

Infogrames Shareholders' Meeting

September 25, 2008

PRESENTATION OF OPERATIONS & STRATEGY

INTRODUCTION

Michel Combes

Introduction

- **Building a world class leadership team totally aligned with shareholder interest and establishing accountability for delivering results**
 - Substantial cumulative experience in the interactive gaming industry
 - A united and complementary team, covering all fields of expertise
 - A strong blend of cross-border cultures based on openness and a drive to win
 - A management team supported by a strong Board of directors
 - A management driving the business based on facts
- **Improved balance sheet**
- **New financial discipline**
 - Focused on reaching operating profitability within 18 months
 - Emphasis on cashflow & sustainable profitable growth
- **3-year turnaround and strategic transformation program**
- **Clearly identified action items and quick execution underway**

Key highlights

David Gardner

2007 / 2008 at a glance

2007 / 2008: a year of strategic direction

- New management team has defined a new strategy...
- ...which is already well on track:
 - ✓ Integration of Atari Inc.
 - ✓ Binding distribution agreement with Namco Bandai
 - ✓ New hiring of talents
 - ✓ Creation of new studio in London for Online focus

2007 / 2008: improvement of financial results

- In depth restructuring plan of the distribution network: “Atari Transformation”
- Strengthened Balance sheet
- Improved financial performances:
 - ✓ improved full year results,
 - ✓ strong growth in Q1 2008/2009 revenues
- Reverse stock split

Full Year 2007/2008 Results

Fabrice Hamaide

P&L Summary

- **Stabilized revenues**
- **First year of restructuring provides significant impact on net income...**
- **..., driven by first operating improvements in the US and reduced cost of debt**

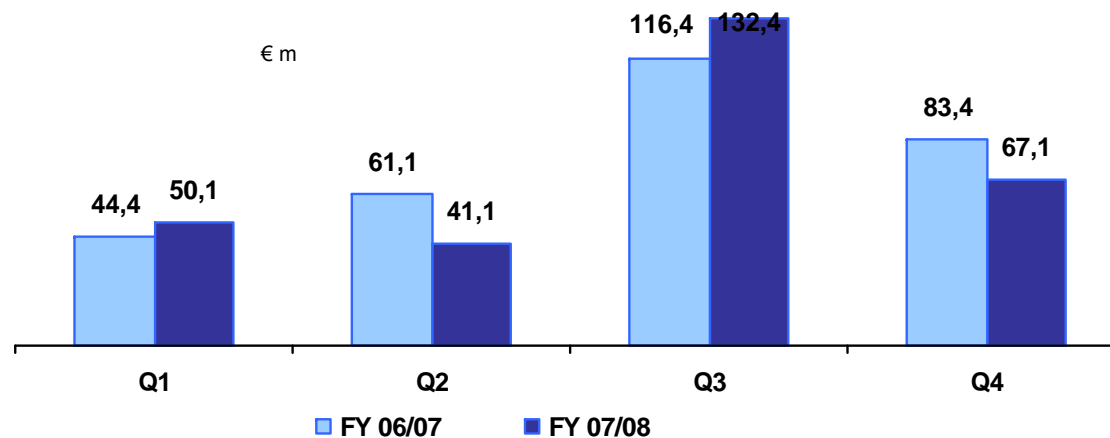
€m	FY 2007/08	FY 2006/07	Change
Net Revenues	290.7	305.3	(4.8%)
Gross Profit	111.1	126.0	(11.8%)
<i>Gross Margin</i>	38.2%	41.3%	
Current Operating Income	(45.2)	(39.3)	(15.0%)
<i>Current Operating Margin</i>	(15.5%)	(12.9%)	
Operating Income	(45.5)	(61.8)	+26.4%
<i>Operating Margin</i>	(15.7%)	(20.2%)	
Net Income	(51.1)	(103.1)	+50.4%

FY 2007/08 Revenues

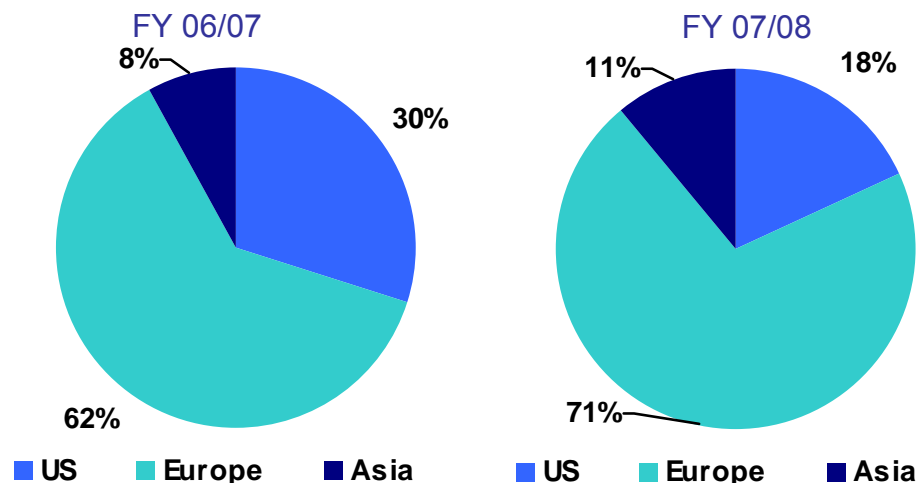
Net Revenues of €290.7m

- **Revenues stabilized** at €290.7m, in spite of delays in release of key titles Alone in the Dark and Dragon Ball Z Burst
- **Relatively high seasonality**, with 46% of revenues occurring in 3rd quarter (Oct - Dec)
- **European business contributed 71% of total revenues**, following a continuous decline in the US operations

