStation and Nintendo 64 platforms have been negatively affected by the new platform transition.

We must make significant expenditures to develop products for new platforms which may not be successful or released when anticipated.

The interactive entertainment software industry is subject to rapid technological change. New technologies could render our current products or products in development obsolete or unmarketable. We must continually anticipate and assess the emergence and market acceptance of new interactive entertainment software platforms well in advance of the time the platform is introduced to consumers. New platforms have historically required the development of new software and also have the effect of undermining demand for products based on older technologies. Because product development cycles are difficult to predict, we must make substantial product development and other investments in a particular platform well in advance of introduction of the platform. If the platforms for which we develop new software products or modify existing products are not released on a timely basis or do not attain significant market penetration, or if we develop products for a delayed or unsuccessful platform, we may not be able to recover in revenues our development costs which could be significant and our business and financial results could be significantly harmed. A recent announcement by Sega Corporation that it has discontinued its Dreamcast platform shows that even experienced hardware manufacturers are not immune to failure.

We are exposed to seasonality in the purchases of our products.

The interactive entertainment software industry is highly seasonal, with the highest levels of consumer demand occurring during the year-end holiday buying season. As a result, our net revenues, gross profits and operating income have historically been highest during the second half of the year. Additionally, in a platform transition period such as the one taking place now, sales of game console software products can be significantly affected by the timeliness of introduction of game console platforms by the manufacturers of those platforms, such as Sony, Microsoft and Nintendo. The timing of hardware platform introduction is also often tied to holidays and is not within our control. Further, delays in development, licensor approvals or manufacturing can also affect the timing of the release of our products, causing us to miss key selling periods such as the year-end holiday buying season.

We depend on skilled personnel.

Our success depends to a significant extent on our ability to identify, hire and retain skilled personnel. The software industry is characterized by a high level of employee mobility and aggressive recruiting among competitors for personnel with technical, marketing, sales, product development and management skills. We may not be able to attract and retain skilled personnel or may incur significant costs in order to do so. If we are unable to attract additional qualified employees or retain the services of key personnel, our business and financial results could be negatively impacted.

We depend on Sony and Nintendo for the manufacture of products that we develop for their hardware platforms.

Generally, when we develop interactive entertainment software products for hardware platforms offered by Sony or Nintendo, the products are manufactured exclusively by that hardware manufacturer. Our hardware platform licenses with Sony and Nintendo provide that the manufacturer may change prices for the manufacturing of products. In addition, these agreements include other provisions such as approval rights of all products and related promotional materials that give the manufacturer substantial control over our costs and the release of new titles. Since each of the manufacturers is also a publisher of games for its own hardware platforms and manufactures products for all of its other licensees, a manufacturer may give priority to its own products or those of our competitors in the event of insufficient manufacturing capacity. Our business and

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financial results could be materially harmed by unanticipated delays in the manufacturing and delivery of our products by Sony or Nintendo. In addition, our business and financial results could be materially harmed if Sony or Nintendo used their rights under these agreements to delay the manufacture or delivery of our products, limit the costs recoverable by us to manufacture software for their consoles, or elect to manufacture software themselves or use developers other than us.

If our products contain defects, our business could be harmed significantly.

Software products as complex as the ones we publish may contain undetected errors when first introduced or when new versions are released. We cannot assure you that, despite extensive testing prior to release, errors will not be found in new products or releases after shipment, resulting in loss of or delay in market acceptance. This loss or delay could significantly harm our business and financial results.

Inadequate intellectual property protections could prevent us from enforcing or defending our proprietary technology.

We regard our software as proprietary and rely on a combination of copyright, trademark and trade secret laws, employee and third party nondisclosure agreements and other methods to protect our proprietary rights. We own or license various copyrights and trademarks. While we provide "shrinkwrap" license agreements or limitations on use with our software, it is uncertain to what extent these agreements and limitations are enforceable. We are aware that some unauthorized copying occurs within the computer software industry, and if a significantly greater amount of unauthorized copying of our interactive entertainment software products were to occur, it could cause material harm to our business and financial results.

Policing unauthorized use of our products is difficult, and software piracy can be a persistent problem, especially in some international markets. Further, the laws of some countries where our products are or may be distributed either do not protect our products and intellectual property rights to the same extent as the laws of the United States, or are poorly enforced. Legal protection of our rights may be ineffective in such countries, and as we leverage our software products using emerging technologies such as the Internet and online services, our ability to protect our intellectual property rights and to avoid infringing intellectual property rights of others may diminish. We cannot assure you that existing intellectual property laws will provide adequate protection for our products in connection with these emerging technologies.

We may be subject to intellectual property claims.

As the number of interactive entertainment software products increases and the features and content of these products continue to overlap, software developers increasingly may become subject to infringement claims. Many of our products are highly realistic and feature materials that are based on real world examples, which may inadvertently infringe upon the intellectual property rights of others. Although we believe that we make reasonable efforts to ensure that our products do not violate the intellectual property rights of others, it is possible that third parties still may claim infringement. From time to time, we receive communications from third parties regarding such claims. Existing or future infringement claims against us, whether valid or not, may be time consuming and expensive to defend.

Intellectual property litigation or claims could force us to do one or more of the following:

- Cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- Obtain a license from the holder of the infringed intellectual property, which if available at all, may not be available on commercially favorable terms; or

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- Redesign our interactive entertainment software products, which could cause us to incur additional costs, delay introduction and possibly reduce commercial appeal of our products.

Any of these actions may cause material harm to our business and financial results.

We rely on independent third parties to develop many of our software products.

We often rely on independent third party interactive entertainment software developers to develop many of our software products. Since we depend on these developers in the aggregate, we remain subject to the following risks:

- Continuing strong demand for developers' resources, combined with recognition they receive in connection with their work, may cause developers who worked for us in the past to either work for our competitors in the future or to renegotiate our agreements with them on terms less favorable to us.
- Limited financial resources and business expertise and inability to retain skilled personnel may force developers out of business prior to completing our products or require us to fund additional costs.

Increased competition for skilled third party software developers also has compelled us to agree to make significant advance payments on royalties to game developers. If the products subject to these arrangements do not generate sufficient revenues to recover these royalty advances, we would have to write-off unrecovered portions of these payments, which could cause material harm to our business and financial results. In a few cases, we also agree to pay developers fixed per unit product royalties after royalty advances are fully recouped. To the extent that sales prices of products on which we have agreed to pay a fixed per unit royalty are marked down, our profitability could be adversely affected.

We operate in a highly competitive industry.

The interactive entertainment software industry is intensely competitive and new interactive entertainment software products and platforms are regularly introduced. Our competitors vary in size from small companies to very large corporations with significantly greater financial, marketing and product development resources than we have. Due to these greater resources, certain of our competitors can undertake more extensive marketing campaigns, adopt more aggressive pricing policies, pay higher fees to licensors of desirable motion picture, television, sports and character properties and pay more to third party software developers than we can. We believe that the main competitive factors in the interactive entertainment software industry include: product features; brand name recognition; compatibility of products with popular platforms; access to distribution channels; quality of products; ease of use; price; marketing support; and quality of customer service.

We compete primarily with other publishers of personal computer and video game console interactive entertainment software. Significant third party software competitors currently include, among others: Acclaim Entertainment, Inc.; Capcom Co. Ltd.; Eidos PLC; Electronic Arts Inc.; Infogrames SA; Konami Company Ltd.; Namco Ltd.; Take-Two Interactive Software, Inc.; THQ Inc. and Vivendi Universal Publishing. In addition, integrated video game console hardware and software companies such as Sony Computer Entertainment, Nintendo Co. Ltd., Microsoft Corporation and Sega Enterprises, Ltd. compete directly with us in the development of software titles for their respective platforms. In addition, Sega produces software titles for other platforms.

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We also compete with other forms of entertainment and leisure activities. For example, we believe that the overall growth in the use of the Internet and online services by consumers may pose a competitive threat if customers and potential customers spend less of their available time using interactive entertainment software and more using the Internet and online services.

We may face difficulty obtaining access to retail shelf space necessary to market and sell our products effectively.

Retailers of our products typically have a limited amount of shelf space and promotional resources, and there is intense competition among consumer interactive entertainment software products for high quality retail shelf space and promotional support from retailers. To the extent that the number of products and platforms increases, competition for shelf space may intensify and may require us to increase our marketing expenditures. Retailers with limited shelf space typically devote the most and highest quality shelf space to the best selling products. We cannot assure you that our new products will consistently achieve such "best seller" status. Due to increased competition for limited shelf space, retailers and distributors are in an increasingly better position to negotiate favorable terms of sale, including price discounts, price protection, marketing and display fees and product return policies. Our products constitute a relatively small percentage of any retailer's sale volume, and we cannot assure you that retailers will continue to purchase our products or to provide our products with adequate levels of shelf space and promotional support on acceptable terms. A prolonged failure in this regard may significantly harm our business and financial results.

Our sales may decline substantially without warning and in a brief period of time because we generally do not have long-term contracts for the sale of our products.

We currently sell our products directly through our own sales force to mass merchants, warehouse club stores, large computer and software specialty chains and through catalogs, as well as to a limited number of distributors, in the

United States and Canada. Outside North America, we sell our products directly to retailers as well as third party distributors in certain territories. Our sales are made primarily on a purchase order basis without long-term agreements or other forms of commitments. The loss of, or significant reduction in sales to, any of our principal retail customers or distributors could significantly harm our business and financial results. Our two largest customers, Wal-Mart Stores, Inc. and Toys "R" Us, Inc., accounted for approximately 13% and 12%, respectively, of our worldwide net publishing revenues for our fiscal year ended March 31, 2001 (10% and 9%, respectively, of our consolidated net revenues). Our five largest retailers, including Wal-Mart and Toys "R" Us, accounted for approximately 45% of our worldwide net publishing revenues for our fiscal year ended March 31, 2001 (34% of our consolidated net revenues). Our two largest customers, Wal-Mart and Toys "R" Us, accounted for approximately 13% and 9%, respectively, of our worldwide net publishing revenues for our fiscal year ended March 31, 2000 (9% and 6%, respectively, of our consolidated net revenues). Our five largest retailers, including Wal-Mart and Toys "R" Us, accounted for approximately 37% of our worldwide net publishing revenues for our fiscal year ended March 31, 2000 (26% of our consolidated net revenues).

Our customers have the right to return our products and to receive pricing concessions and such rights could reduce our net revenues and results of operations.

We are exposed to the risk of product returns and price protection with respect to our distributors and retailers. Return policies allow distributors and retailers to return defective, shelf-worn and damaged products in accordance with negotiated terms. Price protection policies, when negotiated and applicable, allow customers a credit against amounts they owe us with respect to merchandise unsold by them. We provide price protection to a number of our customers to manage our customers' inventory levels in the distribution channel. We also offer a 90-day limited warranty to our end users that our products will be free from manufacturing defects. Although we maintain a reserve for returns and price protection, and although our agreements with a number of our customers place limits on product returns and price protection, we could be forced to accept

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substantial product returns and provide price protection to maintain our relationships with retailers and our access to distribution channels. Product returns and price protection that exceed our reserves could significantly harm our business and financial results.

We may be burdened with payment defaults and uncollectible accounts if our distributors or retailers cannot honor their credit arrangements with us.

Distributors and retailers in the interactive entertainment software industry have from time to time experienced significant fluctuations in their businesses, and a number of them have failed. The insolvency or business failure of any significant retailer or distributor of our products could materially harm our business and financial results. We typically make sales to most of our retailers and some distributors on unsecured credit, with terms that vary depending upon the customer and the nature of the product. Although we have insolvency risk insurance to protect against our customers' bankruptcy, insolvency or liquidation, this insurance contains a significant deductible and a co-payment obligation, and the policy does not cover all instances of non-payment. In addition, while we maintain a reserve for uncollectible receivables, the reserve may not be sufficient in every circumstance. As a result, a payment default by a significant customer could significantly harm our business and financial results.

We may not be able to maintain our distribution relationships with key vendors.

Our CD Contact, NBG and CentreSoft subsidiaries distribute interactive entertainment software products and provide related services in the Benelux territories, Germany and the United Kingdom, respectively, and, via export, in other European territories for a variety of entertainment software publishers, many of which are our competitors. These services are generally performed under limited term contracts. While we expect to use reasonable efforts to retain these vendors, we may not be successful in this regard. The cancellation or non-renewal of one or more of these contracts could significantly harm our business and financial results. Sony and Eidos products accounted for approximately 26% and 13%, respectively, of our worldwide net distribution revenues for our fiscal year ended March 31, 2001.

Our international revenues may be subject to regulatory requirements as well as currency fluctuations.

Our international revenues have accounted for a significant portion of our total revenues. International sales and licensing accounted for 66%, 51% and 43% of our total net revenues in our fiscal years ended March 31, 1999, March 31, 2000 and March 31, 2001, respectively. We expect that international revenues will continue to account for a significant portion of our total revenues in the future. International sales may be subject to unexpected regulatory requirements, tariffs and other barriers. Additionally, foreign sales which are made in local currencies may fluctuate. Presently, we do not engage in currency hedging activities. Although exposure to currency fluctuations to date has been insignificant, fluctuations in currency exchange rates may in the future have a material negative impact on revenues from international sales and licensing and thus our business and financial results.

Our software may be subject to governmental restrictions or rating systems.

Legislation is periodically introduced at the local, state and federal levels in the United States and in foreign countries to establish a system for providing consumers with information about graphic violence and sexually explicit material contained in interactive entertainment software products. In addition, many foreign countries have laws that permit governmental entities to censor the content and advertising of interactive entertainment software. We believe that mandatory government-run rating systems eventually may be adopted in many countries that are significant markets or potential markets for our products. We may be required to modify our products or alter our marketing strategies to comply with new regulations, which could delay the release of our products in those countries.

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Due to the uncertainties regarding such rating systems, confusion in the marketplace may occur, and we are unable to predict what effect, if any, such rating systems would have on our business. In addition to such regulations, certain retailers have in the past declined to stock some of our products because they believed that the content of the packaging artwork or the products would be offensive to the retailer's customer base. While to date these actions have not caused material harm to our business, we cannot assure you that similar actions by our distributors or retailers in the future would not cause material harm to our business.

Our software may be subject to legal claims.

Within the past two years, two lawsuits, Linda Sanders, et al. v. Meow Media, Inc., et al., United States District Court for the District of Colorado, and Joe James, et al. v. Meow Media, Inc., et al., United States District Court for the Western District of Kentucky, Paducah Division, have been filed against numerous video game companies, including us, by the families of victims who were shot and killed by teenage gunmen. These lawsuits allege that the video game companies manufactured and/or supplied these teenagers with violent video games, teaching them how to use a gun and causing them to act out in a violent manner. While our general liability insurance carrier has agreed to defend us in these lawsuits, it is uncertain whether or not the insurance carrier would cover all or any amounts which we might be liable for if the lawsuits are not decided in our favor. If either of the lawsuits are decided against us and our insurance carrier does not cover the amounts we are liable for, it could have a material adverse effect on our business and financial results. It is possible that similar additional lawsuits may be filed in the future. Payment of significant claims by insurance carriers may make such insurance coverage materially more expensive or unavailable in the future, thereby exposing our business to additional risk.

We may face limitations on our ability to integrate additional acquired businesses or to find suitable acquisition opportunities.

We intend to pursue additional acquisitions of companies, properties and other assets that can be purchased or licensed on acceptable terms and which we believe can be operated or exploited profitably. Some of these transactions could be material in size and scope. While we will continually be searching for additional acquisition opportunities, we may not be successful in identifying suitable acquisitions. As the interactive entertainment software industry continues to consolidate, we face significant competition in seeking and consummating acquisition opportunities. We may not be able to consummate potential acquisitions or an acquisition may not enhance our business or may decrease rather than increase our earnings. In the future, we may issue additional shares of our common stock in connection with one or more acquisitions, which may dilute our existing stockholders. Future acquisitions could also divert substantial management time and result in short term reductions in earnings or special transaction or other charges. In addition, we cannot guarantee that we will be able to successfully integrate the businesses that we may acquire into our existing business. Our stockholders may not have the opportunity to review, vote on or evaluate future acquisitions.

Our shareholder rights plan, charter documents and other agreements may make it more difficult to acquire us without the approval of our Board of Directors.

We have adopted a shareholder rights plan under which one right entitling the holder to purchase one one-hundredth of a share of our Series A Junior Preferred Stock at a price of \$40 per share (subject to adjustment) is attached to each outstanding share of common stock. Such shareholder rights plan makes an acquisition of control in a transaction not approved by our Board of Directors more difficult. Our Amended and Restated By-laws have advance notice provisions for nominations for election of nominees to the Board of Directors which may make it more difficult to acquire control of us. Our long-term incentive plans provide for acceleration of stock options following a change in control, which has the effect of making an acquisition of control more expensive. A change in control constitutes a default under our revolving credit facility. In addition, some of our officers have severance compensation agreements that provide for substantial cash payments and acceleration of other benefits in the event of change in control. These agreements and

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arrangements may also inhibit a change in control and may have a negative effect on the market price of our common stock.

Our stock price is highly volatile.

The trading price of our common stock has been and could continue to be subject to wide fluctuations in response to certain factors, including:

- Quarter to quarter variations in results of operations
- Our announcements of new products
- Our competitors' announcements of new products
- Our product development or release schedule
- General conditions in the computer, software, entertainment, media or electronics industries
- Timing of the introduction of new platforms and delays in the actual release of new platforms
- Changes in earnings estimates or buy/sell recommendations by analysts
- Investor perceptions and expectations regarding our products, plans and strategic position and those of our competitors and customers

Other events or factors.

In addition, the public stock markets experience extreme price and trading volume volatility, particularly in high technology sectors of the market. This volatility has significantly affected the market prices of securities of many technology companies for reasons often unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock.

We do not pay dividends on our common stock.

We have not paid any dividends on our common stock and do not anticipate paying dividends in the near future. In addition, our revolving credit facility currently prohibits us from paying dividends on our common stock.

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ACTIVISION, INC.

We are a leading international publisher of interactive entertainment software products. We have built a company with a diverse portfolio of products that spans a wide range of categories and target markets and that is used on a variety of game hardware platforms and operating systems. We have created, licensed and acquired a group of highly recognizable brands which we market to a growing variety of consumer demographics.

Our products cover the action, adventure, extreme sports, racing, role playing, simulation and strategy game categories. We offer our products in versions which operate on the Sony PlayStation, Sony PlayStation 2, Nintendo 64 and Sega Dreamcast, console systems, the Nintendo Game Boy Color and Game Boy Advance hand held devices, as well as on personal computers. Over the next few years, we plan to produce many titles for the recently released Sony PlayStation 2 console system and Game Boy Advance hand held device and the Microsoft Xbox and Nintendo GameCube console systems, which are expected to launch in North America and Japan later this year and in Europe next year. At present we have 153 different titles in various stages of production, development and planning, 80 of which are in production and development and 73 of which are in various planning stages. Driven partly by the enhanced capabilities of the next generation of platforms, we believe that in the next few years there will be significant growth in the market for interactive entertainment software and we plan to leverage our skills and resources to extend our leading position in the industry.

