



Activision Files Breach Of Contract Lawsuit Against Viacom

Santa Monica, CA - July 1, 2003 - Activision, Inc. (Nasdaq: ATVI), a leading developer, publisher and distributor of interactive entertainment software products, today announced that it has filed a breach of contract suit against Viacom.

In its complaint, which was filed in the Superior Court of the State of California on June 30, 2003, Activision accused Viacom of breaching its fundamental promise to continue exploiting the Star Trek franchise consistent with its practice at the time the agreement was signed in 1998. "Activision cannot successfully develop and sell Star Trek video games without the product exploitation and support promised by Viacom. A continuing pipeline of movie and television production, and related marketing, is absolutely crucial to the success of video games based on a property such as Star Trek," charged Activision in its court filings.

However, through its actions and inactions, Viacom has let the once proud Star Trek franchise stagnate and decay. Viacom has released only one "Star Trek" movie since entering into agreement with Activision and has recently informed Activision it has no current plans for further "Star Trek" films. Viacom also has allowed two "Star Trek" television series to go off the air and the remaining series suffers from weak ratings. Viacom also frustrated Activision's efforts to coordinate the development and marketing of its games with Viacom's development and marketing of its new movies and television series.

The complaint goes on to state: "By failing and refusing to continue to exploit and support the Star Trek franchise as it had promised, Viacom has significantly diminished the value of Star Trek licensing rights including the rights received by Activision. Moreover, in so doing, Viacom has breached a fundamental term of its agreement with Activision ... and has caused Activision significant damage."

As a result of the breaches by Viacom, Activision has terminated the agreement and filed a complaint seeking to recover the damages it has suffered and will suffer as a result of Viacom's failure to abide by its agreement, and its stated intention to continue to breach its agreement, and seeks the return of the warrants now wrongfully in Viacom's possession.

The company expects that the court filing and the termination of the agreement with Viacom will have no material impact on its previously provided first quarter and fiscal year earnings outlook.

Headquartered in Santa Monica, California, Activision, Inc. is a leading worldwide developer, publisher and distributor of interactive entertainment and leisure products. Founded in 1979, Activision posted net revenues of \$864 million for the fiscal year ended March 31, 2003.

Activision maintains operations in the U.S., Canada, the United Kingdom, France, Germany, Japan, Australia, Scandinavia and the Netherlands. More information about Activision and its products can be found on the company's World Wide Web site, which is located at 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, 2003, 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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