Net Revenues Split by Quarter



Net Revenues Split by Geography

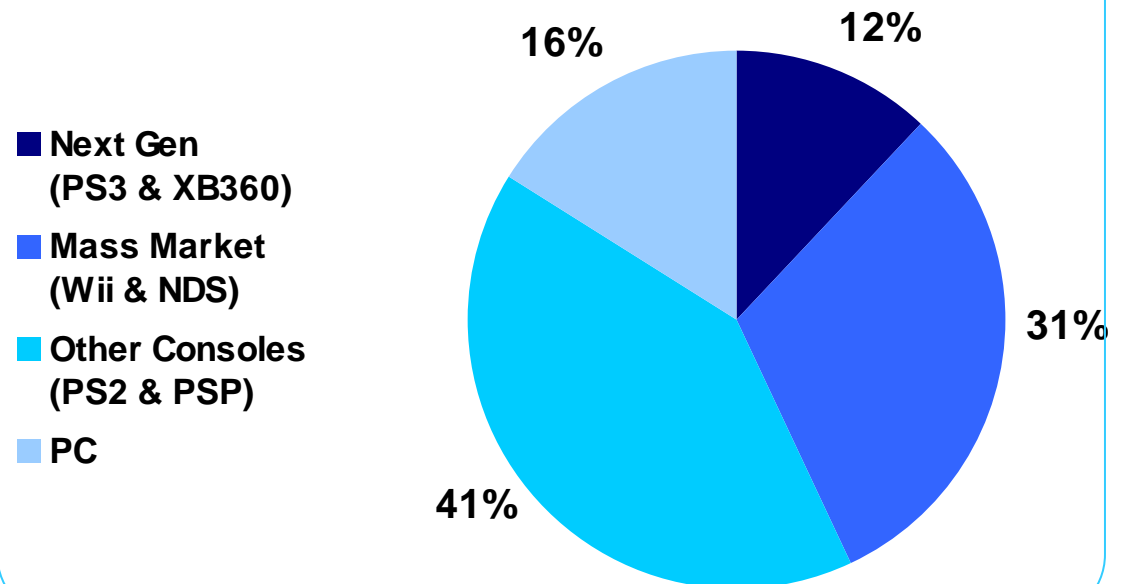


FY 2007/08 Profitability

Gross Profit of €111.1m, 38.2% Gross Margin

- **Decrease** of 3.1 points versus 41.3% **margin** of last fiscal year
- Main drivers:
 - **Unfavorable publisher mix:** group products represented 28.3% of finished goods, versus 36.4% last year
 - **Unfavorable product mix** (16% PC sales, vs. 22% last year)
 - **Increased depreciation of licenses**