Our publishing business involves the development, marketing and sale of products, either directly, by license or through our affiliate label program with third party publishers. In addition to publishing, we maintain distribution operations in Europe that provide logistical and sales services to third party publishers of interactive entertainment software, our own publishing operations and manufacturers of interactive entertainment hardware.

Our objective is to be a worldwide leader in the development, publishing and distribution of quality interactive entertainment software products that deliver a highly satisfying consumer entertainment experience. Our strategy includes the following elements:

Create and Maintain Diversity in Product Mix, Platforms and Markets. We believe that maintaining a diversified mix of products can reduce our operating risks and enhance profitability. Therefore, we develop and publish products spanning a wide range of product categories, including action, adventure, extreme sports, racing, role playing, simulation and strategy, and products designed for target audiences ranging from game enthusiasts and children to mass market consumers and "value priced" buyers. We develop, publish and distribute

products that operate on Sony PlayStation and PlayStation 2, Sega Dreamcast and Nintendo 64 console systems, Nintendo Game Boy hand held devices and the personal computer. In anticipation of the launch of Microsoft's Xbox and Nintendo's GameCube and in response to the previous launch of other next generation platforms, we currently have 57 titles under development for next generation platforms. We typically release our console products for use on multiple platforms in order to reduce the risks associated with any single platform, leverage our costs over a larger installed base and increase unit sales.

Create, Acquire and Maintain Strong Brands. We focus development and publishing activities principally on products that are, or have the potential to become, franchise properties with sustainable consumer appeal and brand recognition. These products can thereby serve as the basis for sequels, prequels and related new products that can be released over an extended period of time. We believe that the publishing and distribution of products based in large part on franchise properties enhances predictability of revenues and the probability of high unit volume sales and operating profits. We have entered into a series of strategic relationships with the owners of intellectual property pursuant to which we have acquired the rights to publish products based on franchises such as Star Trek, various Disney films such as Toy Story 2 and Marvel Comics' properties such as Spider-Man, X-Men and Blade. We have also capitalized on the success of our Tony Hawk's Pro Skater products to sign long term agreements, many of which are exclusive, with numerous other

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extreme sports athletes including superstars Mat Hoffman in BMX pro biking, Kelly Slater in pro surfing, Shaun Palmer in snowboarding and Shaun Murray in wakeboarding.

Enforce Disciplined Product Selection and Development Processes. The success of our publishing business depends, in significant part, on our ability to develop games that will generate high unit volume sales and that can be completed up to our high quality standards. Our publishing units have implemented a formal control process for the selection, development, production and quality assurance of our products. We apply this process, which we refer to as the "Greenlight Process," to products under development with external, as well as internal resources. The Greenlight Process includes in-depth reviews of each project at five intervals during the development process by a team that includes several of our highest ranking operating managers and coordination between our sales and marketing personnel and development staff at each step in the process.

We develop our products using a strategic combination of our internal development resources and external development resources acting under contract with us, some of whom are independent and some of whom are partly owned or otherwise controlled by us. We typically select our external developers based on their track record and expertise in producing products in the same category. One developer will often produce the same game for multiple platforms and will produce sequels to the original game. We believe that this selection process allows us to strengthen and leverage the particular expertise of our internal and external development resources.

Continue to Improve Profitability. We are continually striving to reduce our risk and increase our operating leverage and efficiency with the goal of increased profitability. We believe the key factor affecting our profitability will be the success rate of our product releases. Therefore, our product selection and development process includes, as a significant component, periodic evaluations of the expected commercial success of products under development. Through this process, titles that we determine to be less promising are either discontinued before we incur additional development costs, or if necessary, corrections can be made in the development process. In addition, our focus on cross platform releases and branded products will, we believe, contribute to this strategic goal.

In order to further our emphasis on improved profitability, we have implemented a number of operational initiatives. We have significantly increased our product development capabilities by allocating a larger portion of our product development investments to experienced independent development companies working under contract with us, thereby taking advantage of specialized third party developers without incurring the fixed overhead obligations associated with increased internally employed staff. Our sales and marketing operations work with our studio resources to increase the visibility of new product launches and to coordinate timing and promotion of product releases. Our finance and administration and sales and marketing personnel work together to improve inventory management and receivables collections. We have broadly instituted objective-based reward programs that provide incentives to management and staff throughout the organization to produce results that meet our financial objectives.

Grow Through Continued Strategic Acquisitions and Alliances. The interactive entertainment industry is consolidating, and we believe that success in this industry will be driven in part by the ability to take advantage of scale. Specifically, smaller companies are more capital constrained, enjoy less predictability of revenues and cash flow, lack product diversity and must spread fixed costs over a smaller revenue base. Several industry leaders are emerging that combine the entrepreneurial and creative spirit of the industry with professional management, the ability to access the capital markets and the ability to maintain favorable relationships with strategic developers, property owners and retailers. Through ten completed acquisitions since 1997, we believe

that we have successfully diversified our operations, our channels of distribution, our development talent pool and our library of titles, and have emerged as one of the industry's leaders. We intend to continue to expand our resources through acquisitions, strategic relationships and key license transactions. We expect to focus our acquisition strategy on increasing our development capacity through the acquisition of

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or investment in selected experienced development firms, and expanding our intellectual property library through licenses and strategic relationships with intellectual property owners.

The Company's principal executive offices are located at 3100 Ocean Park Boulevard, 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, Belgium, The Netherlands, New York, New York, Madison, Wisconsin, St. Paul, Minnesota, Hollywood and Coral Gables, Florida and Woodland Hills, California. The Company's World Wide Web home page is located at <http://www.activision.com>.

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USE OF PROCEEDS

All net proceeds from the sale of the Activision shares of common stock will go to the stockholders who offer and sell their shares. Accordingly, 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.

SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of shares of Activision common stock by the stockholders selling Common Stock hereunder (the "Selling Stockholders") as of October 10, 2001, and the number of shares of common stock being offered by this prospectus.

Name of Selling Stockholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common Stock Being Offered(2)
	Number of Shares	Percentage of Class(1)	
Akemann, Peter	130,420	*	130,420
Likeness, Don	133,699	*	133,699
Steinmann, Eric	123,600	*	123,600
Capistrano, Shawn	28,261	*	28,261
Bare, Jason	2,261	*	2,261
Bortoluzzi, Alex	4,525	*	4,525
Bower, Thad	1,565	*	1,565
Brainerd, Wade	4,678	*	4,678
Busic, L. Christian	4,410	*	4,410
Busse, Christopher	8,719	*	8,719
Bustamante, Sergio	1,449	*	1,449
Chao, James	4,716	*	4,716
Cook, David	2,261	*	2,261
Doran, Nicholas	4,410	*	4,410
Erdman, Christopher C.	4,487	*	4,487
Fristrom, James	7,195	*	7,195
Gilman, Sukru	2,261	*	2,261
Hughes, Patrick	1,259	*	1,259
Ishihara, Glenn	458	*	458
John, Gregory	4,678	*	4,678
Krug, Barbara	2,261	*	2,261
Lakshmanan, Srini	2,261	*	2,261
Moriwaki, Yoshitomo G.	5,021	*	5,021
Nau, Mark	7,920	*	7,920
Olson, Evan	2,261	*	2,261
Palmer, Sean	2,899	*	2,899
Sahuc, Pascal	4,754	*	4,754
Soares, Christopher	7,195	*	7,195
Tolman, Charles	7,920	*	7,920

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Name of Selling Stockholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common Stock Being Offered(2)
	Number of Shares	Percentage of Class(1)	
Tolman, Tiffany	992	*	992
Villasenor, Rose	840	*	840
Aeria, Zachary	243	*	243
Akaike, Akihiro	552	*	552
Akopyan, Loudvik	97	*	97
Altman, Matthew I	48	*	48
Anderson, Jennifer	24	*	24
Andrunas, John A.	96	*	96
Bains, David Andrew	120	*	120

Barasch, Alan	96	*	96
Bendis, Scott	538	*	538
Bryant, Jason	312	*	312
Burgess, Joel	408	*	408
Chen, Peter H.	24	*	24
Chen, Tong	424	*	424
Chien, Andy	145	*	145
Cutler, Elizabeth	24	*	24
Davis, Wendy L.	24	*	24
Drageset, Craig I	48	*	48
Dumlao, Darwin	218	*	218
Eastpepp, Travis	194	*	194
Edelstein, Paul A.	316	*	316
Fedasz IV, Stephen	72	*	72
Fiederer, Joerg T.	580	*	580
Giampa, Kristopher	24	*	24
Gluck, Florent	48	*	48
Goldman, Daniel B.	121	*	121
Gonwick, Vanessa	48	*	48
Grace, Bradley	97	*	97
Henne, Christian	509	*	509
Hosfeld, Ian Peter	24	*	24
Hurd, Eric A	24	*	24
Ikeda, Lisa	240	*	240
Jameson, Brian R.	120	*	120
Johnson, Sean C.	48	*	48
Juneau, Jason (Jay)	48	*	48
Kang, Win	72	*	72
Kohout, Robert H.	120	*	120

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Name of Selling Stockholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common Stock Being Offered(2)
	Number of Shares	Percentage of Class(1)	
Kovachev, Asen	218	*	218
Lauf, Jon	388	*	388
Lawson, Brian	170	*	170
Lydon, John	24	*	24
Mailhot, Michel	364	*	364
Maza, Jeremiah	240	*	240
Mc Mahan, Michael	240	*	240
McAlpine, Terri N	24	*	24
McKesson, Jason L.	144	*	144
Mills, Nigel	364	*	364
Morrisroe, Brian D	24	*	24
Morrow, Charles	48	*	48
Nugent, Joseph B.	72	*	72
Offermann, Alexander	48	*	48
Ono, Tomas K.	48	*	48
Parker, Jeremy L.	48	*	48
Pasko, Kevin	267	*	267
Pavone, Eric M.	96	*	96
Peterson, Dustin	288	*	288
Petty, Cameron S.	72	*	72
Pinder, Carl	243	*	243
Probst, Timothy A.	96	*	96
Quach, Tuan (Tony)	48	*	48
Rakunas, Adam	193	*	193
Rappaport, Douglas	48	*	48
Rhoades, Matthew B.	48	*	48
Rix, Aaron	267	*	267
Rusch, Matthew S.	97	*	97
Salazar, Manuel	291	*	291
Samonte, Rey	553	*	553
Sanchez, Roberto	168	*	168
SantaAna, Jake	359	*	359
Santat, Daniel	48	*	48
Schenkelberg, Jeff D.	48	*	48
Schmidt, Kevin E.	24	*	24
Simkins, Gregory P.	120	*	120
Smilovitch, Tim	315	*	315
Stanev, Dimiter	216	*	216

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Name of Selling Stockholder	Beneficial Ownership of Common Stock Prior to the Offering		Number of Shares of Common Stock Being Offered(2)
	Number of Shares	Percentage of Class(1)	
Stone, Erik M.	97	*	97
Swihart, Andrew D	24	*	24
Taylor, Greg	267	*	267
Terletski, Dmitri	509	*	509

Tomatani, Kevin	192	*	192
Touevsky, Krassimir	24	*	24
Valenzuela, Joseph I.	96	*	96
Van Zelm, John	218	*	218
Vance, Michael K.	290	*	290
Wadey, Charles E.	48	*	48
Webster, Jon	340	*	340
Whitehead, Paul	534	*	534
Zachary, James	412	*	412
Zamkoff, Johathan	264	*	264
Zide, Leonardo	48	*	48
All Selling Stockholders as a group	545,974		545,974

* Less than 1%.

- (1) Percentages are based on 33,889,016 shares of common stock that were issued and outstanding as of October 10, 2001.
- (2) This amount does not include the following, which are more fully described below: (i) 153,992 shares of Common Stock subject to certain software program delivery and revenue and certain escrow requirements; (ii) 15,399 shares of Common Stock to be issued to certain Selling Stockholders upon completion of certain software program delivery and revenue requirements; and (iii) 54,685 shares of Common Stock that may be issued depending on the market price of Activision Common Stock during the twelve-month period ending September 27, 2002.

The Company entered into an agreement and plan of merger (the "Merger Agreement") with Activisions Publishing Inc., Treyarch Invention LLC ("Treyarch"), Don Likeness, Peter Akemann, Eric Steinmann, Shawn Capistrano and Eric Steinmann, as representative of the persons listed on Schedule 1 thereto (the "Members"). The transaction contemplated by the Merger Agreement was consummated on October 1, 2001.

Pursuant to the Merger Agreement, certain of the Selling Stockholders entered into lock-up agreements under which they agreed that during a period (the "Lock-Up Period") commencing on the date of execution of a purchase agreement ("Purchase Agreement") with Activision's managing underwriter under Activision's Registration Statement on Form S-3 (Registration No. 333-66280), and ending on the earlier of (1) ninety days from the date of execution of the Purchase Agreement or (2) such other date as may be specified by the managing underwriter, the Selling Stockholders shall not sell, pledge, gift, hypothecate or otherwise dispose of more than one-third of the shares of Activision Common Stock received in the transaction which have not already been sold or transferred prior to the commencement of the Lock-Up Period. The lock-up agreement terminates in the event no Purchase Agreement has been entered into by Activision on or before December 31, 2001.

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In addition, pursuant to a warranty escrow agreement an aggregate of 153,993 shares of Common Stock, or twenty-two percent (22%) of the total number of shares of Common Stock issued have been deposited in an escrow account in connection with the transaction (the "Escrow Shares"). The Escrow Shares have been deposited in order to ensure that the representations, warranties and covenants made by the former Treyarch Members under the Merger Agreement are not breached and in order to provide a source of indemnification to Activision pursuant to the Merger Agreement. In addition, the Escrow Shares are subject to release from escrow upon fulfillment of certain software program delivery and ranking requirements and certain revenue requirements, as described in the Merger Agreement. In the event certain of the software program delivery and ranking requirements are met, certain of the Selling Stockholders are entitled to receive, in addition to the Escrow Shares, 15,399 shares of Common Stock.

Certain of the Selling Stockholders are entitled to receive up to an additional 54,685 shares of Common Stock ("Additional Shares"), if the price per share of Activision Common Stock is not greater than or equal to \$34.50 per share over any consecutive five-day trading period ending on or before September 27, 2002. The Additional Shares are not subject to the escrow and software program requirements described above.

We will issue a prospectus supplement to reflect any increase in the number of shares of Common Stock offered for sale in the event the conditions described above are fulfilled.

Prior to the acquisition of Treyarch by Activision, Treyarch was a party to various development agreements with Activision. Other than such contracts and the fact that the Selling Stockholders are employees of Treyarch, which became a wholly owned subsidiary of Activision on October 1, 2001 pursuant to the Merger Agreement, none of the Selling Stockholders has had a material relationship with the Company within the past three years.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of Activision consists of 125,000,000 shares of Common Stock, \$.000001 par value, 4,500,000 shares of Preferred Stock, \$.000001 par value and 500,000 shares of Series A Junior Preferred Stock, \$.000001 par value. As of October 10, 2001, there were 33,889,016 shares of

Activision Common Stock issued and outstanding, no Activision Preferred Stock issued and outstanding and no Activision Junior Preferred Stock issued and outstanding.

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 and Junior 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 and Junior 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 and Junior Preferred Stock. As of October 10, 2001, the

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Company had approximately 3,800 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 from time to time in one or more of the following transactions, 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 \$28,809, 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 by Robinson Silverman Pearce Aronsohn & Berman LLP, New York, New York. Kenneth L. Henderson, one of our directors, is a managing partner of Robinson Silverman. In addition, Robinson Silverman owns approximately 10,000 shares of our common stock.

EXPERTS

Our consolidated financial statements and financial statement schedule as of March 31, 2000, and for each of the years in the two-year period ended March 31, 2000, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements as of and for the year ended March 31, 2001 incorporated by reference in this prospectus have been so incorporated by reference in reliance on the report of PricewaterhouseCoopers LLP,

independent accountants, given on the authority of said firm as experts in auditing and accounting.

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We replaced KPMG as our principal accountant with PricewaterhouseCoopers, effective March 20, 2001. The action was recommended by the Audit Committee of our board of directors and approved by our board of directors. During our two fiscal years ended March 31, 2000 and three subsequent interim periods, there were no disagreements with KPMG LLP on any matter of accounting principles or practice, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of KPMG LLP, would have caused it to make a reference to the subject matter of the disagreement in connection with its report. KPMG LLP's reports on our financial statements for each of the years in the two-year period ended March 31, 2000 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may inspect and copy such material at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You may also obtain copies of such material from the SEC at prescribed rates for the cost of copying by writing to the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms. You can also find our SEC filings at the SEC's web site at <http://www.sec.gov>.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

- Our Annual Report on Form 10-K for the fiscal year ended March 31, 2001, File No. 0-12699;
- Our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001, File No. 0-12699;
- Our Current Reports on Form 8-K filed on July 11, 2001, July 31, 2001 and October 4, 2001, File No. 0-12699;
- The description of our common stock and the rights associated with our common stock contained in our Registration Statement on Form S-3, Registration No. 333-46425, and our Registration Statement on Form 8-A, File No. 001-15839, filed on April 19, 2000.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Activision, Inc.
3100 Ocean Park Boulevard
Santa Monica, California 90405
(310) 255-2000
Attn: Investor Relations

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770,051 Shares

ACTIVISION, INC.

Common Stock

PROSPECTUS

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.....	\$ 6,109
Nasdaq Additional Listing Fee.....	7,700
Legal Fees and Expenses.....	7,500
Accounting Fees and Expenses.....	5,000
Miscellaneous.....	2,500

TOTAL.....	\$28,809
	=====

Item 15. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law ("DGCL"), paragraph B of Article SIXTH 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.

The Company maintains a directors' and officers' insurance policy which insures the officers and directors of the Company from any claim arising out of an alleged wrongful act by such persons in their respective capacities as officers and directors of the Company. In addition, the Company has entered into indemnification agreements with its officers and directors containing provisions which are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements require the Company, among other things, to indemnify such officers and directors against certain liabilities that may arise by reason of their status or service as directors or officers (other than liabilities arising from willful misconduct of a culpable

nature) and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. The Company believes that these agreements are necessary to attract and retain qualified persons as directors and officers.

