

Interview with Patrick Leleu - January, 17th in Les Echos

Copyright Les Echos

- **You have just issued 150 million euros in ORANE bonds. What are the proceeds going to be used for?**

Let me first remind you that Infogrames is fortunate to operate in a particularly promising sector. The success of Nintendo's DS and Wii consoles has given the video game sector a new impetus and is further broadening its public appeal.

In spite of the company's past problems, it still has many resources, including its long-term expertise in the publishing, production and distribution of video games. And with Atari, still a powerful name in the game sector and beyond, we have tremendous opportunities in an industry that is increasingly characterized by a mass-market approach.

We also had our weak points, such as our lack of financial resources, which was resolved with a new injection of capital at the end of 2006 and a bond issue of 150 million euros in late 2007. A second weak point was our lack of organization following several years in which assets were sold off. Our current strategy consists of starting to spend on capital projects again, adopting a consistent publishing policy that takes into account new market trends, and restructuring the company, including by turning around our Atari Inc. subsidiary in the United States. In practical terms, this means that after repaying debts of 40 million euros, we will have more than 100 million euros for capital projects in 2008, to finance our restructuring and meet our working capital needs. In June 2007, I said that it would take more than a year to get operations back on an even keel. Infogrames' recovery will primarily be achieved by increasing sales and improving the quality of our products, meaning higher profit margins.

- **What revenue do you anticipate for the year that is ending March 31, 2008?**

In June 2007 we announced that we were looking for stable revenue in relation to the previous year (305 million euros) and that is what we continue to aim for, even though it cannot be taken for granted at this time. Holiday sales were good. I have made a decision to release the new "Alone in the Dark" opus in May. Its development is nearing completion but some scenes in this fully immersive game deserve to be more polished and we will not take any shortcuts. Of course, this will not help our sales for this year. During fiscal 2007-2008, as publishers, we have released no games for the Sony PS3 and Microsoft Xbox360 consoles. However, we have a dozen projects in the pipeline for those two systems scheduled for the coming year. As for our Wii and DS games, which accounted for a large share of our business this year, their number will double from 15 to 30 next year, thanks to investments made in 2007.

- **Does that mean that are you going to continue investing in strong licenses, such as Alone in the Dark, which will be a major release in 2008-2009?**

In publishing, we have the opportunity to do three things. The first is to spend on the Group's major traditional properties, such as Alone in the Dark, Test Drive, or Dungeons and Dragons. We are scheduling regular releases for those best sellers, but we will not position ourselves exclusively on this segment aimed at experienced gamers, which requires larger investments, where competition from majors is increasingly fierce and where development cycles are getting longer, actually too long for us. Still, Alone in the Dark will be a major release. But the company's survival does not hinge on the success of that game, although we do hope it sells millions of copies.

The second thing is our intention to increase our investment in games aimed at the mass market made up of consumers who were introduced to gaming on the DS and Wii. And the third thing is to be present on the Internet. An "Atari.com" portal is soon going to be

accessible, offering a series of specially developed games for playing online or downloading. We are going to enter into partnerships with specialized sites in order to expand our global reach. In keeping with the brand's image and the market's dynamics, Infogrames' goal for the next three to five years is to become a well-known publisher of family games, not just a company famous among an elite gamer population.

- **Are you going to sell more licenses?**

We have no specific plans in connection with this.

- **How are you going to resolve the problems of your Atari subsidiary in the United States, where losses have been piling up?**

Atari, Inc. trades on the Nasdaq. Its board of directors has announced that it intended to focus the company's business on publishing and distribution in the US and to discontinue production operations. Restructuring has started under the new interim management. Much remains to be done if Atari Inc. is to regain its market share in North America.

- **What about Infogrames' plan for a reverse stock split?**

A reverse stock split can only take place during a period of stability. It could not be carried out at the end of 2007 because of the bond issue, but there will be a reverse stock split.

- **BlueBay currently owns 25% of the company's shares and could increase its interest to 60% if its bonds are redeemed into shares. How do you interpret their intentions?**

BlueBay has made a considerable financial effort by investing in Infogrames on several occasions. Its share ownership reflects that fact. It is the reason management has funds to spend today and is able to focus on rebuilding. BlueBay has not announced any new plans since it acquired an interest in the company in late 2006. The fund keeps close track of the business and is represented on the board of directors. Apart from that, I assume that, like other shareholders, it is constantly re-evaluating its position.

- **At a time when there is a new wave of consolidation in the industry, including the merger of Activision and Vivendi Games, can Infogrames continue to go it alone?**

Provided that Infogrames becomes profitable, is positioned on promising segments and the Atari name is promoted, the Group will have the ability to grow on its own and remain independent. Of course, with the sector consolidating, should a good opportunity to create value present itself, we would take a close look at it, but that's another story...

Contact : Cécile SORNAY – Corporate & Financial Communication Director

Tel: + 33 (4) 37 64 30 00 - Fax: + 33 (4) 37 64 30 35 - cecile.sornay@atari.com