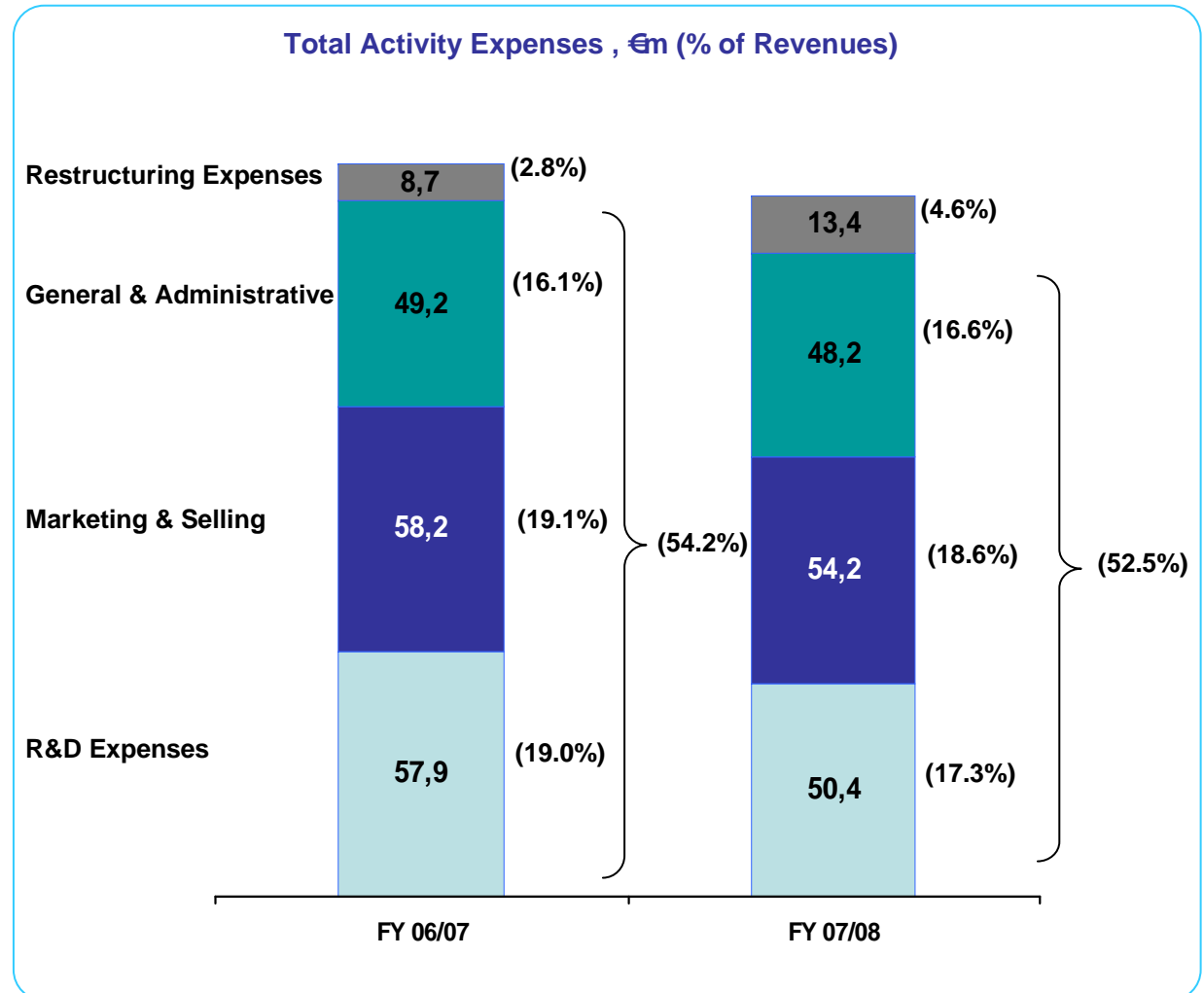
FY 07/08 Net Revenues Split by Format



FY 2007/08 Profitability

Operating Income of €(45.5)m, (15.7%) Margin

- **Margin improvement of 4.5 percentage-points** versus (20.2%) margin of last fiscal year
- **Restructuring charge mostly tied** to phase 1 in the US
- **SG&A levels generally in line** with change in revenues since last year
- The **cash component of R&D expenses was €49.2m**, versus €46.2m a year ago
- **Total operating expenses down** from 54.2% in FY06/07 to 52.5%



FY 2007/08 Balance Sheet

2007: Year of financial restructuring

- **Stronger equity base**, with shareholders' equity up to €159.9m from €85.2m last year
- January 2008: **€150 million of ORANE bonds fully subscribed** (€141.1m net proceeds)
- **Significantly reduced indebtedness**, from €87.1m to €34.7m
- **Cash and equivalents increased** by €36.8m, to reach €83.4m by March 2008

€m	FY 06/07	FY 07/08
Non-current Borrowings	12.5	11.8
Current Borrowings	74.6	22.9
Total Borrowings	87.1	34.7
Cash and Equivalents	46.6	83.4
Net Debt	40.5	(48.7)

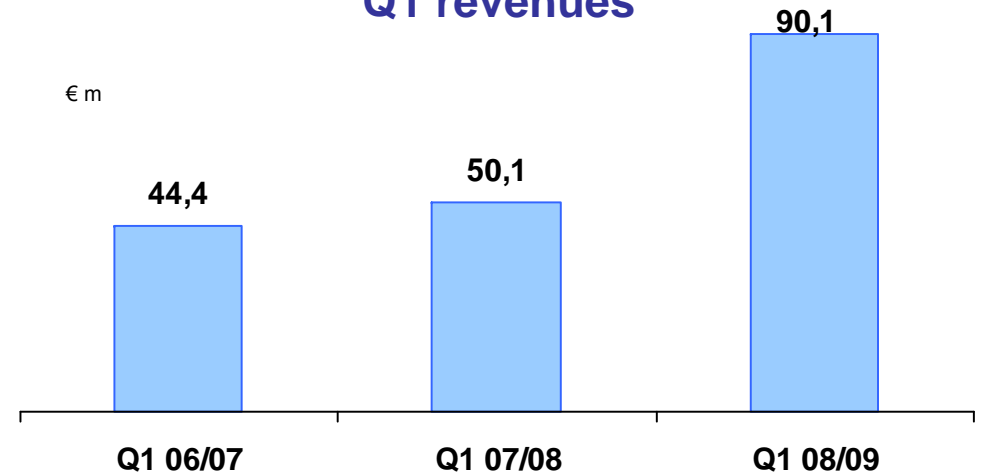
Strong Q1 2008/2009 revenue growth

- Consolidated Revenue **increased 91.4%** to **€95.9m** at constant exchange rates
 - +79.8% to €90.1m at current exchange rates