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:

- 2.1 Agreement and Plan of Merger dated as of September 28, 2001, among Activision, Inc., Activision Publishing, Inc., Treyarch Invention LLC, Don Likeness, Peter Akemann, Eric Steinmann, Shawn Capistrano and Eric Steinmann, as representative of the persons listed on Schedule 1 thereto.
- 5.1 Opinion of Robinson Silverman Pearce Aronsohn & Berman LLP as to the legality of securities being registered.
- 23.1 Consent of Robinson Silverman Pearce Aronsohn & Berman LLP (included as part of Exhibit 5.1).
- 23.2 Consent of KPMG LLP.
- 23.3 Consent of PricewaterhouseCoopers 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;

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(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.

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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 Santa Monica, State of California, on October 16, 2001.

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	October 16, 2001
/s/ Brian G. Kelly ----- (Brian G. Kelly)	Co-Chairman and Director	October 16, 2001
/s/ William J. Chardavoyne ----- (William J. Chardavoyne)	Chief Financial Officer (Principal Financial and Accounting Officer)	October 16, 2001
/s/ Kenneth L. Henderson ----- (Kenneth L. Henderson)	Director	October 16, 2001
/s/ Barbara S. Isgur ----- (Barbara S. Isgur)	Director	October 16, 2001
/s/ Steven T. Mayer ----- (Steven T. Mayer)	Director	October 16, 2001
/s/ Robert J. Morgado ----- (Robert J. Morgado)	Director	October 16, 2001

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of September 28, 2001, among Activision, Inc., Activision Publishing, Inc., Treyarch Invention LLC, Don Likeness, Peter Akemann, Eric Steinmann, Shawn Capistrano and Eric Steinmann, as representative of the persons listed on Schedule 1 thereto.
5.1	Opinion of Robinson Silverman Pearce Aronsohn & Berman LLP as to the legality of securities being registered.
23.1	Consent of Robinson Silverman Pearce Aronsohn & Berman LLP (included as part of Exhibit 5.1).
23.2	Consent of KPMG LLP.
23.3	Consent of PricewaterhouseCoopers LLP.
24.1	Power of attorney (included on signature page).

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "Agreement"), is made and entered into as of September 28, 2001, among Activision, Inc., a Delaware corporation ("Activision"), Activision Publishing, Inc., a Delaware corporation ("Activision Publishing"), Treyarch Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Activision ("Merger Subsidiary"), Treyarch Invention LLC, a California limited liability company ("Treyarch"), Don Likeness, Peter Akemann, Eric Steinmann and Shawn Capistrano (collectively, the "Principal Members") and Eric Steinmann, as representative of the persons listed on Schedule 1 hereto (the "Employee Members") (the "Representative"). For purposes of this Agreement, the Principal Members and the Employee Members hereinafter are individually referred to as a "Member" and collectively referred to as the "Members". Treyarch and Merger Subsidiary are sometimes referred to herein as the "Constituent Corporations."

W I T N E S S E T H:
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WHEREAS, the Members own all of the membership interests in Treyarch; and

WHEREAS, the respective Boards of Directors of Activision and Merger Subsidiary and the Managing Members of Treyarch each have determined that a business combination between Treyarch, Activision and Merger Subsidiary is fair to and in the best interests of their respective companies and stockholders and accordingly have approved this Agreement and agreed to effect the merger provided for herein upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I
THE MERGER

1.1. The Merger. On the terms and subject to the conditions contained in this Agreement, at the Effective Time (as defined in Section 1.3 hereof), Treyarch shall be merged with and into Merger Subsidiary in accordance with this Agreement and the separate existence of Treyarch shall thereupon cease (the "Merger"). Merger Subsidiary shall be the surviving corporation in the Merger (Merger Subsidiary, after the Effective Time, is sometimes hereinafter referred to as the "Surviving Corporation"). From and after the Effective Time, all the rights and property of each of the Constituent Corporations shall vest in the Surviving Corporation and the Surviving Corporation shall be subject to all the debts and liabilities of the Constituent Corporations. The Merger shall have the effects provided in this Agreement and the applicable provisions of the Delaware General Corporation Law ("DGCL") and the California Limited Liability Company Law ("LLCL").

1.2. The Closing. On the terms and subject to the conditions of this Agreement, the closing of the Merger (the "Closing") shall be held at the offices of Activision, 3100 Ocean Park Boulevard, Santa Monica, California, at 10:00 a.m., local time, on the date hereof, with the Closing to become effective as of October 1, 2001. The date on which the Closing occurs is hereinafter referred to as the "Closing Date." All transactions required to occur at the Closing shall be deemed to have occurred simultaneously, and no such transaction shall be deemed to have occurred until all have occurred.

1.3. Effective Time. If all the conditions to the Merger set forth in Article 5 shall have been fulfilled or waived in accordance herewith, the parties hereto shall cause an Agreement of Merger and officers' certificates satisfying the requirements of Section 17552 of the LLCL to be properly executed, verified and delivered for filing in accordance with the LLCL on the Closing Date and (ii) a Certificate of Merger satisfying the requirements of Section 252 of the DGCL to be properly executed, verified and delivered for filing in accordance with the DGCL on the Closing Date. The Merger shall become effective upon the acceptance for record of the Agreement of Merger by the Secretary of State of the State of California in accordance with the LLCL and the acceptance for record of Certificate of Merger by the Secretary of State of the State of Delaware in accordance with the DGCL (but not earlier than the Closing Date) or at such later time which the parties hereto shall have agreed upon and designated in such filings in accordance with applicable law as the effective time of the Merger (the "Effective Time").

1.4. Articles of Incorporation; By-Laws. (a) Articles of Incorporation. The Articles of Incorporation of Merger Subsidiary in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation (except that the name of the Surviving Corporation shall be "Treyarch Corporation"), until duly amended in accordance with applicable law.

(b) By-Laws. The By-laws of Merger Subsidiary in effect immediately prior to the Effective Time shall be the By-laws of the Surviving Corporation (except

that the name of the Surviving Corporation shall be "Treyarch Corporation"), until duly amended in accordance with its terms or the Articles of Incorporation of the Surviving Corporation and as provided by applicable law.

1.5. Directors and Officers. (a) Directors. The directors of Merger Subsidiary immediately prior to the Effective Time shall automatically become the directors of the Surviving Corporation as of the Effective Time.

(b) Officers. The officers of Merger Subsidiary immediately prior to the Effective Time shall automatically become the officers of the Surviving Corporation as of the Effective Time.

1.6. Dissenting Shares. The Members hereby waive all dissenters' rights of appraisal set forth in Section 17600 of the LLCL (the "Appraisal Rights").

1.7. Tax Consequences. It is intended by the parties hereto that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the parties intend to report the Merger consistent therewith. The parties hereto hereby adopt this Agreement as a "plan of reorganization" within the meaning of Section 1.368-2(g) and 1.368-3(a) of the United States Treasury Regulations.

ARTICLE II

CONVERSION OF SHARES; MERGER CONSIDERATION

2.1. Conversion of Merger Subsidiary Shares. At the Effective Time, each share of common stock, \$.01 par value per share, of Merger Subsidiary that is issued and outstanding immediately prior to the Effective Time will remain one share of common stock, \$.01 par value per share, of the Surviving Corporation that is

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issued and outstanding immediately after the Effective Time, and such shares will be the only shares of capital stock of the Surviving Corporation that are issued and outstanding immediately after the Effective Time.

2.2. Merger Consideration. (a) Within five (5) business days of the Effective Time, by virtue of the Merger and without any action on the part of Activision, Merger Subsidiary, Treyarch or the Members, each Member shall receive the shares of Common Stock, par value \$.000001 per share, of Activision (the "Activision Common Stock") set forth opposite such Member's name on Schedule 2.2(a). The shares of Activision Common Stock to be issued in connection with the Merger are sometimes referred to as the "Activision Shares."

(b) If, prior to the first anniversary of the date of this Agreement, the closing price of the Activision Common Stock on the Nasdaq National Market ("NASDAQ"), or on such Subsequent Market on which the shares of Activision Common Stock are then listed or quoted, is not greater than or equal to the Maximum Price per share for a period of five (5) consecutive trading days, then the Members shall receive as additional merger consideration 54,685 shares of Activision Common Stock (the "Additional Activision Shares"). The Additional Activision Shares shall be distributed pro rata to the Members in accordance with their percentage ownership interest as reflected on the second column of Schedule 2.2(a). For purposes of this subsection, "Subsequent Market" shall mean the Nasdaq Smallcap Market, New York Stock Exchange or American Stock Exchange. If the shares of Activision Common Stock are not then listed or quoted on the NASDAQ or a Subsequent Market, then the closing price of Activision Common Stock shall be as reported in the over-the-counter market (as reported by the National Quotation Bureau Incorporated or similar organization or agency succeeding to its functions of reporting prices). If the shares of Activision Common Stock are not then reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), then the closing price of Activision Common Stock shall be as reported in the "Pink Sheet" quotes. For purposes of this Agreement, "Maximum Price" shall mean \$34.50 per share, subject to adjustment for any stock splits, reverse splits, recapitalizations or similar transactions occurring after the Closing which are made in good faith by the Board of Directors of Activision.

(c) In the event that the conditions set forth in Section 6.2(c)(i) with respect to Spider-Man (as defined below) have been met, then, concurrently with any release of the Spider-Man Holdback Shares (as defined below) pursuant to Section 6.2(c)(i), the Members shall receive, in addition to the Activision Shares received pursuant to Section 2.2(a), the number of shares of Activision Common Stock equal to ten percent (10%) of the aggregate number of shares of Spider-Man Holdback Shares which have been released pursuant to Section 6.2(c)(i). Such shares issued pursuant to this subsection shall be distributed pro rata to the Members in accordance with their percentage ownership interest as reflected on the second column of Schedule 2.2(a).

(d) In the event that the conditions set forth in Section 6.2(c)(i)(ii) with respect to Minority Report (as defined below) have been met, then, concurrently with any release of the Minority Report Holdback Shares pursuant to Section 6.2(c)(ii), the Members shall receive, in addition to the Activision Shares received pursuant to Section 2.2(a), the number of shares of Activision Common Stock equal to ten percent (10%) of the aggregate number of shares of Minority Report Holdback Shares which have been released pursuant to Section 6.2(c)(ii). Such shares issued pursuant to this subsection shall be distributed pro rata to the Members in accordance with their percentage ownership interest as reflected on the second column of Schedule 2.2(a).

(e) In the event that the conditions set forth in Section 6.2(c) (iii) with respect to Kelly Slater's Pro Surfer (as defined below) have been met, then, concurrently with any release of the Kelly Slater Holdback Shares (as defined below) pursuant to Section 6.2(c) (iii), the Members shall receive, in addition to the Activision Shares received pursuant to Section 2.2(a), the number of shares of Activision Common Stock equal to ten percent (10%) of the aggregate number of shares of Kelly Slater Holdback Shares which have been released pursuant to Section 6.2(c) (iii). Such shares issued pursuant to this subsection shall be distributed

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pro rata to the Members in accordance with their percentage ownership interest as reflected on the second column of Schedule 2.2(a).

(f) No fractional shares of Activision Common Stock shall be issued pursuant to this Agreement. In lieu of the issuance of any fractional shares of Activision Common Stock pursuant to this Agreement, the number of shares of Activision Common Stock issuable under the terms of this Agreement shall be rounded to the nearest whole share.

2.3. Employees. Each of the employees of Treyarch set forth in Schedule 2.3 (the "Employee Holders") shall become entitled to the Activision Shares set forth opposite such Employee Holder's name pursuant to Treyarch's Standard Equity Sharing Plan (the "Equity Sharing Plan").

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF TREYARCH AND THE MEMBERS

Treyarch and the Members hereby represent and warrant to Activision, Activision Publishing and the Merger Subsidiary as follows (except that the representation set forth in Section 3.3(b) shall be made by Treyarch and each Member individually with respect to himself or herself):

3.1. Organization. Treyarch is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California. Treyarch has all requisite power and authority to carry on its business as it is now being conducted and to own or lease and to operate its properties. Except as set forth in Schedule 3.1, Treyarch is not qualified to transact business as a foreign corporation or other entity in any jurisdiction, and neither the nature of the property owned or leased by it nor the nature of the business conducted by it makes any such qualification necessary, other than such failures which do not and would not individually or in the aggregate have a Material Adverse Effect on Treyarch. True and complete copies of the Articles of Organization and Amended and Restated Operating Agreement of Treyarch have previously been delivered or made available to Activision. For purposes of this Agreement, "Material Adverse Effect" with respect to a person or entity shall mean a material adverse effect on the business, assets, properties, financial condition or results of operations of such person or entity (in the case of Activision, Activision and its Subsidiaries taken as a whole), or on the ability of any person or entity timely to consummate the transactions contemplated hereby.

3.2. Authorization, Validity and Effect of Agreement. Each of Treyarch and the Members has all requisite power and authority to execute, deliver and perform this Agreement and to consummate their respective obligations and the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Treyarch and the Members and the consummation of the transactions contemplated hereby have been duly authorized by any and all necessary corporate action of Treyarch and by the Members and no other action on the part of Treyarch or the Members is necessary to authorize the execution, delivery and performance of this Agreement by Treyarch or the Members and the consummation of the transactions contemplated hereby. Treyarch has delivered to Activision true and complete copies of the resolutions of the Managing Members authorizing the execution, delivery and performance of this Agreement, the Merger and the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Treyarch and the Members and constitutes the valid and binding obligation of Treyarch and the Members, enforceable against Treyarch and the Members in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

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3.3. Capitalization. (a) Schedule 2.2(a) hereto sets forth the percentage interest in Treyarch owned by each Member. There are outstanding no securities convertible into, exchangeable for, or carrying the right to acquire, equity securities of Treyarch, and no subscriptions, warrants, options, calls, rights (pre-emptive or other) or other arrangements or commitments obligating Treyarch to issue or dispose of any of its equity securities or any ownership interest therein.

(b) Each of the Members hereby represents and warrants that such Member owns the percentage interest in Treyarch set forth in such Member's respective signature page to the Member Side Agreement among Treyarch, the Representative, Shawn Capistrano and the Members (the "Member Side Agreement") executed on or prior to the date of this Agreement.

3.4. No Subsidiaries. Treyarch does not have any direct or indirect Subsidiaries. For purposes of this Agreement, "Subsidiary" when used with

respect to any party shall mean any corporation, partnership, joint venture, business trust or other entity, of which such party or a Subsidiary of such party, directly or indirectly, owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization.

3.5. Other Interests. Treyarch does not own, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, business trust or other entity (other than investments in short-term investment securities).

3.6. No Violation. The execution, delivery and performance by Treyarch and the Members of this Agreement do not, and the consummation by Treyarch and the Members of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both, conflict with or violate (i) any provision of law, rule or regulation to which the Members or Treyarch are subject, (ii) any order, judgment, injunction or decree binding upon or applicable to the Members or Treyarch or binding upon the assets or properties of the Members or Treyarch, (iii) any provision of the Articles of Organization or the Operating Agreement of Treyarch, or (iv) other than the consents and filings provided for in this Agreement, require any consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority which has not been obtained or made, except where the failure to obtain any such consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority would not individually or in the aggregate have a Material Adverse Effect on Treyarch.

3.7. Investment Intent. (a) The Activision Common Stock to be issued to the Members in connection with the Merger and Activision Common Stock to be issued to the Employee Holders pursuant to the Equity Sharing Plan is being acquired by such Member or Employee Holder for his or her own account, for investment purposes only and not with a view to the distribution of such shares or with any present intention of distributing any of such shares within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), or reselling in violation of any other applicable securities laws, it being understood that the shares of Activision Common Stock to be issued to the Members and Employee Holders under this Agreement have not been registered under the Securities Act, and therefore cannot be sold unless registered under the Securities Act or unless an exemption from registration is available, and also subject to further restrictions under the provisions of Sections 6.1 and 6.2 hereof and the Warranty Escrow Agreement (as defined in Section 6.2). Each of the Members and Employee Holders will execute and deliver to Activision at or prior to the Closing an investment letter to that effect, the form of which is attached as Exhibit A-1 to this Agreement.

(b) Each Member who is an "accredited investor" ("Accredited Investor"), as that term is defined in Rule 501(a) of Regulation D of the Securities Act, will have completed, executed and delivered to

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Activision prior to or at the Closing an accredited investor agreement in the form attached hereto as Exhibit A-3 ("Accredited Investor Agreement"), and all of the representations and other information contained in the Accredited Investor Agreement executed by such Member are true, complete and correct in all respects. Each Member who is not an Accredited Investor ("Non-Accredited Investor") will have completed, executed and delivered to Activision prior to or at the Closing a non-accredited investor agreement in the form attached hereto as Exhibit A-4 ("Non-Accredited Investor Agreement"), and all of the representations and other information contained in the Non-Accredited Investor Agreement executed by such Non-Accredited Investor are true, complete and correct in all respects.

(c) Each person that is a "purchaser representative" (a "Purchaser Representative") as that term is defined in Section 501(h) of Regulation D of the Securities Act will have completed, executed and delivered to Activision prior to or at the Closing a purchaser representative questionnaire in the form attached hereto as Exhibit A-5 ("Purchaser Representative Questionnaire").

3.8. Financial Statements; Undisclosed Liabilities. (a) Treyarch and the Members have delivered to Activision an unaudited balance sheet of Treyarch as of June 30, 2001 and as of December 31, 2000, and the related statements of income and expense for the years then ended (collectively, the "Financial Statements").

(b) The Financial Statements have been prepared in accordance with sound accounting principles consistently followed throughout the periods indicated. The Financial Statements are correct and complete in all material respects and fairly present the financial position and the results of operations of Treyarch as of the respective dates thereof and for the respective periods indicated. Except as set forth in Schedule 3.8(b), Schedule 3.10 or elsewhere in this Agreement or as disclosed, reflected or reserved against in the Financial Statements, Treyarch does not have any liabilities, commitments or obligations (secured or unsecured and whether accrued, absolute, contingent or otherwise and whether due or to become due) which are not reflected on the Financial Statements, other than any liabilities, commitments or obligations incurred after the date of the Financial Statements in the ordinary course of business and which do not have a Material Adverse Effect on Treyarch. The assets of Treyarch are fairly valued on the Financial Statements.

3.9. Litigation. Except as set forth in Schedule 3.9 hereto, there are (i) no continuing orders, injunctions or decrees of any court, arbitrator or governmental authority to which Treyarch or the Members is a party or by which any of their respective properties or assets are bound or likely to be affected and (ii) no actions, suits or proceedings pending against Treyarch or the Members or to which any of their respective properties or assets are subject or, to the knowledge of the Members, threatened against Treyarch or the Members or to which any of their respective properties or assets are subject, at law or in equity, that in each such case could, individually or in the aggregate, have a Material Adverse Effect on Treyarch.

