



Activision Signs Multi-Year Agreement with Legendary Game Designer Peter Molyneux

Santa Monica, CA - March 4, 2003 - Activision, Inc. (Nasdaq: ATVI) announced today that the company has signed an agreement with legendary U.K.- based game designer Peter Molyneux. Under the terms of the agreement, the company has secured the exclusive worldwide rights to Molyneux's new project tentatively titled *The Movies* for the PC and all video game console platforms. The agreement also grants Activision the option to publish sequels and add-on products to the title.

The Movies currently is being developed by Molyneux's Lionhead Studios, whose last title, *Black and White*, sold almost 2 million units worldwide. *Black and White* topped PC sell-through charts around the globe and was a #1 best-selling game in the United Kingdom and Germany.

Slated for release in 2004, *The Movies* gives gamers the opportunity to run their own Hollywood movie studio from the silent days of the 1920s, through the advent of new technologies into the present and beyond. The game puts players in charge of a Hollywood dream factory where they decide which movies to make and the stars to make them. The player selects the scripts, directors, sets and movie stars before shooting the action and watching their finished movie on opening night. Players can manage the money, egos, tears & tantrums on their way to living the Hollywood dream.

"Peter is undoubtedly one of the most talented video game designers in the world, and Lionhead is one of the very few development studios with the knowledge and resources to develop a game that will allow players to fulfill the fantasy of building a movie empire," states Larry Goldberg, executive vice president of Activision Worldwide Studios. "We are incredibly excited to have entered into this long-term partnership and are confident that this alliance will result in one of the most innovative and anticipated games of the next few years."

"Activision has always been synonymous with quality and innovation. *The Movies* offers a perfect opportunity for both of our companies to collaborate in the creation of a multi-million unit selling franchise," responded Peter Molyneux, managing director of Lionhead Studios. "A major factor in our choice of Activision as publisher for *The Movies* was its impressive attitude toward development and developers."

The agreement further underscores Activision's commitment to partnering with top development talent and expanding its product portfolio. The announcement follows the company's recent acquisitions of several high-profile intellectual properties including the sequel to *Shrek*, *DOOM III*, *Lemony Snicket*, *QUAKE IV*, *XXX* and the sequel to the *Spider-Man* movie. Over the past 14 months, Activision has also acquired five development studios - Treyarch, Gray Matter Interactive, Shaba Games, Z-Axis Ltd. and Luxoflux Corporation, and forged new alliances with Infinity Ward and Stainless Steel - each of which has created games that have sold in excess of a million units.

Prior to forming Lionhead Studios, Molyneux founded Bullfrog Productions. Bullfrog produced a legacy of acclaimed games including the first ever god game *Populous*, the popular strategy game *Dungeon Keeper*, and *Theme Park*, a simulation game that required players to manage all aspects of an amusement park. Each of these titles was a multi-million-unit seller worldwide.

Lionhead Studios is based in Guildford, Great Britain and was founded in 1997. The company's first game *Black & White* PC was released in 2001 and worldwide sales are now nearing the 2 million mark. Through its unique satellite scheme, the company currently has six products currently under development.

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment and leisure products. Founded in 1979, Activision posted revenues of \$786 million for the fiscal year ended March 31, 2002.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Japan, Australia, Scandinavia and the Netherlands. More information about Activision and its products can be found on the company's World Wide Web site, which is located at www.activision.com.

The statements contained in this release that are not historical facts are "forward-looking statements." The Company cautions readers of this press release that a number of important factors could cause Activision's actual future results to differ materially from those expressed in any such forward-looking statements. These important factors, and other factors that could affect Activision, are described in Activision's Annual Report on Form 10-K for the fiscal year ended March 31, 2002, which was filed with the United States Securities and Exchange Commission. Readers of this press release are referred to such filings.

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