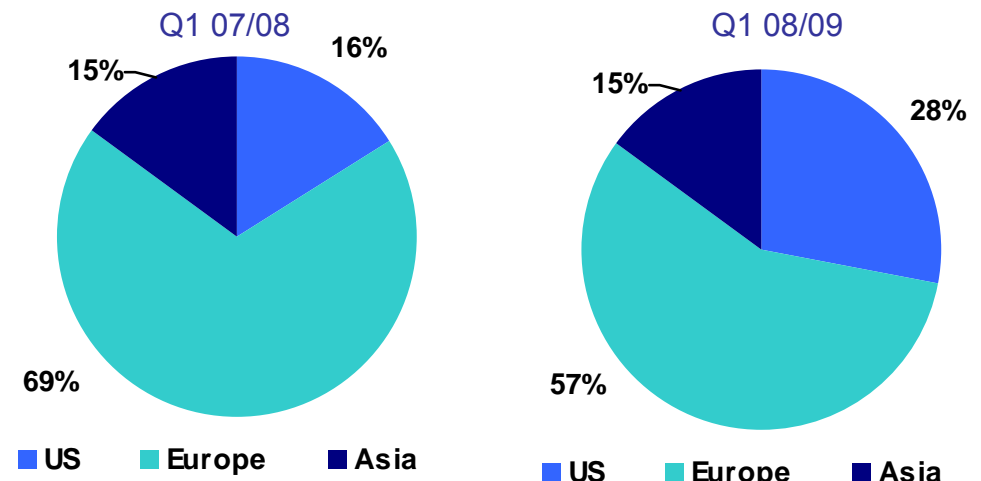
- Revenue **growth across all regions**, with strong recovery of the US market:
 - Europe: +49% at €51m
 - US: + 209% at €25m
 - Asia: + 82% at €14m

- **Major product releases** including Alone in the Dark and Dragon Ball Z Burst Limit