3.10. Absence of Certain Changes. Except as set forth in Schedule 3.10 hereto, since June 30, 2001, Treyarch has conducted its business only in the ordinary course of such business and consistent with past practices and there has not been any:

(a) material adverse change in the financial condition, properties, assets (including intangible assets), businesses, operations or results of operations of Treyarch;

(b) amendment or change in the Articles of Organization or Operating Agreement of Treyarch;

(c) incurrence, creation or assumption by Treyarch of (i) any mortgage, deed of trust, security interest, pledge, lien, title retention device, collateral assignment, claim, charge, restriction or other

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encumbrance of any kind on any of the assets or properties of Treyarch; or (ii) any obligation or liability of any indebtedness for borrowed money;

(d) issuance or sale of any debt or equity securities of Treyarch, or the issuance or grant of any options, warrants or other rights to acquire from Treyarch, directly or indirectly, any debt or equity securities of Treyarch;

(e) payment or discharge by Treyarch of any security interest, lien, claim, or encumbrance of any kind on any asset or property of Treyarch, or the payment or discharge of any liability that was not either shown or reflected on the Financial Statements or Schedule 3.10 or incurred in the ordinary course of Treyarch's business after June 30, 2001 in an amount in excess of \$10,000 for any single liability to a particular creditor;

(f) purchase, license, sale, assignment or other disposition or transfer, or any agreement or other arrangement for the purchase, license, sale, assignment or other disposition or transfer, of any of the assets, properties or goodwill of Treyarch other than a license or sale of any product or products of Treyarch made in the ordinary course of Treyarch's business;

(g) damage, destruction or loss of any property or asset, whether or not covered by insurance, having (or likely with the passage of time to have) a Material Adverse Effect on Treyarch;

(h) increase in the compensation payable or to become payable to any of the officers, directors, or employees of Treyarch, or any bonus or pension, insurance or other benefit payment or arrangement (including without limitation, the Equity Sharing Plan (as defined below), and any stock awards, stock option grants, stock appreciation rights or stock option grants) made to or with any of such officers, employees or agents, other than the amounts set forth in Schedule 2.2(a), Schedule 2.3, amounts agreed to in the Letter of Intent, dated August 31, 2001 between Treyarch and Activision Publishing, or as otherwise approved by Activision Publishing;

(i) obligation or liability incurred by Treyarch to any of its officers, directors or stockholders except for normal and customary compensation and expense allowances payable to officers in the ordinary course of Treyarch's business consistent with past practice;

(j) making by Treyarch of any loan, advance or capital contribution to, or any investment in, any officer, director or Member of Treyarch or any firm or business enterprise in which any such person had a direct or indirect material interest at the time of such loan, advance, capital contribution or investment;

(k) entering into, amendment of, relinquishment, termination or non-renewal by Treyarch of any contract (other than the Software Development Agreement dated as of August 20, 2001 with Visual Concepts, a copy of which has been provided to Activision), lease, transaction, commitment or other right or obligation other than in the ordinary course of its business or any written or oral indication or assertion by the other party thereto of any material problems with Treyarch's services or performance under such contract, lease, transaction, commitment or other right or obligation or of such other party's demand to amend, terminate or not renew any such contract, lease, transaction, commitment or other right or obligation;

(l) material change in the manner in which Treyarch extends discounts, credits or warranties to customers or otherwise deals with its customers;

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(m) entering into by Treyarch of any transaction, contract or agreement

that by its terms requires or contemplates a required minimum current and/or future financial commitment, expenses (inclusive of overhead expenses) or obligation on the part of Treyarch involving in excess of \$10,000 (provided that the amount of such financial commitments and expenses for all such transactions, contracts or agreements does not exceed \$50,000 in the aggregate) or that is not entered into in the ordinary course of Treyarch's business, or the conduct of any business or operations by Treyarch that is other than in the ordinary course of Treyarch's business; or

(n) license, transfer or grant of a right under any Treyarch Intellectual Property (as defined in Section 3.19 below), other than those licensed, transferred or granted in the ordinary course of business consistent with its past practices.

3.11. Taxes. Except as set forth in Schedule 3.11 hereto or where such failure would not, individually or in the aggregate, have a Material Adverse Effect on Treyarch:

(a) Treyarch has paid or caused to be paid all federal, state, local, foreign, and other taxes, and all deficiencies, or other additions to tax, interest, fines and penalties (collectively, "Taxes"), owed or accrued by it and due and payable through the date hereof (including any Taxes payable pursuant to Treasury Regulation 1.1502-6 (and any similar state, local or foreign provision)).

(b) Treyarch has timely filed all federal, state, local and foreign tax returns (collectively "Tax Returns") required to be filed by it through the date hereof, and all such returns accurately set forth the amount of any taxable income, and any state franchise taxes relating to the applicable period.

(c) Except as set forth in Schedule 3.11(c), Treyarch has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, Member or other party.

(d) The Financial Statements reflect adequate reserves for Taxes payable by Treyarch for all taxable periods and portions thereof through the date of such financial statements.

(e) Since the date of the Financial Statements, Treyarch has made sufficient accrual for Taxes in accordance with sound accounting principles with respect to periods for which Tax Returns have not been filed and has paid sufficient estimated Taxes in respect thereof.

(f) There are no outstanding agreements, waivers or arrangements extending the statutory period of limitations applicable to any claim for, or the period for the collection or assessment of, Taxes due from Treyarch for any taxable period and there have been no deficiencies proposed, assessed or asserted for such Taxes.

(g) There are no closing agreements that could affect Taxes of Treyarch for periods after the Effective Time pursuant to Section 7121 of the Code or any similar provision under state, local or foreign tax laws.

(h) No audit or other proceedings by any court, governmental or regulatory authority or similar authority has occurred, been asserted or is pending and Treyarch has not received notice that any such audit or proceeding may be commenced.

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(i) No election has been made or filed by or with respect to, and no consent to the application of, Section 341(f)(2) of the Code has been made by or with respect to, Treyarch or any of its properties or assets.

(j) Treyarch has not agreed to, or filed application for, or is required to make, any changes or adjustment to its accounting methods, other than the filing of an IRS Form 8832, pursuant to which Treyarch shall seek election to be taxed as a corporation.

(k) There are no liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of Treyarch.

(l) Neither Treyarch nor any of its Subsidiaries (i) is a party to any agreement providing for the allocation, sharing or indemnification of Taxes; (ii) is required to include in income any adjustment pursuant to Section 481(a) of the Code by reason of a voluntary change in accounting method initiated by Treyarch or any Subsidiary, nor does Treyarch have any knowledge that the IRS has proposed any such adjustment or change in accounting method; or (iii) is or has been a United States real property holding company (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(ii) of the Code.

(m) Neither Treyarch nor any of its Subsidiaries has distributed the stock of any company in a transaction satisfying the requirements of Section 355 of the Code.

(n) All transactions that could give rise to an understatement of U.S. federal income tax within the meaning of Section 6662 of the Code have been adequately disclosed in accordance with Section 6662 of the Code.

(o) There is no contract, agreement, plan or arrangement covering any Person that, individually or collectively, could give rise to, nor will the consummation of the transactions contemplated hereby obligate Treyarch or any of its Subsidiaries to make, the payment of any amount that would not be deductible by Treyarch or any Subsidiary thereof by reason of Section 280G of the Code.

3.12. Books and Records. (a) The books of account and other financial records of Treyarch are true, complete and correct in all material respects, have been maintained in accordance with good business practices, and are accurately reflected in all material respects in the financial statements included in the Financial Statements.

(b) The minute books and other records of Treyarch that have been, or will be prior to the Closing, made available to Activision, contain accurate records of all meetings and accurately reflect all other action of the Managing Members and Members.

3.13. Properties. (a) Treyarch does not own any real property. Schedule 3.13(a) hereto sets forth a list of all real property currently, or at any time in the past five (5) years, owned or leased by Treyarch. With respect to all real property currently leased by Treyarch, a copy of each lease and each amendment thereto, has been made available to Activision prior to the Closing Date. All such current leases are in full force and effect, are valid and effective in accordance with their respective terms, and there is not any existing material default or event of default under any such lease (or event which with notice or lapse of time, or both, would constitute such a material default) by Treyarch or, to the Members' knowledge, the landlord.

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(b) Treyarch has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of its tangible properties and assets, real, personal and mixed, used or held for use in its business, free and clear of any liens, except as reflected in the Financial Statements or in Schedule 3.13(b) hereto and except for liens for taxes not yet due and payable and such imperfections of title and encumbrances, if any, which are not material in character, amount or extent, and which do not materially detract from the value, or materially interfere with the present use, of the property subject thereto or affected thereby.

(c) Prior to the execution of this Agreement, the Members have caused Treyarch to have sold, assigned, transferred, conveyed or otherwise disposed of all real property then owned by Treyarch and described on Schedule 3.13(a) (the "Real Property") in the manner set forth on Schedule 3.13(c).

3.14. Environmental Matters. (i) Treyarch is not, and within applicable statutes of limitation, has not been, in violation of any Environmental Law; (ii) there has been no disposal, spill, discharge, or release of any Hazardous Material on, at, or under any property presently or formerly owned, leased or operated by Treyarch; (iii) there are no Hazardous Materials located in, at, on, or under such facility or property, or at any other location, in either case that could reasonably be expected to require investigation, removal, remedial or corrective action by Treyarch or that would reasonably likely result in liabilities of, or losses, damages or costs to Treyarch under any Environmental Law; (iv) there is currently no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, notice or demand letter or request for information pending or, to the knowledge of the Members, threatened, which asserts liability under any Environmental Law against Treyarch; (v) there has not been any underground or aboveground storage tank, or any impoundment or other disposal area in each case containing Hazardous Materials located at any property owned, leased, or operated by Treyarch at the time of such ownership, lease, or operation; (vi) no asbestos or polychlorinated biphenyls have been used or disposed of, or have been located at, on, or under any property owned, leased, or operated by Treyarch at the time of such ownership, lease, or operation; (vii) Treyarch has provided Activision with all records and files available to Treyarch and the Members concerning the existence of Hazardous Materials or any other environmental concern at properties, assets, or facilities currently or formerly owned, operated or leased by Treyarch, any present or former subsidiary, or predecessor in interest, or concerning compliance by Treyarch with, or liability under, any Environmental Laws.

For purposes of this Agreement, "Environmental Law" means all federal, state, and local laws, judicial decisions, regulations, ordinances, rules, judgments, orders, and decrees, now or previously in effect and regulating, relating to, or imposing liability or standards of conduct concerning air emissions, water discharges, noise emissions, the release or threatened release of any Hazardous Material into the environment, the generation, handling, treatment, storage, transport or disposal of any Hazardous Material, or otherwise concerning pollution or the protection of the outdoor or indoor environment, or human health or safety. "Hazardous Material" means any pollutant, contaminant, or hazardous, toxic, medical, infectious or dangerous waste, substance, constituent or material, defined or regulated as such in, or for purposes of, any Environmental Law, including without limitation, any asbestos, petroleum, oil, radioactive substance, polychlorinated biphenyls, toxin, chemical, infectious or disease-causing agent, and any other substance that can give rise to liability under any Environmental Law.

3.15. No Brokers. Neither Treyarch nor the Members has entered into any contract, arrangement or understanding with any person or firm that may result in the obligation of such entity or Activision to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the

negotiations leading to this Agreement or the consummation of the transactions contemplated hereby. Neither Treyarch nor the Members is aware of any claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

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3.16. Related Party Transactions. Except for the employment arrangements described in Schedule 3.16 hereto, Treyarch is not a party to any transactions, loans or other arrangements or understandings with its Members, directors and/or officers (or any Member of their respective immediate families) that are in effect as of the date of this Agreement and/or are currently proposed to be carried out in the future. Schedule 3.16 hereto identifies and describes the interest or interests, if any, in any property, real or personal, tangible or intangible, used in or pertaining to the business of Treyarch, now held by any Member, director and/or officer of Treyarch.

3.17. Contracts and Commitments. (a) Except as set forth in Schedule 3.17(a) hereto, Treyarch does not have, nor is Treyarch party to or bound by:

(i) any consulting or sales agreement, contract or commitment under which any firm or other organization provides services to Treyarch;

(ii) any fidelity or surety bond or completion bond;

(iii) any agreement of indemnification or guaranty;

(iv) any agreement, contract, commitment, transaction or series of transactions for any purpose other than in the ordinary course of Treyarch's business relating to capital expenditures or commitments or long-term obligations in excess of \$10,000, other than the restricted interest bearing account in the amount of approximately \$170,000, which Treyarch has pledged as security for its obligations under its facility lease;

(v) any agreement, contract or commitment relating to the disposition or acquisition of assets or any interest in any business enterprise outside the ordinary course of Treyarch's business;

(vi) any mortgages, indentures, loans or credit agreements, security agreements or other arrangements or instruments relating to the borrowing of money or extension of credit, including guaranties referred to in clause (iii) hereof;

(vii) any purchase order or contract for the purchase of inventory or other materials involving \$10,000 or more;

(viii) any distribution, joint marketing or development agreement;

(ix) any assignment, license or other agreement with respect to any form of intangible property; or

(x) any other agreement, contract or commitment that involves \$10,000 or more or is not cancelable without penalty in excess of \$10,000 within thirty (30) days (collectively, any of (i) through (x) above shall be known as "Contracts").

(b) Except as would not individually or in the aggregate have a Material Adverse Effect, all such Contracts are valid and binding on Treyarch and are in full force and effect and enforceable against Treyarch in accordance with their respective terms. Except as disclosed in Schedule 3.17(b) hereto, no approval or consent of, or notice to any Person the failure of which to obtain would have individually or in the

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aggregate a Material Adverse Effect is needed in order that such Contracts shall continue in full force and effect in accordance with its terms without penalty, acceleration or rights of early termination following the consummation of the Merger. Except to the extent any of the following would not individually or in the aggregate have a Material Adverse Effect, Treyarch is not in violation of, breach of or default under any such Contract nor, to the Members' knowledge, is any other party to any such Contract. Except as set forth in Schedule 3.17(b) hereto, Treyarch is not in violation or breach of or default under any such Contract (including leases of real property) relating to non-competition, indebtedness, guarantees of indebtedness of any other person, employment, or collective bargaining.

3.18. Employee Matters and Benefit Plans. (a) Definitions. With the exception of the definition of "Affiliate" set forth in Section 3.18(a)(i) below (which definition shall apply only to this Section 3.18), for purposes of this Agreement, the following terms shall have the meanings set forth below:

(i) "Affiliate" shall mean any other Person under common control with or otherwise required to be aggregated with Treyarch as set forth in Section 414(b), (c), (m) or (o) of the Code and the regulations thereunder;

(ii) "Employee" shall mean any current, former or retired employee, officer, or director of Treyarch or any Affiliate;

(iii) "Employee Agreement" shall refer to any material management,

employment, severance, consulting, relocation, repatriation, expiration, visas, work permit or similar agreement or contract between Treyarch or any Affiliate and any Employee or consultant that is not an Employee Plan;

(iv) "Employee Plan" shall refer to any plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether formal or informal, funded or unfunded and whether or not legally binding, including without limitation, each "employee benefit plan" within the meaning of Section 3(3) of ERISA (as defined below), which is or has been maintained, contributed to, or required to be contributed to, by Treyarch or any Affiliate for the benefit of any "Employee" (as defined above), and pursuant to which Treyarch or any Affiliate has or may have any material liability contingent or otherwise;

(v) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended;

(vi) "IRS" shall mean the Internal Revenue Service;

(vii) "Multiemployer Plan" shall mean any "Pension Plan" (as defined below) which is a "multiemployer plan," as defined in Sections 3(37) and 4001(a)(3) of ERISA; and

(viii) "Pension Plan" shall refer to each Employee Plan which is an "employee pension benefit plan," within the meaning of Section 3(2) of ERISA.

(b) Schedule 3.18(b) hereto contains an accurate and complete list of each Employee Plan (including for each such plan a description of any of the benefits which will be increased or accelerated, by the occurrence of any of the transactions contemplated by this Agreement) and each Employee Agreement of Treyarch. Except as set forth in Schedule 3.18(b) hereto, neither Treyarch nor any of its Affiliates has any announced plan or commitment, whether legally binding or not, to establish any new Employee Plan or Employee Agreement, to modify any Employee Plan or Employee Agreement (except to the extent required by law or to conform any such Employee Plan or Employee Agreement to the requirements of any applicable law, in each case as previously disclosed to Treyarch in writing, or as required by this Agreement), or to enter into

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any Employee Plan or Employee Agreement, nor does it have any intention or commitment to do any of the foregoing.

(c) Documents. Treyarch has provided to Activision correct and complete copies of all material documents embodying or relating to each Employee Plan and each Employee Agreement including: (i) all amendments thereto and written interpretations thereof; (ii) the most recent annual actuarial valuations, if any, prepared for each Employee Plan; (iii) the two most recent annual reports (Series 5500 and all schedules thereto), if any, required under ERISA or the Code in connection with each Employee Plan or related trust; (iv) if the Employee Plan is funded, the most recent annual and periodic accounting of Employee Plan assets; (v) the most recent summary plan description together with the most recent summary of material modifications, if any, required under ERISA with respect to each Employee Plan; (vi) all IRS determination letters and rulings relating to Employee Plans and copies of all applications and correspondence to or from the IRS or the Department of Labor ("DOL") with respect to any Employee Plan; (vii) all communications material to any Employee or Employees relating to any Employee Plan and any proposed Employee Plans, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to Treyarch; and (viii) all registration statements and prospectuses prepared in connection with each Employee Plan.

(d) Employee Plan Compliance. (i) Except as set forth in Schedule 3.18(d) hereto, Treyarch and each of its Affiliates has performed in all material respects all obligations required to be performed by them under each Employee Plan, and each Employee Plan has been established and maintained in all material respects in accordance with its terms and in compliance with all applicable laws, statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no "prohibited transaction," within the meaning of Section 4975 of the Code or Section 406 of ERISA for which no class or statutory exemption is available, has occurred with respect to any Employee Plan; (iii) there are no material actions, suits or claims pending or, to the knowledge of the Members, threatened or anticipated (other than routine claims for benefits) against any Employee Plan or against the assets of any Employee Plan; (iv) such Employee Plan can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without material liability to Treyarch or any of its Affiliates (other than ordinary administration expenses typically incurred in a termination event); (v) there are no audits, inquiries or proceedings pending or, to the knowledge of the Members, threatened by the IRS or DOL with respect to any Employee Plan; (vi) Treyarch is not subject to any penalty or tax with respect to any Employee Plan under Section 502(i) of ERISA or Section 4975 through 4980B of the Code; (vii) all contributions, including any top heavy contributions, required to be made prior to the Closing by Treyarch or any ERISA Affiliate to any Employee Plan have been made or shall be made on or before the Closing Date; and (viii) Treyarch and its Affiliates are in compliance in all respects with the requirements of Parts 6 and 7 of Subtitle B of Title I of ERISA and the regulations promulgated thereunder and any similar state laws concerning group health care continuation coverage and

group health plan portability, access and renewability requirements, respectively.

(e) Pension Plans. Neither Treyarch nor any of its Affiliates currently maintain, sponsor, participate in or contribute to, nor have they ever maintained, established, sponsored, participated in, or contributed to, any Pension Plan which is subject to Part 3 of Subtitle B of Title I of ERISA, Title IV of ERISA or Section 412 of the Code.

(f) Multiemployer Plans. At no time has Treyarch or any of its Affiliates contributed to, or been requested or obligated to contribute to, any Multiemployer Plan.

(g) No Post-Employment Obligations. Except as set forth in Schedule 3.18(g) hereto or as required by Part 6 of Subtitle B of Title I of ERISA, no Employee Plan or any other employment agreement or

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arrangement to which Treyarch or its Affiliates is a party provides, or is required to provide, life insurance, medical or other employee benefits to any Employee upon his or her retirement or termination of employment for any reason, and neither Treyarch nor any of its Affiliates has ever represented or promised to, or contracted with (whether in oral or written form) to any Employee (either individually or to Employees as a group) that such Employee(s) would be provided with life insurance, medical or other employee welfare benefits upon their retirement or termination of employment.

(h) Effect of Transaction. The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Employee Plan, Employee Agreement, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee, other than pursuant to the Equity Sharing Plan and except as set forth in Schedule 3.18(h) hereto.

(i) Employment Matters. Except as set forth in Schedule 3.18(i), and except for any noncompliance as a result of Treyarch's treatment of employees as salaried employees instead of hourly employees, Treyarch (i) is in compliance in all respects with all applicable foreign, federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to Employees except as would not individually or in the aggregate have a Material Adverse Effect; (ii) has withheld all amounts required by law or by agreement to be withheld from the wages, salaries, and other payments to Employees; (iii) is not liable for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing; and (iv) is not liable for any payment to any trust or other fund or to any governmental or administrative authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal course of business and consistent with past practice). No claims have been asserted and no claims have been filed in court, with an administrative agency or with an arbitrator concerning any employment related claims of any nature against Treyarch and to the knowledge of the Members, no such claims have been threatened.

(j) Labor. No work stoppage or labor strike against Treyarch is pending or, to the knowledge of the Members, threatened. Treyarch is not involved in or, to the knowledge of the Members, threatened with, any labor dispute, grievance, administrative proceeding or litigation relating to labor, safety, employment practices or discrimination matters involving any Employee, including, without limitation, charges of unfair labor practices or discrimination complaints, which, if adversely determined, would individually or in the aggregate have a Material Adverse Effect. Treyarch has not engaged in any unfair labor practices within the meaning of the National Labor Relations Act which would, individually or in the aggregate, directly or indirectly have a Material Adverse Effect. Neither Treyarch nor any of its Affiliates has ever been a party to any agreement with any labor organization or union, and none of the Employees are represented by any labor organization or union, nor have any Employees threatened to organize or join a union or filed a petition for representation with the National Labor Relations Board.

(k) Schedule 3.18(k) and Schedules 2.2(a) and 2.3 hereto set forth (i) the aggregate amounts of bonus and severance payments that could be payable to employees of Treyarch under existing Employee Agreements or Employee Plans on account of the transactions contemplated by this Agreement (without regard to termination of employment), other than pursuant to the Equity Sharing Plan, and (ii) the aggregate amounts of severance obligations that could be payable to employees of Treyarch under existing Employee Agreements and Employee Plans on account of terminations of employment following the Effective Time, separately stating the amounts that are payable by reason of a termination following a change of control of Treyarch.

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(l) Schedule 3.18(l) sets forth a complete list of all persons who are currently employees and consultants of Treyarch and all persons to whom Treyarch has extended offers of employment and the compensation payable to all such employees and consultants.

(m) Treyarch has continuously maintained, and continues to maintain, stop loss insurance coverage for the self-insured portions of its Employee Plans as set forth in Schedule 3.18(m).

3.19. Equity Sharing Plan. (a) Schedule 3.19(a) attaches documents relating to the Equity Sharing Plan.

(b) Schedules 2.2(a) and 2.3 contain (i) a true and complete list of all of the employees of Treyarch entitled to receive bonus payments under the Equity Sharing Plan on account of the transactions contemplated by this Agreement, (ii) a true and complete list of the amount of bonus payments each employee of Treyarch is entitled to receive under the Equity Sharing Plan, and (iii) the date each employee's award shall vest.

3.20. Intellectual Property. (a) For the purposes of this Agreement, the following terms have the following definitions:

(i) "Intellectual Property" shall mean any or all of the following and all rights in, arising out of, or associated therewith: (a) all United States, international and foreign patents and applications therefor and all reissues, divisions, renewals, extensions, provisional, continuations and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data, customer lists, proprietary processes and formulae, all source and object code, algorithms, architectures, structures, display screens, layouts, inventions, development tools and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records; (c) all copyrights, copyrights registrations and applications therefor, copyrightable material including derivative works, revisions, transformations and adaptations, material that is subject to non-copyright disclosure protections, and all other rights corresponding thereto throughout the world; (d) all industrial designs and any registrations and applications therefor throughout the world; (e) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor throughout the world; (f) all proprietary databases and data collections and all rights therein throughout the world; (g) domain names; (h) intellectual property rights acquired by license or agreement; (i) damages or benefit derived from any action arising out of or related to the foregoing, including laws controlling computer and Internet rights;; and (j) any equivalent rights to any of the foregoing anywhere in the world.

(ii) "Treyarch Intellectual Property" shall mean that Intellectual Property owned by, licensed to, or used by Treyarch.

(iii) "Treyarch Registered Intellectual Property" means those United States, international and foreign: (a) patents and patent applications (including provisional applications); (b) registered trademarks and service marks, applications to register trademarks or service marks, intent-to-use applications, or other registrations or applications related to trademarks or service marks; and (c) registered copyrights and applications for copyright registration, in each case included in the Treyarch Intellectual Property. All of the foregoing are listed in Schedule 3.20(a)(iii) hereto.

(b) Treyarch has disclosed accurately and completely all Treyarch Intellectual Property to the Surviving Corporation. Treyarch is the exclusive owner of all right, title and interest in and to Treyarch Intellectual Property owned by Treyarch (with no breaks in the chain of title thereof) free and clear of any

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claim, security interest, lien, pledge, option, charge or encumbrance of any kind whatsoever. Treyarch's rights in such Treyarch Intellectual Property are in full force and effect. Such Treyarch Intellectual Property has not been used or enforced or failed to be used or enforced in a manner that would result in the abandonment, cancellation or unenforceability of any of Treyarch's rights in and to any Treyarch Intellectual Property.

(c) Schedule 3.20(c) hereto lists all non-routine proceedings or actions known to the Members before any court, tribunal (including the United States Patent and Trademark Office ("PTO") or equivalent authority anywhere in the world) related to any Treyarch Intellectual Property. Except as set forth in Schedule 3.20(c), no Treyarch Intellectual Property is the subject of any non-routine proceeding or outstanding decree, order, judgment, agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by Treyarch, or which may affect the validity, use or enforceability of such Treyarch Intellectual Property.

(d) With respect to each item of Treyarch Registered Intellectual Property, any necessary registration, maintenance and renewal fees in connection with such Treyarch Registered Intellectual Property have been paid and all necessary documents and certificates in connection with such Treyarch Registered Intellectual Property have been filed with the relevant patent, trademark or copyright authorities in the United States or abroad for the purposes of maintaining rights in such Treyarch Registered Intellectual Property.

(e) Treyarch has the right to use, market, distribute, sell and/or license all Treyarch Intellectual Property used in its business as presently conducted and as it is expected to be conducted as of the Effective Time, including without limitation, all Intellectual Property used or to be used in the Treyarch

Products (as defined below), and such rights to use, market, distribute, sell and/or license are sufficient for such conduct of its business.

(f) Neither the manufacture, development, publication, marketing, license, sale, distribution or use intended by Treyarch of any software products currently being licensed, produced or sold by Treyarch or currently under development by Treyarch (the "Treyarch Products") violates any license or agreement between Treyarch and any third party or infringes any Intellectual Property right, moral right or right of publicity or privacy of any other party, and there is no pending or, to the knowledge of the Members, threatened claim or litigation contesting the validity, ownership or right to use, market, distribute, sell, license or dispose of any Treyarch Intellectual Property nor, to the knowledge of the Members, is there any basis for any such claim under applicable law, nor has Treyarch received any notice asserting that any Treyarch Intellectual Property or the proposed use, marketing, distribution, sale, license or disposition thereof conflicts or will conflict with the rights of any other party, nor, to the knowledge of the Members, is there any basis for any such assertion under applicable law. Schedule 3.20(f) hereto sets forth a list of all Treyarch Products.

(g) Treyarch has timely and satisfactorily complied with their respective milestone delivery requirements under all material agreements, if any, pursuant to which Treyarch has agreed with a person other than Activision or its affiliates to program, design or develop, whether for original use or for porting or conversion (for use on a different hardware platform or in a different language), any software products or any part thereof, except where the failure to so comply could not reasonably be expected to individually or in the aggregate have a Material Adverse Effect with respect to Treyarch.

(h) Except as set forth in Schedule 3.20(h) hereto, to the extent that any Intellectual Property has been developed or created by a third party for Treyarch, Treyarch has a written agreement with such third party with respect thereto and Treyarch thereby has obtained ownership of, and is the exclusive owner of such Intellectual Property by operation of law or by valid assignment or by agreement, as the case may be.

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(i) Schedule 3.20(i) hereto lists all material contracts, licenses and agreements to which Treyarch is a party that are currently in effect (i) with respect to Treyarch Intellectual Property licensed, transferred or offered to any third party; or (ii) pursuant to which a third party has licensed or transferred any Intellectual Property to Treyarch. Except as set forth in Schedule 3.20(h) hereto, Treyarch has not transferred ownership of, or granted any exclusive license with respect to, any Treyarch Intellectual Property, to any third party.

(j) Except as set forth in Schedule 3.20(j) hereto, the contracts, licenses and agreements listed in Schedule 3.20(i) are in full force and effect. The consummation of the transactions contemplated by this Agreement will not violate or result in the breach, modification, cancellation, termination, or suspension of such contracts, licenses and agreements listed in Schedule 3.20(i) and will not cause the forfeiture or termination or give rise to a right of forfeiture or termination of any rights of Treyarch to any Treyarch Intellectual Property or impair the right of Treyarch after the Effective Time to use, market, distribute, sell or license any Treyarch Intellectual Property or portion thereof. Treyarch is in material compliance with, and has not materially breached any term of any of such contracts, licenses and agreements listed in Schedule 3.20(i) and, to the knowledge of the Members, all other parties to such contracts, licenses and agreements listed in Schedule 3.20(i) are in compliance with, and have not breached any term of, such contracts, licenses and agreements. Except as set forth in Schedule 3.20(j) hereto, following the Effective Time, the Surviving Corporation will be permitted to exercise all of Treyarch's rights under the contracts, licenses and agreements listed in Schedule 3.20(i) to the same extent Treyarch would have been able to had the transactions contemplated by this Agreement not occurred and without the payment of any additional funds other than ongoing fees, royalties or payments which Treyarch would otherwise be required to pay.

(k) Schedule 3.20(k) hereto lists all contracts, licenses and agreements between Treyarch and any third party wherein or whereby Treyarch has agreed to, or assumed any obligation or duty to warrant, indemnify, hold harmless or otherwise assume or incur any obligation or liability with respect to the infringement or misappropriation by Treyarch or such third party of the Intellectual Property of any third party.

(l) Except as set forth in Schedule 3.20(l) hereto, (a) Treyarch has not received any notice or claim (whether written, oral or otherwise) challenging Treyarch's ownership or rights in the Treyarch Intellectual Property or claiming that any other person or entity has any legal or beneficial ownership with respect thereto; (b) all the Treyarch Intellectual Property owned by Treyarch and embodied in its products are legally valid and enforceable without any material qualification, limitation or restriction on their use; (c) to the Members' knowledge, no third party is infringing or misappropriating any part of the Treyarch Intellectual Property and (e) no Treyarch Intellectual Property owned by Treyarch is subject to a final refusal of registration or is the subject of any inter-partes proceedings.

(m) Treyarch has taken reasonable and practicable measures designed to protect its rights in its confidential information and trade secrets or any trade secrets or confidential information of third parties provided to Treyarch.

None of Treyarch, or any employees or, to the Members' knowledge, consultants of Treyarch, has permitted any such confidential information or trade secrets to be used, divulged or appropriated for the benefit of persons to the material detriment of Treyarch.

(n) Schedule 3.20(n) hereto sets forth a list of all Internet domain names used by Treyarch in its business (collectively, the "Domain Names"). Treyarch has, and after the Effective Time the Surviving Corporation will have, a valid registration and all material rights (free of any material restriction) in and to the Domain Names, including, without limitation, all rights necessary to continue to conduct Treyarch's business as it is currently conducted.

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3.21. Consents. No consent, approval or authorization of, or exemption by, or filing with, any governmental authority or any third party is required to be obtained or made by the Members in connection with the execution, delivery and performance by the Members of this Agreement or the taking by the Members of any other action contemplated hereby.

3.22. Insurance. Treyarch maintains, and has maintained or caused to be maintained, without interruption, during its existence, policies or binders of insurance covering such risk, and events, including personal injury, property damage, and general liability in amounts set forth on Schedule 3.22 hereto, and its current insurance policies will not terminate due to the consummation of the transactions contemplated under this Agreement. Treyarch has provided Activision prior to the Closing Date with true, complete and correct copies of all insurance policies maintained currently by Treyarch and all such policies are listed on Schedule 3.22 hereto.

3.23. Relationships with Suppliers, Licensors and Customers. No current licensee, licensor, distributor, customer of Treyarch or supplier to Treyarch has notified Treyarch of an intention to terminate or substantially alter its existing business relationship with Treyarch, nor has any licensor under a license agreement with Treyarch notified Treyarch of an intention to terminate or substantially alter Treyarch's rights under such license, which termination or alteration would have a Material Adverse Effect.

3.24. Bank Accounts. Schedule 3.24 hereto contains (a) a true and complete list of names and locations of all banks, trust companies, securities brokers, and other financial institutions at which Treyarch has an account or safe deposit box or maintains a banking, custodial, trading, trust, or other similar relationship, (b) a true and complete list and description of each such account, box and relationship, (c) a list of all signatories for each such account and box and (d) a list of all compensating balances required with respect to each such account.

3.25. Material Compliance with Agreements. Treyarch is in material compliance with, and has not materially breached any term of, any software development agreements between Activision Publishing and Treyarch listed in Schedule 3.20(h).

3.26. Disclosure. No representation, warranty, statement or information made or furnished by the Members, including but not limited to those contained in this Agreement, the Schedules hereto and each other instrument furnished or to be furnished to Activision pursuant hereto or in connection with the transactions contemplated hereby, contains or shall contain any statement of a material fact that was untrue when made or omits or shall omit any material fact necessary to make the information contained in such representation, statement or information not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF ACTIVISION

Activision hereby represents and warrants to Treyarch and the Members as follows:

4.1. Organization. Activision is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Activision and Merger Subsidiary have all requisite corporate power and authority to carry on their businesses as they are now being conducted, and to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

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4.2. Corporate Power and Authority; Effect of Agreement. The execution, delivery and performance by Activision of this Agreement and the consummation by Activision of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Activision. Each of Activision and Merger Subsidiary has delivered to Treyarch true and complete copies of the resolutions of the Board of Directors of Activision and Merger Subsidiary, respectively, and the resolutions of the sole Shareholder of Merger Subsidiary, authorizing the execution, delivery and performance of this Agreement, the Merger and the transactions contemplated hereby. No vote of the Activision stockholders is required to approve the issuance of the Activision Common Stock as contemplated by this Agreement. This Agreement has been duly and validly executed and delivered by Activision and constitutes the valid and binding obligation of Activision, enforceable against Activision in accordance with its

terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and general principles of equity.

4.3. Capitalization. (a) The authorized capital stock of Activision consists of 125,000,000 shares of Activision Common Stock, 4,500,000 shares of Preferred Stock, \$.000001 par value (the "Activision Preferred Shares") and 500,000 shares of Series A Junior Preferred Stock, \$.000001 par value (the "Activision Junior Preferred Shares"). As of September 26, 2001, there were 33,284,104 shares of Activision Common Stock issued and outstanding, no Activision Preferred Shares issued and outstanding and no Activision Junior Preferred Shares issued and outstanding. All such outstanding shares of Activision are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Except as described in the Activision SEC Reports (as defined in Section 4.5), Activision has no outstanding bonds, debentures, notes or other obligations the holders of which have or upon the happening of certain events would have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the stockholders of Activision on any matter. Except as described in the Activision SEC Reports and in other filings made by Activision with the Securities and Exchange Commission (the "SEC"), there are no existing options, warrants, calls, subscriptions, convertible securities, or other rights, agreements, stock appreciation rights or similar derivative securities or instruments or commitments which obligate Activision to issue, transfer or sell any Shares of Activision Common Stock or make any payments in lieu thereof other than options or warrants granted to employees, directors, consultants and licensors after the date of the most recent Activision SEC Report.

(b) The Activision Shares to be issued pursuant to this Agreement will, upon issuance in accordance with this Agreement, be duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights of any nature.

4.4. No Violation. The execution, delivery and performance by Activision of this Agreement and the consummation by Activision of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both, conflict with or violate (i) any provision of law, rule or regulation to which Activision is subject, (ii) any order, judgment, injunction or decree binding upon or applicable to Activision or binding upon the assets or properties of Activision, (iii) violate any provision of the Amended and Restated Certificate of Incorporation, as amended, or the Amended and Restated Bylaws of Activision, as amended; except, in each case, for violations which in the aggregate would not materially hinder or impair the consummation of the transactions contemplated hereby, or (iv) other than the filings provided for in this Agreement, require any consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority which has not been obtained or made, except where the failure to obtain any such consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority would not individually or in the aggregate have a Material Adverse Effect on Activision.

4.5. SEC Documents. Activision has timely filed with the SEC all forms, reports and documents required to be filed by Activision since March 31, 2001 under the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder (the "Securities Laws"), including, without limitation, (i) the Annual Report on form 10-K, (ii) all Quarterly

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Reports on form 10-Q, (iii) all proxy statements relating to meetings of stockholders (whether annual or special), (iv) all Current Reports on form 8-K and (v) all other reports, schedules, registration statements and other documents, each as amended (collectively, the "Activision SEC Reports"), all of which were prepared in compliance in all material respects with the applicable requirements of the Exchange Act and the Securities Act. As of their respective dates, the Activision SEC Reports (i) complied as to form in all material respects with the applicable requirements of the Securities Laws and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated balance sheets of Activision included in or incorporated by reference into the Activision SEC Reports (including the related notes and schedules) fairly presents the consolidated financial position of Activision and its consolidated subsidiaries as of its date and each of the consolidated statements of operations, cash flows and Members' equity included in or incorporated by reference into the Activision SEC Reports (including any related notes and schedules) fairly presents the results of operations, cash flows and Members' equity, as the case may be, of Activision and its consolidated subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments which would not be material in amount or effect), in each case in accordance with generally accepted accounting principles consistently applied during the periods involved, except as may be noted therein and except, in the case of the unaudited statements, as permitted by Form 10-Q pursuant to Section 13 or 15(d) of the Exchange Act.