Q1 revenues



Net Revenues Split by Geography



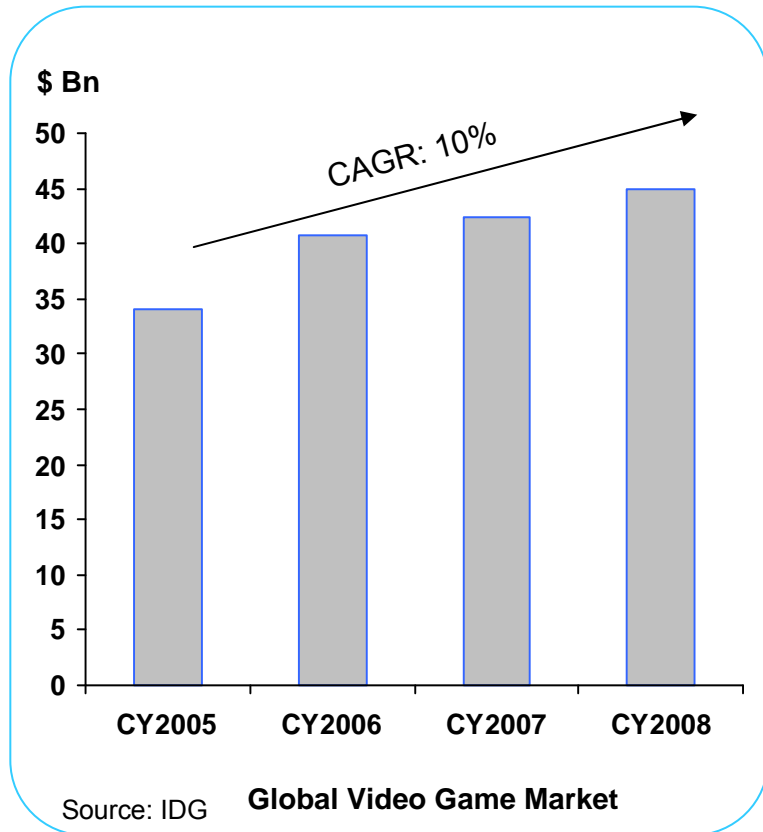
Infogrames' strategy

David Gardner

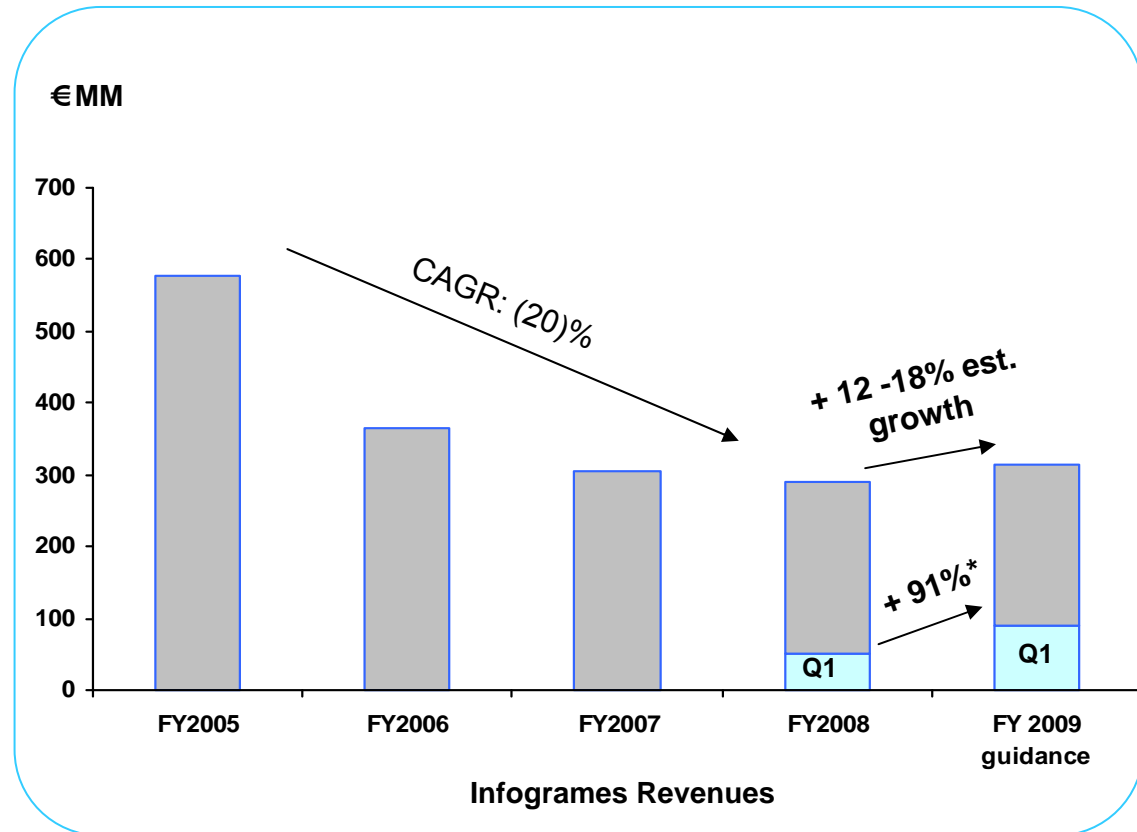
Phil Harrison

Robust End Market Environment

A growing market



Infogrames: back to growth



* At constant exchange rates

Infogrames Strengths

Strong Gaming IP Portfolio

- Huge catalogue largely unexploited
- Renowned international franchises with proven customer appeal
- Historic portfolio with re-release potential
- Top 10 franchises generated in excess of \$2Bn in historical sales



Asteroids
Battlezone

Missile Command
Tempest

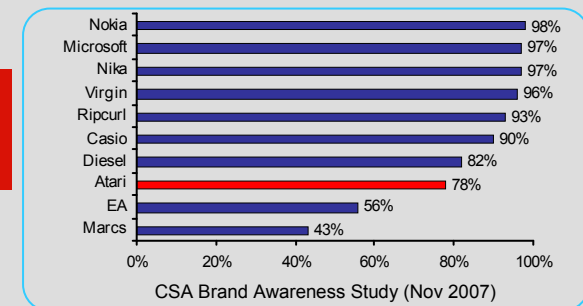
Worldwide Distribution Network

- Direct to retail in 20 major markets
- Multi-territory distribution agreements with leading publishers
- Strong international culture
- More than 60 countries covered



Leading Consumer Products Brand

- Atari is a brand with strong name recognition and affinity, worldwide
- A universal brand that is largely under-used
- Global ownership of URL: www.atari.com



Our strategy

- **To develop our publishing business and to migrate to a leadership position in online gaming...**
- **... while growing our distribution business through strong partnerships**

FY 08/09 Key Actions

Target	Action Items	Results
<p>Refocus on Profitability while Preserving Growth</p>	1 Improve Working Capital Management	Bring Net Operating Cash Flows to (5%) of sales at most
	2 Atari Transformation Plan	€16m cost savings
	3 Grow Distribution Activities	Develop profitable distribution network
	4 R&D Innovation and Control	Bring sales/R&D ratio towards industry benchmark
	5 Product Roadmap that Builds on our Strengths	Industry-leading portfolio with creative vision
	6 Create Online Platform	15 SKUs in development for delivery via online networks, incl. Atari.com
	7 M&A Activity / Partnerships	Acquire content, technology and online expertise

1 – Improve Working Capital Management

- **Inventory Management**
- **Improve on Accounts Payable at Group and Local Level**
- **Improve on financing lines utilization**

2 – Atari Transformation: an in-depth restructuring plan

- Reorganize and refocus the international network
- Increase efficiency with targeted cost cutting measures: €16m year 1
- Targeted headcount reduction from 540 to 460 employees worldwide
- Consolidate existing global partnerships and develop new ones
- Atari Inc.: reshaping the US operations

Status

Well on track



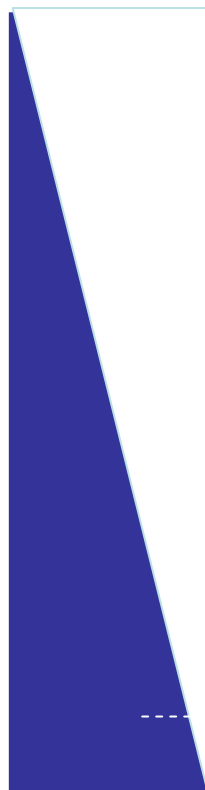
Europe / Asia: ✓
US: **on-going**

Well on track

3 – Grow Distribution Activities

Strong recognition and advanced distribution know-how make Atari very attractive to both global and local partners

Scope of Atari partnership



Local

Multi Local

Strategic partnership

Global

Partners

- Disney
- Eidos
- Ignition
- Lexicon
- Konami
- Electronic Arts
- TakeTwo
- Oxygen games
- Phoenix Games
- Playlogic
- SEGA
- BHV Entertainment
- Games Factory
- Novi Disk
- OUAT Entertainment
- Koch Media
- Electroframes

- Anuman
- Bethesda
- Codemasters
- Jowood/DC
- Lexicon
- Rising Star Games

- Namco Bandai

- Atari

CAPCOM

Disney **SEGA**

Lexicon



3 –Grow Distribution Activities

September 2008:

Infogrames established a strategic partnership with Namco Bandai to substantially grow distribution operations



- **Bandai to acquire 34% of Infogrames' European and Asian distribution company**
- **New entity to be Namco Bandai's and Infogrames exclusive distributor**
- **Fair current enterprise value** based on 7x EBIT:
 - €95m enterprise value, incl. €15m earn out mechanism
- **34% sale proceeds to be reinvested** in new product developments, including online
- **Closing expected by end of February 2009**