4.6. Absence of Certain Changes. Except as set forth in Schedule 4.6, and except as disclosed in or contemplated by the SEC Reports, since June 30, 2001, Activision has conducted its business in the ordinary course of such business and consistent with past practices and there has not been any:

(a) change, event or condition (whether or not covered by insurance) that has resulted in, or might reasonably be expected to result in, a Material Adverse Effect;

(b) acquisition, sale or transfer of any material asset of Activision or any of its subsidiaries other than in the ordinary course of business;

(c) declaration, setting aside or payment of any dividend on, or the making of any other distribution in respect of, the shares of Activision Common Stock or the shares of capital stock of any of its subsidiaries, or any direct or indirect redemption, purchase or other acquisition by Activision or any of its subsidiaries of any such shares;

(d) entering into, material amendment or termination of, or default under, any material contract to which Activision or any of its subsidiaries is a party or by which it is bound except in the ordinary course of business; or

(e) agreement by Activision or any of its subsidiaries to do any of the things described in the preceding clauses (a) through (d).

4.7. Material Compliance with Agreements. Activision Publishing is in material compliance with, and has not materially breached any term of, any software development agreements between Activision Publishing and Treyarch listed in Schedule 3.20(h).

4.8. No Brokers. Activision has not entered into any contract, arrangement or understanding with any person or firm that may result in the obligation of Activision or Treyarch to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby. Activision is not aware of any claim for payment

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of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE V

CONDITIONS TO CLOSING

5.1. Conditions to Treyarch's and the Members' Performance. The obligation of Treyarch and the Members to consummate and effect the Merger and the other transactions contemplated herein shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, unless waived by the Members:

(a) Activision shall have performed all obligations, taken all necessary corporate actions, and complied with all terms, conditions, agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date, and the Members shall have received a certificate, dated the Closing Date, signed on behalf of Activision by the Chief Executive Officer, Co-Chairman, President or General Counsel of Activision to the foregoing effect.

(b) As of the Closing Date, except as disclosed in the Activision SEC Reports filed prior to the date of this Agreement, since June 30, 2001 there shall not have occurred any change, circumstance or event, concerning Activision and its Subsidiaries taken as a whole that has had or could be reasonably likely to have a Material Adverse Effect on Activision, and the Members shall have received a certificate dated the Closing Date signed on behalf of Activision by the Chief Executive Officer, Co-Chairman, President or General Counsel of Activision to the foregoing effect.

(c) Activision shall have delivered to Treyarch a certificate of the Secretary of Activision certifying that attached thereto is a true and complete copy of the resolutions of the Board of Directors of Activision authorizing the execution, delivery and performance of this Agreement, the Merger and the transactions contemplated hereby.

(d) Merger Subsidiary shall have delivered to Treyarch a certificate of the Secretary of Merger Subsidiary certifying that attached thereto is a true and complete copy of the resolutions of the Board of Directors and the sole shareholder of Merger Subsidiary authorizing the execution, delivery and performance of this Agreement, the Merger and the transactions contemplated hereby.

(e) No statute, rule or regulation or injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing Date which prohibits Activision from consummating the Merger.

(f) Activision shall have executed and delivered the employment agreements substantially in the form attached hereto as Exhibit B-1 and proprietary information agreements substantially in the form attached hereto as Exhibit B-2 with each of the Principal Members.

(g) Activision and the Escrow Agent shall have executed and delivered the Warranty Escrow Agreement (as defined in Section 6.2) substantially in the form of Exhibit C attached hereto.

(h) Activision shall have amended its Internal Project Bonus Plan to

incorporate the modifications to such Plan set forth in Exhibit D hereto.

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(i) At the Closing, Activision shall deliver, or cause to be delivered, a letter to Activision's transfer agent authorizing such transfer agent to deliver certificates representing Activision Common Stock issued in the names of the Members in accordance with their respective interests as set forth in Schedule 2.2(a) and bearing restrictive legends under the Securities Act, subject to the provisions of Sections 6.1 and 6.2 of this Agreement (and the Warranty Escrow Agreement) which require that certificates for Activision Common Stock be issued to the Members in such denominations as required to meet the requirements of the Warranty Escrow Agreement and deposited with the Escrow Agent.

(j) At the Closing, Activision shall deliver, or cause to be delivered, a letter to Activision's transfer agent authorizing such transfer agent to deliver certificates representing Activision Common Stock issued in the names of the Employee Holders in accordance with their respective interests under the Equity Sharing Plan as set forth in Schedule 2.3 and bearing restrictive legends under the Securities Act, subject to the provisions of Sections 6.1 and 6.2 of this Agreement (and the Warranty Escrow Agreement) which require that certificates for Activision Common Stock be issued to the Employee Holders in such denominations as required to meet the requirements of the Warranty Escrow Agreement and deposited with the Escrow Agent.

5.2. Conditions to Activision's and Merger Subsidiary's Performance. The obligation of Activision and Merger Subsidiary to consummate and effect the Merger and the other transactions contemplated herein shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, unless waived by Activision:

(a) Treyarch and the Members shall have performed all obligations, taken all necessary actions, and complied with all terms, conditions, agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date, and Activision shall have received a certificate, dated the Closing Date, signed on behalf of Treyarch by the Members to the foregoing effect.

(b) As of the Closing Date, except as disclosed in the Financial Statements or in Schedule 3.10, since June 30, 2001 there shall not have occurred any change, circumstance or event, concerning Treyarch that has had or could be reasonably likely to have a Material Adverse Effect on Treyarch, and Activision shall have received a certificate dated the Closing Date signed on behalf of Treyarch by the Managing Member of Treyarch to the foregoing effect.

(c) Treyarch shall have delivered to Activision a certificate of the Managing Members of Treyarch certifying that attached thereto is a true and complete copy of the resolutions of the Managing Members authorizing the execution, delivery and performance of this Agreement, the Merger and the transactions contemplated hereby.

(d) No statute, rule or regulation or injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing Date which prohibits the Members from consummating the Merger.

(e) Treyarch shall have delivered to Activision a certificate of good standing of Treyarch issued by the Secretary of State of California, dated as of a date not more than five (5) days prior to the Closing Date.

(f) Each of the Principal Members (other than Eric Steinmann and Shawn Capistrano) and up to twenty-four (24) additional employees of Treyarch to be designated by Treyarch with the approval of Activision Publishing ("Other Key Employees") shall have executed and delivered employment agreements in

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the form attached hereto as Exhibit B-1 and proprietary information agreements in the form attached hereto as Exhibit B-2.

(g) Activision shall have received from each of the Members and each of the Employee Holders an executed copy of an investment letter substantially in the form of Exhibit A-1 attached hereto ("Investment Letter").

(h) Activision shall have received from each Member an executed copy of the lock-up agreement substantially in the form of Exhibit A-2 attached hereto ("Lock-Up Agreement").

(i) Every Member that is an Accredited Investor shall have completed and executed, in a manner reasonably satisfactory to Activision, the Accredited Investor Agreement.

(j) Every Member that is a Non-Accredited Investor shall have completed and executed, in a manner reasonably satisfactory to Activision, the Non-Accredited Investor Agreement.

(k) Each person that shall be a Purchaser Representative in connection with the Merger shall have completed and executed, in a manner reasonably satisfactory to Activision, the Purchaser Representative Questionnaire, and shall have provided such other information as Activision shall reasonably request in connection with the Purchaser Representative Questionnaire.

(l) The Members shall have delivered to Activision all consents required as described in Schedule 3.20, if any.

(m) Each Employee Member shall have executed the Member Side Agreement substantially in the form of Exhibit E attached hereto.

(n) Treyarch shall have terminated the Equity Sharing Plan and each Employee Holder shall have executed a release and waiver of any rights under the Equity Sharing Plan substantially in the form of Exhibit F attached hereto.

(o) The Representative shall have executed and delivered the Warranty Escrow Agreement substantially in the form of Exhibit C attached hereto.

(p) Activision shall have received a legal opinion of Keesal, Young & Logan, counsel to Treyarch, in the form and substance agreed upon by the parties prior to the Closing.

(q) Treyarch shall have sold, assigned, transferred or conveyed the Real Property.

ARTICLE VI

COVENANTS AND OTHER AGREEMENTS

6.1. Restrictions on Sale of Activision Shares. The Members acknowledge and agree that Activision Shares will be issued to the Members and Employee Holders without registration under the Securities Act, based upon the "private offering exemption", in reliance upon appropriate written representations from the Members and Employee Holders (as set forth in their respective Investment Letters and their respective Accredited Investment Agreements or Non-Accredited Investor Agreements, as applicable), further evidenced by restrictive legends on the certificates representing Activision Shares and "stop transfer" instructions to

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Activision's transfer agent. Subject to Activision's obligations under Section 6.3(a), Activision Shares will be "restricted securities" within the meaning of the Securities Act and related rules and regulations.

6.2. Share Holdback. (a) In order to insure that the representations, warranties and covenants made by the Members under this Agreement are not breached, and in order to provide a nonexclusive source of indemnification of Activision pursuant to Article 7, Treyarch and the Members agree that twenty-two percent (22%) of the total number of Activision Shares issued pursuant to this Agreement (which number shall include the Activision Shares issued to the Employee Holders in connection with the Equity Sharing Plan) (the "Holdback Shares") shall be deposited in an Escrow Account (the "Escrow Account") pursuant to a Warranty Escrow Agreement substantially in the form attached hereto as Exhibit C (the "Warranty Escrow Agreement") on or promptly following the date of the Closing. Subject to any releases from escrow pursuant to Section 6.2(c), such Holdback Shares shall be held in the Escrow Account during such period of time as set forth in the Warranty Escrow Agreement. Any dividends and distributions with respect to such Holdback Shares while held in the Escrow Account also shall be retained in the Escrow Account until such Holdback Shares are released from escrow pursuant to Section 6.2(c) or (in the event such Holdback Shares are not released) until the expiration of the Performance Hold Period (as defined in the Warranty Escrow Agreement) for the account of the Members and Employee Holders. Any offsets or deductions made from the Holdback Shares on account of any breach of this Agreement or otherwise pursuant to this Section 6.2 shall be made at such time as set forth in the Escrow Agreement, and the value per share of such Holdback Shares shall be the Maximum Price. All Holdback Shares subject to such offset or deduction shall be canceled by Activision, and the remaining Holdback Shares, together with any dividends paid or distributions made with respect to such Holdback Shares that have not been canceled, shall be then delivered to the Members and the Employee Holders in accordance with their respective interests pursuant to the terms of this Section 6.2 and the Warranty Escrow Agreement. Notwithstanding the foregoing, Treyarch and the Members shall remain severally liable in accordance with Article 7 as follows: (A) with respect to any Claim for indemnification made by Activision prior to the first anniversary of the date of this Agreement, the Holdback Shares held in the Escrow Account pursuant to the provisions of this Section 6.2 shall not be deemed the sole source of recourse by Activision against the Employee Members and Shawn Capistrano for indemnification under this Agreement; and (B) with respect to any Claim for indemnification made by Activision prior to the expiration of the Indemnification Hold Period (as defined in the Warranty Escrow Agreement), the Holdback Shares held in the Escrow Account pursuant to the provisions of this Section 6.2 shall not be deemed the sole source of recourse by Activision against Eric Steinmann, Don Likeness and Peter Akemann for indemnification under this Agreement.

(b) For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Activision Products" shall mean Kelly Slater's Pro Surfer, Spider-Man and Minority Report;

(ii) "Applicable Holdback Shares" shall mean (A) with respect to Spider-Man, the Spider-Man Holdback Shares, (B) with respect to Minority Report, the Minority Report Holdback Shares and (C) with respect to Kelly Slater's Pro Surfer, the Kelly Slater Holdback Shares, as applicable.

(iii) "Development Agreements" shall mean (A) the ProSurfer Agreement; (B) the Minority Report Agreement; and (C) the Spider-Man Agreements;

(iv) "Employee Bonus Group" shall mean the Spider-Man Bonus Group, the Minority Report Bonus Group and the Kelly Slater Bonus Group.

(v) "Expected Net Revenue" shall mean the following: (1) for the Spider-Man Playstation 2 version, \$31,999,216; (2) for the Spider-Man Microsoft X-Box version, \$8,812,737; (3) for the

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Spider-Man Nintendo GameCube version, \$7,752,751; (4) for the Kelly Slater's Pro Surfer Playstation 2 version, \$13,346,738; (5) for the Kelly Slater's Pro Surfer Microsoft X-Box version, \$5,027,400; (6) for the Minority Report Playstation 2 version, \$16,456,358; (7) for the Minority Report Microsoft X-Box version, \$10,193,620; (8) for the Minority Report Nintendo GameCube version, \$10,111,738.

(vi) "Final Date" with respect to a Development Agreement shall mean the code release date scheduled under such Development Agreement.

(vii) "Kelly Slater Bonus Group" shall mean the Kelly Slater Group and the Non-Activision Bonus Group.

(viii) "Kelly Slater Group" shall mean those Treyarch employees and Employee Members identified in a notice to Activision Publishing by Don Likeness and Peter Akemann (or their successors in the Treyarch Corporation) as having worked on Kelly Slater's Pro Surfer, which notice shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld.

(ix) "Kelly Slater Holdback Shares" shall mean twenty percent (20%) of the Holdback Shares initially deposited in the Escrow Account pursuant to Section 6.2(a).

(x) "Kelly Slater's Pro Surfer" shall mean the software product known as Kelly Slater's Pro Surfer (Playstation 2 and X-Box versions) developed pursuant to the terms of the Pro Surfer Agreement.

(xi) "Minority Report" shall mean the software product known as Minority Report (Playstation 2, Microsoft X-Box and Nintendo GameCube versions) developed pursuant to the terms of the Minority Report Agreement.

(xii) "Minority Report Agreement" shall mean the Software Development Agreement dated as of July 3, 2001, between Activision Publishing and Treyarch.

(xiii) "Minority Report Bonus Group" shall mean the Minority Report Group and the Non-Activision Bonus Group.

(xiv) "Minority Report Group" shall mean those Treyarch employees and Employee Members identified in a notice to Activision Publishing by Don Likeness and Peter Akemann (or their successors in the Treyarch Corporation) as having worked on Minority Report, which notice shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld.

(xv) "Minority Report Holdback Shares" shall mean forty percent (40%) of the Holdback Shares initially deposited in the Escrow Account pursuant to Section 6.2(a).

(xvi) "Non-Activision Bonus Group" shall mean those Treyarch employees and Employee Members identified in a notice to Activision Publishing by Don Likeness and Peter Akemann (or their successors in the Treyarch Corporation) as the Treyarch employees and Employee Members who have not worked on any Activision Product, which notice shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld.

(xvii) "P&L Revenue Shortfall" with respect to an Activision Product shall mean the Expected Net Revenue for such Activision Product minus the Product Net Revenue for such Activision

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Product, which P&L Revenue Shortfall shall be increased by ten percent (10%) for every additional month that Treyarch fails to deliver such completed Activision Product after the Final Date.

(xviii) "Product Net Revenue" with respect to an Activision Product shall mean the aggregate revenue actually received by Activision Publishing from all sales of all versions of such Activision Product during the first year after the commercial release of each version of the Activision Product, less all returns, price protections, price allowances and mark-downs.

(xix) "ProSurfer Agreement" shall mean the Software Development Agreement dated as of June 8, 2001, between Activision Publishing and Treyarch.

(xx) "Spider-Man" shall mean the software product known as Spider-Man (Playstation 2, Microsoft X-Box and Nintendo Gamecube versions) developed pursuant to the terms of the respective Spider-Man Agreement for such version.

(xxi) "Spider-Man Agreements" shall mean (A) the Software Development

Agreement dated as of December 11, 2000, between Activision Publishing and Treyarch, (B) the Software Development Agreement dated as of March 15, 2001, between Activision Publishing and Treyarch, and (C) the Software Development Agreement dated as of March 15, 2001, between Activision Publishing and Treyarch.

(xxii) "Spider-Man Bonus Group" shall mean the Spider-Man Group and the Non-Activision Bonus Group.

(xxiii) "Spider-Man Group" shall mean those Treyarch employees and Employee Members identified in a notice to Activision Publishing by Don Likeness and Peter Akemann (or their successors in the Treyarch Corporation) as having worked on Spider-Man, which notice shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld.

(xxiv) "Spider-Man Holdback Shares" shall mean forty percent (40%) of the Holdback Shares initially deposited in the Escrow Account pursuant to Section 6.2(a).

(c) Development Agreement Holdback. Treyarch and the Members agree that, subject to the terms and conditions set forth in this Section 6.2 and the Warranty Escrow Agreement, the Members will be entitled to receipt of the Applicable Holdback Shares on the terms set forth below:

(i) Upon the occurrence of all of the following: (A) acceptance by Activision Publishing of each version of Spider-Man pursuant to the terms of such version's respective Spider-Man Agreement, provided that Treyarch is not late with delivery of any version of Spider-Man by more than fifteen (15) days after the Final Date; (B) achievement by the PlayStation 2 version of Spider-Man within the first three (3) months of its first commercial release of a minimum averaged rating of at least eighty percent (80%) from GameRankings.com or, if GameRankings.com is not then in business in substantially its current fashion, an average ranking of eighty percent (80%) or above from EGM, GamePro, OPM, Next Generation, Videogames.com and IGN.com (collectively, the "Alternative Ranking Sources") and if any of the Alternative Ranking Sources is not then in business in substantially its current fashion, then it shall be replaced with such sources, if any, as shall be mutually agreed between Activision and the Representative; and (C) the achievement by the Microsoft X-Box and Nintendo Gamecube versions of Spider-Man of at least seventy-five percent (75%) minimum averaged ranking from the same sources, the Members shall become entitled to 54.55% of the Spider-Man Holdback Shares (the "Member Spider-Man Allocation"), and the Spider-Man Bonus Group shall become entitled to 44.45% of the Spider-Man Holdback Shares (the "Employee Spider-

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Man Allocation"). The Spider-Man Holdback Shares shall be distributed as follows: (1) in the event Activision has not made a Claim under the Warranty Escrow Agreement prior to the date the Members and Spider-Man Bonus Group become entitled to such Spider-Man Holdback Shares, the Spider-Man Holdback Shares shall be released from the Escrow Account and the Member Spider-Man Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Spider-Man Allocation shall be distributed to the Spider-Man Bonus Group in accordance with the joint written direction of Peter Akemann and Don Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Spider-Man Allocation shall be allocated to the Non-Activision Bonus Group; and (2) in the event that Activision has made a Claim under the Warranty Escrow Agreement prior to the date the Members and Spider-Man Bonus Group become entitled to such Spider-Man Holdback Shares, the number of Spider-Man Holdback Shares shall be reduced by the amount equal to forty percent (40%) of (A) the Losses (as defined in Section 7.2 below) divided by (B) the Maximum Price and such reduction shall be applied proportionally to the Member Spider-Man Allocation and Employee Spider-Man Allocation. Any Spider-Man Holdback Shares remaining after the reduction in clause (2) of the preceding sentence shall be released from the Escrow Account and the Member Spider-Man Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Spider-Man Allocation shall be distributed to the Spider-Man Bonus Group in accordance with the joint written direction of Peter Akemann and Don Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Spider-Man Allocation shall be allocated to the Non-Activision Bonus Group. In the event that the Claim described in clause (2) of this subsection is Finally Resolved (as defined in the Warranty Escrow Agreement) in an amount ("Final Amount") less than the Losses set forth in such Claim, then the Members and Spider-Man Bonus Group shall become entitled to such number of Spider-Man Holdback Shares equal to forty percent (40%) of (A) the Losses set forth in such Claim minus the Final Amount divided by (B) the Maximum Price, and such Spider-Man Holdback Shares shall be released from the Escrow Account and shall be distributed in accordance with this Section 6.2(c)(i).

(ii) Upon the occurrence of all of the following: (A) acceptance by Activision Publishing of Minority Report pursuant to the terms of the Minority Report Agreement, provided that Treyarch is not late with delivery of any version of Minority Report by more than fifteen (15) days after the Final Date; (B) achievement by the PlayStation 2 version of Minority Report within the first

three (3) months of its first commercial release of a minimum averaged rating of at least eighty percent (80%) from GameRankings.com or if GameRankings.com is not then in business in substantially its current fashion, an average ranking of eighty percent (80%) or above from the Alternative Ranking Sources and if any of the Alternative Ranking Sources is not then in business in substantially its current fashion, then it shall be replaced with such sources, if any, as shall be mutually agreed between Activision and the Representative; and (C) achievement by the Microsoft X-Box and Nintendo Gamecube versions of Minority Report of at least seventy-five percent (75%) minimum averaged ranking from the same sources, the Members shall become entitled to 54.55% of the Minority Report Holdback Shares (the "Member Minority Report Allocation") and the Minority Report Bonus Group shall become entitled to 44.45% of the Minority Report Holdback Shares (the "Employee Minority Report Allocation"). The Minority Report Holdback Shares shall be distributed as follows: (1) in the event Activision has not made a Claim under the Warranty Escrow Agreement prior to the date the Members and Minority Report Bonus Group become entitled to such Minority Report Holdback Shares, the Minority Report Holdback Shares shall be released from the Escrow Account and the Member Minority Report Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Minority Report Allocation shall be distributed to the Minority Report Bonus Group in accordance with the joint written direction of Peter Akemann and Don

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Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Minority Report Allocation shall be allocated to the Non-Activision Bonus Group; (2) in the event that Activision has made a Claim under the Warranty Escrow Agreement prior to the date the Members and Minority Report Bonus Group become entitled to such Minority Report Holdback Shares, the number of Minority Report Holdback Shares shall be reduced in proportion to the Member Minority Report Allocation and Employee Minority Report Allocation by the amount equal to forty percent (40%) of (A) the Losses (as defined in Section 7.2 below) divided by (B) the Maximum Price and such reduction shall be applied proportionally to the Member Minority Report Allocation and Employee Minority Report Allocation. Any Minority Report Holdback Shares remaining after the reduction in clause (2) of the preceding sentence shall be released from the Escrow Account and the Member Minority Report Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Minority Report Allocation shall be distributed to the Minority Report Bonus Group in accordance with the joint written direction of Peter Akemann and Don Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Minority Report Allocation shall be allocated to the Non-Activision Bonus Group. In the event that the Claim described in clause (2) of this subsection is Finally Resolved (as defined in the Warranty Escrow Agreement) in an amount ("Final Amount") less than the Losses set forth in such Claim, then the Members and Minority Report Bonus Group shall become entitled to such number of Minority Report Holdback Shares equal to forty percent (40%) of (A) the Losses set forth in such Claim minus the Final Amount divided by (B) the Maximum Price and such Minority Report Holdback Shares shall be released from the Escrow Account and shall be distributed in accordance with this Section 6.2(c)(ii).

(iii) Upon the occurrence of all of the following: (A) acceptance by Activision Publishing of Kelly Slater's Pro Surfer pursuant to the terms of the ProSurfer Agreement, provided that Treyarch is not late with delivery of any version of Kelly Slater's Pro Surfer by more than fifteen (15) days after the Final Date; (B) achievement by the PlayStation 2 version of Kelly Slater's Pro Surfer within the first three (3) months of its first commercial release of a minimum averaged rating of at least eighty percent (80%) from GameRankings.com or if GameRankings.com is not then in business in substantially its current fashion, an average ranking of eighty percent (80%) or above from the Alternative Ranking Sources and if any of the Alternative Ranking Sources is not then in business in substantially its current fashion, then it shall be replaced with such sources, if any, as shall be mutually agreed between Activision and the Representative; and (C) achievement by the X-Box version of Kelly Slater's Pro Surfer of at least seventy-five percent (75%) minimum averaged ranking from the same sources, the Members shall become entitled to 54.55% of the Kelly Slater Holdback Shares (the "Member Kelly Slater Allocation") and the Kelly Slater Bonus Group shall become entitled to 44.45% of the Kelly Slater Holdback Shares (the "Employee Kelly Slater Allocation"). The Kelly Slater Holdback Shares shall be distributed as follows: (1) in the event Activision has not made a Claim under the Warranty Escrow Agreement prior to the date the Members and Kelly Slater Bonus Group become entitled to such Kelly Slater Holdback Shares, the Kelly Slater Holdback Shares shall be released from the Escrow Account and the Member Kelly Slater Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Kelly Slater Allocation shall be distributed to the Kelly Slater Bonus Group in accordance with the joint written direction of Peter Akemann and Don Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Kelly Slater Allocation shall be allocated to the Non-Activision Bonus Group; (2) in the event that Activision has made a Claim under the Warranty Escrow Agreement prior to the date the Members and Kelly Slater Bonus Group become entitled to such Kelly

Slater Holdback Shares, the number of Kelly Slater Holdback Shares shall be reduced in proportion to the Member Kelly Slater Allocation and Employee Kelly Slater Allocation by the

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amount equal to twenty percent (20%) of (A) the Losses (as defined in Section 7.2 below) divided by (B) the Maximum Price. Any Kelly Slater Holdback Shares remaining after the reduction in clause (2) of the preceding sentence shall be released from the Escrow Account and the Member Kelly Slater Allocation shall be distributed to the Members in accordance with their percentage ownership interest in the holdback amount as reflected on Schedule 2.2(a) and the Employee Kelly Slater Allocation shall be distributed to the Kelly Slater Bonus Group in accordance with the joint written direction of Peter Akemann and Don Likeness (or their successors in the Treyarch Corporation), which joint written direction shall be subject to the approval of Activision Publishing, such approval not to be unreasonably withheld, provided that no less than twenty percent (20%) of the Employee Kelly Slater Allocation shall be allocated to the Non-Activision Bonus Group. In the event that the Claim described in clause (2) of this subsection is Finally Resolved (as defined in the Warranty Escrow Agreement) in an amount ("Final Amount") less than the Losses set forth in such Claim, then the Members and Kelly Slater Bonus Group shall become entitled to such number of Kelly Slater Holdback Shares equal to forty percent (40%) of (A) the Losses set forth in such Claim minus the Final Amount divided by (B) the Maximum Price and such Kelly Slater Holdback Shares shall be released from the Escrow Account and shall be distributed in accordance with this Section 6.2(c) (iii).

(iv) If Treyarch does not meet the conditions set forth in subsections (i), (ii) or (iii), as applicable, with respect to a particular Activision Product, then the Employee Bonus Group shall forfeit in its entirety its Employee Spider-Man Allocation, Employee Minority Report Allocation, or Employee Kelly Slater Allocation, as applicable, and the Members shall become entitled, subject to the provisions of this Section 6.2(c) (iv), to such Employee Spider-Man Allocation, Employee Minority Report Allocation, or Employee Kelly Slater Allocation, as applicable, in addition to the Member Spider-Man Allocation, Member Minority Report Allocation, or Member Kelly Slater Allocation, as applicable. In the event that Treyarch does not meet the conditions set forth in subsections (i), (ii) or (iii), as applicable, with respect to a particular Activision Product, then Any Applicable Holdback Shares shall be distributed to the Members as follows:

(A) In the event there is a P&L Revenue Shortfall for such Activision Product, the Members shall forfeit, and Activision shall be entitled to obtain a release from the Escrow Account and to cancel, the number of the Applicable Holdback Shares for such Activision Product equal to (x) the P&L Revenue Shortfall divided by (y) the Maximum Price, rounded to the nearest number of whole shares of Activision Common Stock (the "Shortfall Holdback Shares"). If the number of Shortfall Holdback Shares exceeds the number of Applicable Holdback Shares for such Activision Product, then all of the Applicable Holdback Shares for such Activision Product shall be released to Activision and cancelled.

(B) In the event the number of Applicable Holdback Shares for such Activision Product exceeds the number of Shortfall Holdback Shares calculated pursuant to clause (A) above, then the Members shall be entitled to the number of Applicable Holdback Shares for such Activision Product equal to the Applicable Holdback Shares minus the Shortfall Holdback Shares (the "Remaining Applicable Holdback Shares"). The Remaining Applicable Holdback Shares shall no longer be subject to the development agreement holdback provisions of this Section 6.2(c), and shall be distributed as follows: (1) in the event Activision has not made a Claim under the Warranty Escrow Agreement prior to the expiration of the Indemnification Hold Period, the Remaining Applicable Holdback Shares shall be released from the Escrow Account and distributed to the Members in proportion to their respective ownership interests in Treyarch as set forth on Schedule 2.2(a); (2) in the event that Activision has made a Claim under the Warranty Escrow Agreement prior to the expiration of the Indemnification Hold Period, the number of Remaining Applicable Holdback Shares shall be reduced by the amount equal to the Applicable Percentage of (A) the Losses (as defined in Section 7.2 below) divided by (B) the Maximum Price. Any Remaining Applicable Holdback Shares remaining after the reduction in clause (2) of the preceding sentence shall be released from the Escrow Account and distributed to the Members in proportion to their respective ownership interests in Treyarch as set forth on Schedule 2.2(a). For purposes of this clause (B), the "Applicable Percentage" shall mean forty

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percent (40%) each in the case of the Spider-Man Holdback Shares and Minority Report Holdback Shares and twenty percent (20%) in the case of the Kelly Slater Holdback Shares.

(C) In the event there is no P&L Revenue Shortfall for such Activision Product, then the Members shall be entitled to all of the Applicable Holdback Shares for such Activision Product, and the Applicable Holdback Shares for such Activision Product shall no longer be subject to the development agreement holdback provisions of this Section 6.2(c) and shall be distributed as follows: (1) in the event Activision has not made a Claim under the Warranty Escrow Agreement prior to the expiration of the Indemnification Hold Period, the Applicable Holdback Shares shall be released from the Escrow Account and distributed to the Members in proportion to their respective ownership interests in Treyarch as set forth on Schedule 2.2(a); (2) in the event that Activision

has made a Claim under the Warranty Escrow Agreement prior to prior to the expiration of the Indemnification Hold Period, the number of Applicable Holdback Shares shall be reduced by the amount equal to the Applicable Percentage of (A) the Losses (as defined in Section 7.2 below) divided by (B) the Maximum Price. Any Applicable Holdback Shares remaining after the reduction in clause (2) of the preceding sentence shall be released from the Escrow Account and distributed to the Members in proportion to their respective ownership interests in Treyarch as set forth on Schedule 2.2(a). For purposes of this clause (B), the "Applicable Percentage" shall mean forty percent (40%) each in the case of the Spider-Man Holdback Shares and Minority Report Holdback Shares and twenty percent (20%) in the case of the Kelly Slater Holdback Shares.

(D) Activision shall have the right to obtain a release of any Applicable Holdback Shares that are subject to the provisions of this Section 6.2(c) by delivery in a timely manner of a Release Notice (as defined in the Warranty Escrow Agreement) to the Representative (as defined below) and the Escrow Agent in accordance with the Warranty Escrow Agreement.

(E) Neither the Employee Holders nor the Non-Activision Bonus Group shall be entitled to any of either (A) the Remaining Applicable Holdback Shares to which the Members would be entitled under Section 6.2(c) (iv) (B), or (B) the Applicable Holdback Shares to which the Members would be entitled under Section 6.2(c) (iv) (C).

(v) Each Member's entitlement to the Applicable Holdback Shares pursuant to Section 6.2(c) shall be subject to the terms and conditions of such Member's Employment Agreement. Any Applicable Holdback Shares which have been forfeited by a Member pursuant to the terms of such Member's Employment Agreement shall be allocated pro rata among the other Members in proportion to such other Members' percentage ownership interest in Treyarch.

6.3. Registration of Activision Shares. (a) Activision agrees to use its reasonable best efforts to file with the SEC, as soon as practicable after the Closing Date but (subject to Section 6.3(b)) in no event later than thirty (30) days after the Closing Date, a registration statement on Form S-3, or on such other form as may be available, registering under the Securities Act, pursuant to Rule 415 under the Securities Act ("Rule 415") (if available), the offer and sale in the future of all of the Activision Shares issued by Activision to the Members pursuant to this Agreement. Activision further agrees to (a) use its commercially reasonable efforts to cause such registration statement to be declared effective by the SEC as soon as practicable, (b) maintain the effectiveness of such registration or successor registration statement filed by Activision for the purpose of registering the shares of Activision Common Stock (such registration statements being collectively referred to as the "Registration Statement") until Activision Shares are eligible to be resold without restriction on disposition pursuant to the Securities Act and its related rules and regulations, (c) update the prospectus included in the Registration Statement (the "Prospectus") from time to time as may be necessary to assure that the Prospectus does not make any untrue statement of a material fact or omit to state a material fact necessary in order to make the Prospectus not misleading, and (d) provide such number of copies of the Registration

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Statement and the Prospectus (as so updated) to the Members as they may reasonably request in order to facilitate the public sale or other disposition of Activision Shares covered by such Registration Statement.

(b) Delay of Registration. The Members hereby agree that, at any time prior to December 31, 2001, the filing of the Registration Statement and its effectiveness may be subject to delay, postponement or any lock-up or other conditions as the representative of the managing underwriter pursuant to any underwritten offering of Activision Common Stock (including the offering contemplated in the Registration Statement on Form S-3 (Registration No. 333-66280) filed by Activision on July 30, 2001) shall reasonably determine; provided, however, that the maximum number of Activision Shares that shall be subject to any lock-up shall not exceed two-thirds (2/3) of the aggregate number of Activision Shares not subject to Section 6.2, less any Activision Shares which have been sold, pledged, transferred by gift, hypothecated or otherwise disposed of prior the date of such lock-up. In connection with the foregoing, each Member shall execute and deliver the Lock-Up Agreement.

(c) Costs and Expenses. Activision shall bear the costs incurred for its legal counsel, accounting and all other costs and expenses in connection with such registration including keeping the Registration Statement effective, excluding Treyarch's brokers' commissions and underwriters' fees, which may be incurred in connection with the preparation and filing of the Registration Statement pursuant to Section 6.3(a).

(d) Cooperation and Indemnification. (i) The Members agree that they will provide all required cooperation and furnish all necessary information and enter into such agreements customarily required of Selling Stockholders in connection with the preparation of the Registration Statement filed under the terms of this Section 6.3, and the Members will represent and warrant the accuracy and completeness of all written information regarding the Members which is furnished by the Members for inclusion in the Registration Statement and will indemnify and hold Activision, and its directors, officers, shareholders, and underwriters harmless from and against any liability, loss or damage (including costs and reasonable attorneys' fees), incurred by or sustained by, or asserted against, any of them, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in the information provided by the

Members or based on any omission (or alleged omission) to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(ii) Activision shall indemnify and hold the Members harmless from and against any liability, loss or damage (including costs and reasonable attorneys' fees) incurred by or sustained by, or asserted against, any of them, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in the Registration Statement, or based on any omission (or alleged omission) to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent such untrue statement of material fact (or alleged untrue statement) or omission (or alleged omission) related to information regarding the Members which is furnished by the Members for inclusion in the Registration Statement.

6.4. Further Assurances. Each party hereto shall, at the request of the other party and at such other party's expense, execute and deliver any further instruments or documents and take all such further action as such other party may reasonably request in order to effectuate the consummation of the Merger. If, at any time or from time to time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of either of the Constituent Corporations, the officers of the Surviving Corporation are fully authorized in the name of each Constituent Corporation or otherwise to take, and shall take, all such lawful and necessary action.

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6.5. Confidentiality. Following the Closing, the Members shall keep confidential all information concerning the business, operations, properties, assets and financial affairs of Treyarch and may disclose such information only upon receipt of prior written consent from Activision, as required by law, or if such disclosure is required (a) in connection with the Members' filing of any state or federal income tax returns, or (b) by order of any judicial or administrative authority; provided, however, the Members shall not be required to keep confidential information that (x) is or becomes generally available to the public other than as a result of disclosure by the Members, (y) is or becomes available to the Members on a nonconfidential basis from a source other than Activision or (z) the Members or any of their affiliates is required to disclose pursuant to applicable law, rule, regulation or subpoena.

6.6. Publicity. Activision and the Principal Members shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or any transaction contemplated herein and shall not issue any such press release or make any such public statement without the prior consent of the other party, which consent shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement as may be required by law or the rules of the applicable stock exchange if it has used its reasonable best efforts to consult with the other party and to obtain such party's consent but has been unable to do so in a timely manner.

6.7. Member Approval. Each of the Members has voted in favor of the approval and adoption of this Agreement and the transactions contemplated hereby and the approval of the Merger.

6.8. Employment Matters. (a) Employees employed by Treyarch immediately prior to the Effective Time shall be employed by Activision Publishing immediately after the Effective Time on such terms and conditions of employment as may be determined by Activision Publishing in its sole discretion, provided that all such employees shall be eligible to participate in the Activision Publishing Internal Project Bonus Plan as modified pursuant to Exhibit D hereto. Nothing herein is intended or shall be construed to provide for a guarantee of employment or shall otherwise affect the "at will" employment status of the employees of Activision Publishing after the Effective Time.