3 –Grow Distribution Activities

Strategic benefits

- **Acceleration** of the implementation of the strategy
- **Strengthen relationships** with our main commercial partner
- **Guaranteed and strengthened extensive product portfolio**
- Opportunity to establish distribution contracts with third parties
- Provide additional means to invest in new product development for packaged and online markets

Value creation for shareholders

- **Stronger revenue profile**
- **>30% of our current revenues are secured**
- **Economies of scale and higher profitability**
- **Additional means to:**
 - better focus on margin improvement
 - invest in new product development with higher multiples:
 - ~15-18x EBIT for publishing vs 5-7x EBIT for distribution
- **Fair current enterprise value** based on 7x EBIT
- **Good valuation** of Namco Bandai's call option and Infogrames' put option:
 - EV: in the range of €60m and €190m
 - based on 7x EBIT multiple at the time of the exercise of the option

4 - Controlled R&D Innovation

Careful planning

- Overall profitability targets will drive yearly R&D investment

Strict cash allocation

- Key objective is to improve and optimize ROI, per game and on average

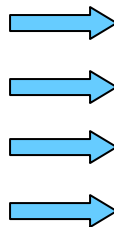
Regular monitoring

- Efficiency metrics (milestones and spend) will be monitored on a monthly basis to optimize ROI

5 - Product Development Strategic Direction

This year, majority of our investment is in:

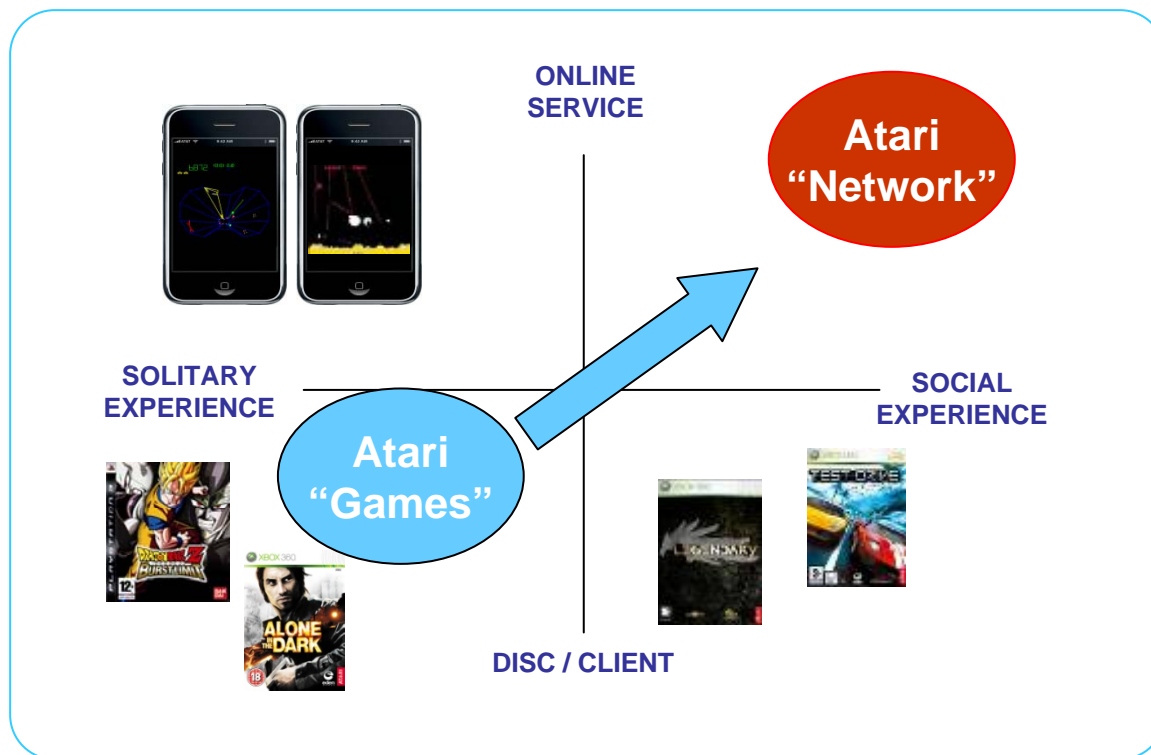
- DISC BASED CLIENT
- SOLITARY EXPERIENCE
- SINGLE REVENUE POINT
- THROUGH RETAIL



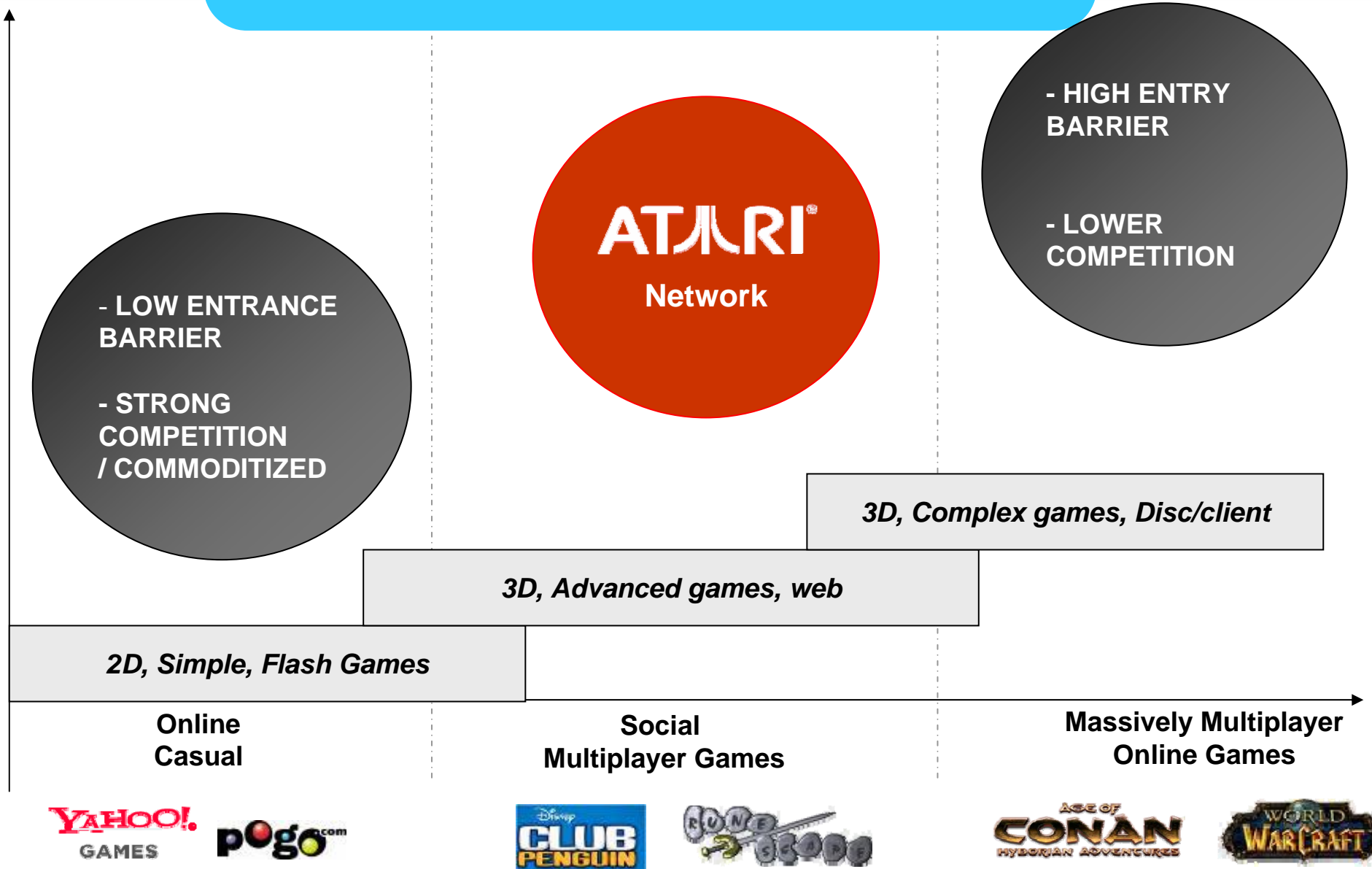
Our future investment will be in:

- ONLINE SERVICE
- SOCIAL EXPERIENCE
- RECURRING REVENUE
- AND THROUGH ATARI.COM

Long Term Transformation



5 - Atari network strategic positioning



5 - 2008 / 2009 Product Roadmap

- 20 Releases
- > 35 SKUs
- > 10 SKUs on Next Generation platforms (PLAYSTATION 3 and Xbox 360)

Indicative roadmap for main products:

Q1	Q2	H2
<ul style="list-style-type: none"> • Lanfeust PSP • Dragonball Z Burst Limit PS3, Xbox 360 • Backyard Baseball 2009 PC, PS2, Wii • Alone in the Dark PS2, Xbox 360, Wii, PC 	<ul style="list-style-type: none"> • Neverwinter Nights 2 Premium Module #1 PC • Backyard Baseball 2009 Xbox 360 • N+ NDS, PSP • Legendary: The Box PC, PS3, Xbox 360 • Asterix 360 Xbox 360 • King's Bounty / Battle Lord PC • Deer Hunter Xbox 360, PC 	<ul style="list-style-type: none"> • Backyard Football PS2, Wii, PC, NDS • Alone in the Dark PS3 PS3 • Asterix Brain Trainer NDS • Nadia2 / Titeuf 2008 NDS • Kid Paddle 3 Wii, NDS • Lucky Luke Les Daltons NDS • My Horse and Me 2 Wii, PC, NDS, PS2, Xbox 360 • Neverwinter Nights XP2 PC • Love Run (working title) NDS • The Witcher: Enhanced Edition PC • Family Trainer Wii • What's Cooking? With Jamie Oliver NDS • Legendary PC, PS3, Xbox 360 • Naruto Ultimate Ninja Storm PS3 • Tamogotchi Commexion: Corner Shop 3 NDS • Dragon Ball Origins NDS • Dragon Ball Z: Infinite World PS2 • RACE Pro Xbox 360 • Heroes Over Europe Xbox 360, PS3, PC

5 – Create Online platform

Develop a full “Online” service in order to become a significant player in the next 2-3 years

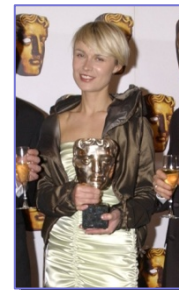
Why online ?