(b) Prior to or contemporaneous with the Effective Time, Activision Publishing shall enter into employment contracts with the Principal Members (other than Eric Steinmann and Shawn Capistrano) and the Other Key Employees and such contracts shall contain terms and conditions of employment that are mutually acceptable to Activision Publishing and Treyarch.

ARTICLE VII

SURVIVAL; INDEMNIFICATION; REPRESENTATIVE

7.1. Survival. Except as otherwise set forth in this Section 7.1, the representations and warranties made in this Agreement or in any agreement, certificate or other document executed at or prior to the Effective Time in connection herewith (each an "Ancillary Document") shall survive until February 28, 2003 (the "Survival Date"). No investigation by Activision or on Activision's behalf heretofore or hereafter conducted shall affect the representations, warranties or covenants of the Members set forth in this Agreement.

7.2. Indemnification by the Members. (a) To the fullest extent permitted by law, the Members shall, severally and not jointly, defend, indemnify and hold harmless Activision, Activision Publishing and Merger Subsidiary, and all officers, directors and stockholders of Activision, Activision Publishing and

Indemnified Parties"), from and against any and all claims, losses, liabilities, taxes, interest, fines, penalties, suits, actions, proceedings, demands, damages, costs and expenses (including reasonable attorneys', accountants' and experts' fees and court costs) of every kind and nature (collectively, "Losses") arising out of or resulting from any breach by Treyarch or the Members of any representation, warranty, agreement or covenant made by them in this Agreement. The Members' liability to indemnify any Activision Indemnified Parties shall be in proportion to his or her respective ownership interest in Treyarch as of the Closing Date.

(b) Notwithstanding the provisions of Section 7.2(a) hereof, in no event shall any Employee Member be liable under Section 7.2(a) for an amount in excess of the number of Activision Shares such Employee Member receives under Section 2.2(a) hereto multiplied by the Maximum Price ("Maximum Employee Member Indemnification").

7.3. Indemnification Procedures. (a) Promptly after receipt by an Activision Indemnified Party under this Section of notice of the commencement of any action or the incurrence of any Loss, such Activision Indemnified Party will, if a claim in respect of such action is to be made against any indemnifying party under this Section, notify the indemnifying party in writing of the commencement of such action. Upon receipt of such notice the indemnifying party or parties shall have the right to assume and control the defense of such action with counsel of its choice, subject to the approval of the Activision Indemnified Party, which approval shall not be unreasonably withheld. The Activision Indemnified Parties shall have the right to participate in the defense of any action and to be represented by counsel of its or their own selection in connection with such action and to be kept fully and completely informed by the indemnifying party and its counsel as to the status of the action at all stages of the proceedings in such action, all at the Activision Indemnified Party's cost and expense. The Activision Indemnified Party shall cooperate with the indemnifying party in any defense which the indemnifying party assumes. Activision shall be entitled to settle any action solely for monetary damages with respect to which it controls the defense subject to the prior consent of the Representative, which consent shall not be unreasonably withheld. The Representative shall be entitled to settle any action solely for monetary damages with respect to which it controls the defense, subject to the prior consent of Activision which consent shall not be unreasonably withheld. The failure to notify an indemnifying party promptly of the commencement of any such action will not relieve him or her or it of any liability that he or she may have to any Activision Indemnified Party.

(b) The Members' liability under Section 7.1 shall be several, not joint, and shall be in proportion to their respective ownership interests in Treyarch as set forth in Schedule 2.2(a) (subject to the limitation on liability of the Employee Members under Section 7.2(b)). Any claim for indemnification shall be settled in the following manner:

(i) first, delivery by Activision of a Claim Notice (as defined the Warranty Escrow Agreement) for the number of Escrow Shares (as defined in the Warranty Escrow Agreement) equal to the number of Applicable Holdback Shares calculated pursuant to clause (2) of the second sentence of Section 6.2(c) (i), (ii) or (iii), as applicable;

(ii) then, in the event the amount of the Losses exceeds the number of Escrow Shares determined pursuant to clause (i) above, delivery by the Representative of cash or other property in the amount equal to (A) the Losses minus (B) the amount determined pursuant to clause (i) above.

(c) In the event any claims settled by delivery of a Claim Notice under Section 7.3(b)(i) are settled with Escrow Shares which the Members and Employee Holders are not yet entitled to receive pursuant to Section 6.2(c) and ultimately will not have become entitled to receive pursuant to Section 6.2(c) ("Unearned Escrow Shares"), Activision shall be entitled to seek reimbursement from the Members for the amount ("Shortfall Amount") equal to the number of Unearned Escrow Shares multiplied by the Maximum Price. Any

claims for reimbursement will be made in accordance with the procedures set forth in this Section 7.3. The Members agree that Activision shall not seek reimbursement for such Shortfall Amount from the Employee Holders. The Members further agree that Activision may seek reimbursement for such Shortfall Amount at any time, including, without limitation, after the Survival Date.

(d) Claims for Indemnification. No claim for indemnification will be valid unless a Claim Notice (as defined the Warranty Escrow Agreement) shall have been delivered pursuant to the Warranty Escrow Agreement on or prior to February 28, 2003, after which date the obligation to indemnify shall terminate with respect to any claim except those which were specifically identified in a Claim Notice prior to such date.

7.4. Claims Resolution Procedure. The parties shall act in good faith as expeditiously as possible to resolve any and all claims for indemnification. To the extent any claims are not Finally Resolved (as defined in the Warranty Escrow Agreement) on or before February 28, 2003 (the "Claims Resolution Date"),

then the claims shall be resolved in accordance with the following arbitration procedure:

(a) Each of Activision, on the one hand, and the Representative, on the other hand, shall select and appoint an arbitrator within five (5) days after the Claims Resolution Date to finally settle all unresolved claims. An arbitrator shall be selected and appointed by notice from one party to the other. The two arbitrators so selected shall select a third arbitrator and give written notice to the parties hereto of such selection within ten (10) days after the Claims Resolution Date. If the two arbitrators cannot agree on a third arbitrator within such ten (10) day period, then each of them shall nominate one person to serve as the third arbitrator and the third arbitrator shall be selected from the two nominees by toss of coin. No arbitrator shall be an officer, director, employee, affiliate or relative of either Activision, Treyarch, the Representative, or the Members.

(b) The arbitration shall be conducted jointly by the three arbitrators, who shall review all submissions by the parties with respect to the claim and make an award, by majority vote, within forty-five (45) days after the Claims Resolution Date, which award, when signed by each of the arbitrators, shall be final and binding on the parties. Unless otherwise determined by the arbitrators by majority vote, (i) no hearings shall be held, and the decision shall be rendered based on written submissions by the parties, and (ii) all written submissions must be made by the parties within five (5) days after the date on which the third arbitrator is appointed. Once the award is made, a claim shall be Finally Resolved for purposes of the Warranty Escrow Agreement.

(c) If either party shall refuse or neglect to select and appoint an arbitrator within five (5) days after the Claims Resolution Date in accordance with Section 7.5(a), then the arbitrator so appointed by the first party, acting alone as the sole arbitrator, shall proceed to arbitrate and resolve all claims, and such arbitrator's award in writing signed by such arbitrator shall be final and binding on the parties.

(d) All expenses of the arbitration shall be shared equally by Activision, on the one hand, and the Representative, on the other, provided that the arbitrator(s) shall have the right to award fees and expenses to the prevailing party in the arbitration if they deem it appropriate under the circumstances, and except that each party shall bear the costs and fees of the arbitrator appointed by such party. The parties hereto agree that they will cooperate in good faith to allow any arbitration hereunder to occur promptly and be concluded as quickly as is reasonably possible.

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(e) Judgment of any arbitration conducted hereunder may be entered on the arbitrators' award in any court having jurisdiction, and each party hereby consents to the jurisdiction of the California state courts sitting in Los Angeles County for this purpose.

7.5. Representative. (a) Eric Steinmann is hereby appointed as the Representative to act as representative to the Members and to carry out the duties set forth in this Agreement and the Warranty Escrow Agreement; to give and receive notices and communications for and on behalf of the Members; to prosecute and defend litigation and claims for indemnification under this Agreement and the Warranty Escrow Agreement; to settle disputes; to agree to, negotiate, enter into settlements and compromises of, and demand and pursue arbitration and comply with orders of courts and awards of arbitrators with respect to claims; and to take all actions necessary or appropriate in the judgment of the Representative for the accomplishment of the foregoing to effectuate and carry out the terms and purposes of the transactions contemplated by this Agreement and the Warranty Escrow Agreement. If Eric Steinmann is or becomes unavailable to act as the Representative, then Shawn Capistrano shall be appointed successor Representative. If Shawn Capistrano is or becomes unavailable to act as the Representative, then a successor Representative shall be designated by the holders of a majority in interest of the Escrowed Property on the date such successor Representative is designated.

(b) Notwithstanding any other provision herein to the contrary, Activision shall be able to rely conclusively on the instructions and decisions of the Representative as to any matter requiring action or decision by the Members under this Agreement and the Warranty Escrow Agreement, and the Members shall not have any cause of action against Activision for any action taken by Activision in reliance upon the instructions or decisions of the Representative.

(c) In furtherance of the foregoing, the Representative may by written notice to the Escrow Agent, with a copy to Activision, request payment for or reimbursement of any and all reasonable legal fees and expenses paid or payable by the Representative in connection with any matters requiring any action by the Representative as provided in this Agreement (collectively, "Reimbursement Amounts"), including, without limitation, the defense and/or settlement of any claims and the Warranty Escrow Agreement, and the Escrow Agent shall be authorized to release from time to time from the Escrow Account an amount equal to such fees and expenses so requested unless, within ten (10) days after such notice Activision objects to such payment by delivery of notice to the Representative and the Escrow Agent, in which case such fees and expenses will not be disbursed absent (1) agreement between the Representative and the Activision or (2) a judgment of the arbitrators in connection with the resolution of a claim that such fees are reasonable and are not required to be reimbursed by Activision. Any notice or other communication to be delivered to the Representative shall be delivered pursuant to Section 8.3. The Members

acknowledge and agree that no Member shall have any right to object, dissent, protest or otherwise contest or have any cause of action against the Representative for any amounts paid to or by the Representative pursuant to this Section 7.5(c).

(d) In the event that the Reimbursement Amounts to be paid to the Representative pursuant to Section 7.5(c) exceed the amounts in the Escrow Account, in addition to the Reimbursement Amounts, the Representative may by written notice to each Member, seek reimbursement for such excess amount. Each Member agrees to reimburse the Representative in proportion to such Member's proportionate percentage ownership interest in Treyarch within ten (10) days of the receipt by such Member of such notice from the Representative pursuant to this Section 7.5(d).

(e) All actions, decisions and instructions of the Representative shall be conclusive and binding upon all of the Members and no Member shall have any right to object, dissent, protest or otherwise contest the same or have any cause of action against the Representative for any action taken, decision made or

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instruction given by the Representative under this Agreement and the Warranty Escrow Agreement, except for fraud or willful misconduct by the Representative.

(f) In acting as the representative of the Members, the Representative may rely upon, and shall not be liable to any Member for acting or refraining from acting upon, an opinion of counsel, certificate of auditors or other certificate, statement, instrument, opinion, report, notice, request, consent, order, arbitrator's award, appraisal, bond or other paper or document reasonably believed by him to be genuine and to have been signed or presented by the proper party or parties. The Representative shall incur no liability to any Member or other Person with respect to any action taken or suffered by the Representative in his capacity as Representative in reliance upon any note, direction, instruction, consent, statement or other documents believed by him to be genuinely and duly authorized, nor for any other action or inaction except his own fraud or willful misconduct and the Representative shall be indemnified and held harmless by the Members from all losses, costs, and expenses which the Representative may incur as a result of involvement in any legal proceedings arising from the performance of his duties hereunder. The Representative may perform his duties as Representative either directly or by or through his agents or attorneys, and the Representative shall not be responsible to the Members for any misconduct or negligence on the part of any agent or attorney appointed with reasonable care by him hereunder.

ARTICLE VIII

MISCELLANEOUS

8.1. Assignment; Binding Effect; Benefit. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that Activision may assign its rights, interests or obligations hereunder to any affiliate provided that Activision remains obligated hereunder and such assignment does not alter the rights, interests or obligations of the Members hereunder. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No assignment permitted under this Agreement shall relieve any such assignor of any of his, her or its obligations under this Agreement and any assignee shall assume in writing all of the undertakings of assignor under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective heirs, surviving corporations, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

8.2. Entire Agreement. This Agreement (including the Exhibits and Schedules annexed hereto), and any documents delivered by the parties in connection herewith constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior negotiations, agreements and understandings, whether written or oral, among the parties with respect thereto. No addition to or modification of any provision of this Agreement shall be binding upon any party hereto unless made in writing and signed by all parties hereto.

8.3. Notices. Any notice required to be given hereunder shall be in writing and shall be sent by facsimile transmission (confirmed by any of the methods that follow), courier service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid) and addressed as follows:

If to the Treyarch	Treyarch Invention LLC
or the Members:	3420 Ocean Park Boulevard
	Suite 2000
	Santa Monica, CA 90405
	Attn: Don Likeness
	Tel.: (310) 581-4700
	Fax: (310) 581-4702

With a copy to (which shall

not constitute notice): Eric Steinmann
P.O. Box 1976
Wrightwood, CA 92397
Tel.: (760) 249-4734

If to the Representative: Eric Steinmann
P.O. Box 1976
Wrightwood, CA 92397
Tel.: (760) 249-4734

With a copy to (which shall not constitute notice): Don Likeness
Treyarch Invention LLC
3420 Ocean Park Boulevard
Suite 2000
Santa Monica, CA 90405

If to Activision and Merger Subsidiary: Activision, Inc.
3100 Ocean Park boulevard
Santa Monica, California 90405
Attn.: George Rose, Esq.
Tel.: (310) 255-2603
Fax: (310) 255-2152

With a copy to (which shall not constitute notice): Robinson Silverman Pearce Aronsohn
& Berman LLP
1290 Avenue of the Americas
New York, New York 10104
Attn: Kenneth L. Henderson, Esq.
Tel.: (212) 541-2275
Fax: (212) 541-1357

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date received.

8.4. Amendment. This Agreement may not be amended except by an instrument in writing signed by or on behalf of each of the parties hereto.

8.5. Governing Law. This Agreement has been executed and delivered by the parties in California, and shall be governed by and construed in accordance with the laws of the State of California without regard to its rules of conflict of laws. All parties consent to the exercise of personal jurisdiction over them in California and agree that any lawsuit arising out of or relating to this Agreement shall be brought exclusively in a court of competent subject matter jurisdiction located within the County of Los Angeles, State of California.

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8.6. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

8.7. Headings. All of the Section and Article headings in this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

8.8. Waivers. Except as provided in this Agreement, no action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained in this Agreement. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

8.9. No Party Deemed Drafter. The parties agree that no one party shall be deemed to be the drafter of this Agreement and that in the event this Agreement is ever construed by a court of law or equity, such court shall not construe this Agreement or any provision of this Agreement against any party as the drafter of the Agreement. The parties, and each of them, acknowledge that all parties have contributed substantially and materially to the preparation of this Agreement.

8.10. Incorporation. The Schedules and Exhibits hereto and referred to herein are hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

8.11. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

8.12. Interpretation. In this Agreement, unless the context otherwise requires, words describing the singular number shall include the plural and vice versa, and words denoting any gender shall include all genders.

8.13. Specific Performance. The parties hereto agree that any material breach or attempted or threatened breach of the provisions of this Agreement could result in irreparable injury to the parties for which no adequate remedy at law would exist, and damages would be difficult to determine, and consent to specific performance of the terms hereof, without limiting the applicability of any other remedy at law or equity.

8.14. Expenses. The parties agree that Activision shall bear all costs and expenses incurred by it and Merger Subsidiary, and the Members shall bear all costs and expenses incurred by them and Treyarch, in connection with negotiating and completing this Agreement and the transactions contemplated hereby, including, without limiting the generality of the foregoing, attorneys' and accountants' fees and expenses. Notwithstanding the foregoing, the parties agree that Activision shall pay the attorneys' fees incurred by the Members in connection with this Agreement up to a maximum aggregate amount of \$10,000.

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[SIGNATURE PAGE FOLLOWS.]

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

ACTIVISION, INC.

By: /s/ George Rose

Name: George Rose
Title: Senior Vice President
and General Counsel

ACTIVISION PUBLISHING, INC.

By: /s/ George Rose

Name: George Rose
Title: Senior Vice President
and General Counsel

TREYARCH ACQUISITION, INC.

By: /s/ George Rose

Name: George Rose
Title: Senior Vice President
and General Counsel

TREYARCH INVENTION LLC

By: /s/ Don Likeness

Name: Don Likeness
Title: Managing Member

PRINCIPAL MEMBERS

By: /s/ Don Likeness

Don Likeness

By: /s/ Peter Akemann

Peter Akemann

By: /s/ Eric Steinmann

Eric Steinmann

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By: /s/ Shawn Capistrano

Shawn Capistrano

REPRESENTATIVE

By: /s/ Eric Steinmann

Eric Steinmann

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AGREEMENT AND PLAN OF MERGER

among

ACTIVISION, INC.,

ACTIVISION PUBLISHING, INC.,

TREYARCH ACQUISITION, INC.,

TREYARCH INVENTION LLC

and

DON LIKENESS, PETER AKEMANN, ERIC STEINMANN,
SHAWN CAPISTRANO ,

And the

PERSONS LISTED ON SCHEDULE 1 HERETO

as the Members,

and ERIC STEINMANN,

as the Representative

Dated as of September 28, 2001

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

FACSIMILE: (212) 541-4630

October 16, 2001

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 (the "Commission") in connection with the registration under the Securities Act of 1933, as amended (the "Act"), with respect to 770,051 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 770,051 shares of Common Stock being registered for the account of certain of the Company's stockholders have been duly authorized and are, or when issued in accordance with the terms of the Agreement and Plan of Merger dated as of September 28, 2001, among the Company and other parties thereto, 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

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement on Form S-3 of Activision, Inc. of our report dated May 5, 2000, except as to Note 14, which is as of June 9, 2000, relating to the consolidated balance sheet of ACTIVISION, INC. and subsidiaries as of March 31, 2000 and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended March 31, 2000, and the related financial statement schedule for each of the years in the two-year period ended March 31, 2000, which report appears in the March 31, 2001 annual report on Form 10-K of ACTIVISION, INC., and to the reference to our firm under the heading "Experts" in the registration statement on Form S-3.

KPMG LLP

Los Angeles, California
October 16, 2001

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated May 9, 2001 relating to the consolidated financial statements of Activision, Inc., which appears in the Annual Report on Form 10-K for the year ended March 31, 2001. We also consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated May 9, 2001 relating to the consolidated financial statement schedule, which appears in Activision, Inc.'s Annual Report of Form 10-K for the year ended March 31, 2001. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP

Los Angeles, California
October 16, 2001