- Develop “community” effects
- Lower capital intensive business, with positive impact on change in working capital
- Shorter production cycles
- Higher margins business
- Scalable and recurring revenue streams

Next Steps

- Allocate substantial R&D budget
- Develop and exploit online features on existing and future products
- Grow dedicated skills in-house
- Explore M&A opportunities

September 2008 : Appointment of Paulina Bozek, highly regarded industry professional, as development Director of new online game studio



6 - M&A Activity to Accelerate Strategic Plan

Acquire...

Content

Technology

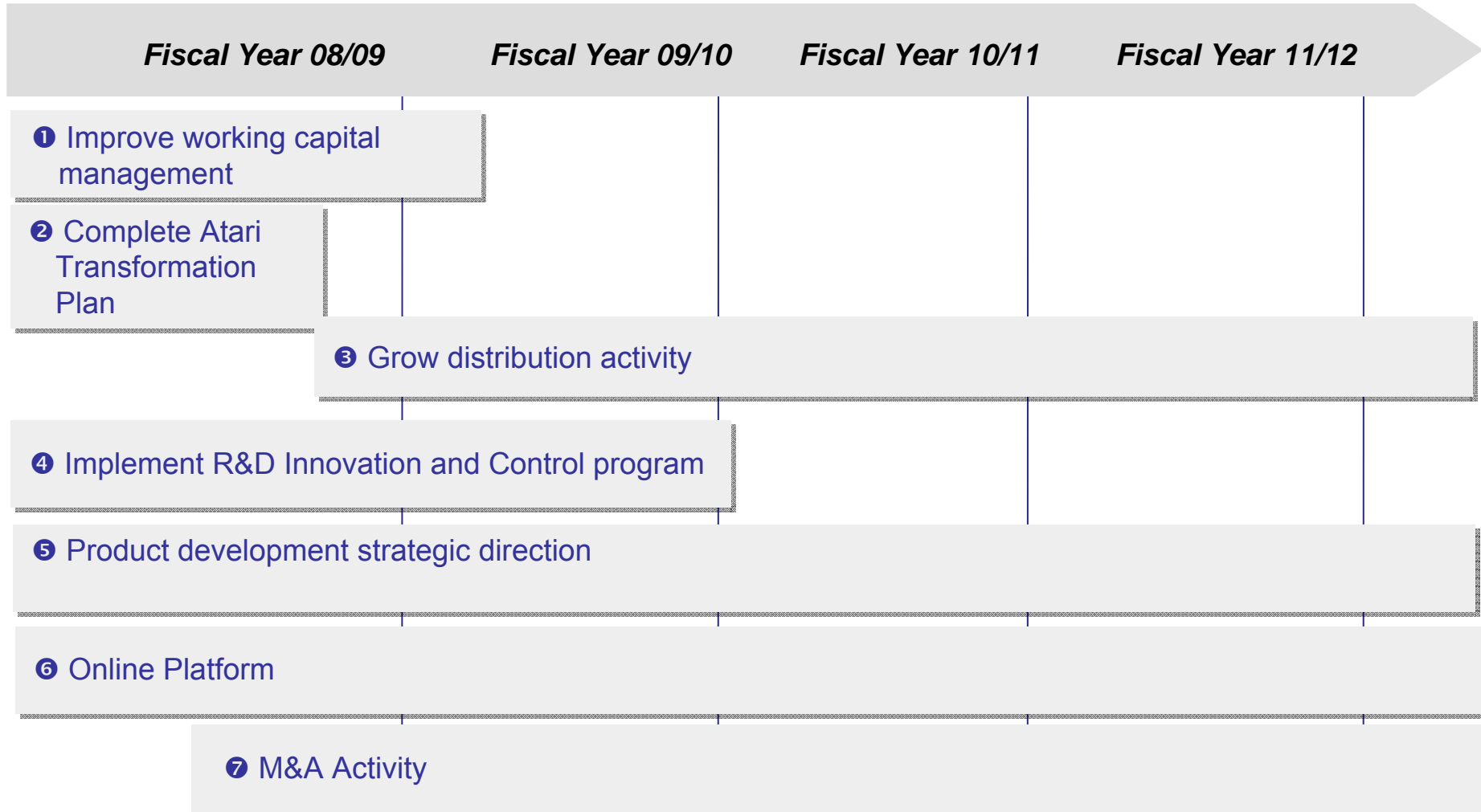
**Online
Expertise**

...either through targeted acquisitions or partnerships

Methodology

- Potential targets very cautiously screened in all territories
- Equity deals rather than cash

Delivery Timescale



Our strategy is well on track

- Quick delivering of first key actions implemented since the beginning of the year

	On going status	Comments
Balance sheet improvement	✓	€150 million of ORANE bonds fully subscribed
Atari Transformation Plan	✓	End of staff reduction plan process, reduction of legal units, reshaping of US operations
Partnership with Bandai for distribution operations in Europe and Asia	Binding agreement	Closing expected by February 2009
Creation of in-house online studio in London directed by Paulina Bozek	✓	First products to be launched by the end of next fiscal year
Merger with Atari.Inc	✓	Closing early October

Outlook

We are confident that we can achieve our guidance:

- **A 12% to 18% growth of revenues in 2008/2009**
- **Profitability target at the COI level with 18 months on an annual basis**