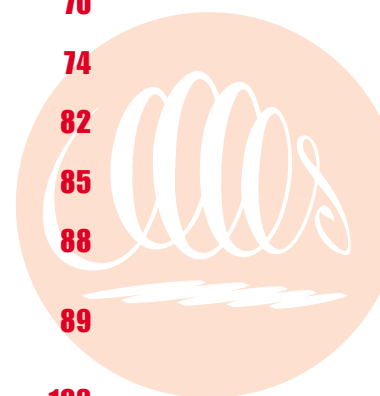


summary

INFOGRAMES

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Corporate Overview

1. Introduction

INFOGRAMES is a major international producer and distributor of game software for Microsoft, Nintendo, Sega and Sony consoles, PC and Macintosh computers, and interactive television, mobile telecommunications and in-flight entertainment systems.

INFOGRAMES is armed with a catalog that covers all segments of the game software market and many international licenses, including licenses for Warner Bros.™ Looney Tunes™, Paramount's Mission Impossible™, Nike's Ronaldo and Brazilian national soccer team, the Le Mans 24-hours auto race and France's world and European champion soccer team.

INFOGRAMES has created several original games, including the best-selling V-Rally, Alone in the Dark, Driver, and Unreal Tournament.

Infogrames software is distributed in some 60 countries. Its principal markets are in Europe and the United States, where the Company, under the leadership of CEO Bruno Bonnell, has developed a very strong sales organization.

Since the acquisition of the US-based game publisher and distributor GT Interactive Software, now INFOGRAMES, Inc. (Nasdaq IFGM), INFOGRAMES (Paris Bourse 5257) has grown into a major challenger for global leadership in its field.

2. History

- 1983** Founding of INFOGRAMES by Bruno BONNELL and partner Christophe SAPET. The mission of the company is to design and distribute interactive entertainment software.
- 1987** Formation of the TATOU holding company by the founders of INFOGRAMES.
- 1990** TATOU acquires control of INFOGRAMES ENTERTAINMENT.
- 1993** TATOU changes its name to INFOGRAMES ENTERTAINMENT and is taken public in December on the second market of the Paris Bourse.
- 1994/95** INFOGRAMES sets up distribution operations in Germany, the United Kingdom and the Benelux countries.
- 1996**
 - INFOGRAMES embarks on an acquisition program by acquiring OCEAN, a British game publisher specializing in software for next-generation consoles, including Sony's Playstation.
 - INFOGRAMES disposes of its interactive telecomputing business in France.
- 1997**
 - INFOGRAMES continues its growth through acquisitions by purchasing the distribution business of PHILIPS MEDIA BV, making it Europe's leading distributor of interactive entertainment software.

Corporate Overview

INFOGRAMES

- INFOGRAMES arranges for EMME INTERACTIVE to distribute its educational and cultural software and acquires 25 percent of Emme's stock.
- 1998**
- INFOGRAMES and CANAL+ jointly form GAME ONE, Europe's first videogames channel.
 - INFOGRAMES expands its European distribution network to Spain and Portugal.
 - INFOGRAMES acquires 62.5 percent of OZISOFT, an Australian distributor.
- 1999**
- INFOGRAMES adds the Paris employees of PSYGNOSIS, a Sony subsidiary, to its staff.
 - INFOGRAMES completes a successful friendly takeover of GREMLIN, a British company specializing in the simulation of sports events.
 - INFOGRAMES adds to its development resources by acquiring BEAM SOFTWARE, a software development firm.
 - INFOGRAMES complements its European distribution network by adding operations in Italy, Scandinavia, Austria, and Switzerland.
 - INFOGRAMES gets a foothold in the Western Hemisphere with the purchase of ACCOLADE, a US software publisher.
 - The Company then pays 135 million dollars for 70-percent of GT INTERACTIVE SOFTWARE, a major US producer and distributor of game software, with an inventory that includes the highly popular Driver, Unreal Tournament and Deer Hunter.

By gaining control of GT INTERACTIVE, INFOGRAMES becomes a serious contender in the race to dominate the sector worldwide.

3. Business

A. Nature of the business

INFOGRAMES **produces, publishes and distributes** entertainment software for all interactive systems on the market.

- **Production** consists of combining all factors needed to deliver interactive software content, including the design of original themes and the use of technical know-how.
- **Publishing** requires analyzing and segmenting markets, identifying consumer expectations and assembling a product line consistent with demand, then marketing products accordingly.
- **Distribution** consists of selling and delivering products published by the Company or by third parties, using expertise in logistics and a dedicated sales force, to retail stores or chains. In this business, demand generally tends to fluctuate seasonally in the following proportions:

July to September	10 to 15 percent of total sales
October to December	40 to 45 percent of total sales (holiday season)
January to March	20 to 25 percent of total sales
April to June	20 to 25 percent of total sales



Corporate Overview

Today's consumers have many interactive systems to choose from, which may or may not be connected to the Internet. They include:

- **videogame consoles**, such as Sony's Playstation, Nintendo's Nintendo-64 and Game Boy, Sega's Dreamcast;
- **personal computers** (PC or Macintosh);
- **interactive television**;
- **mobile phones**;
- **personal digital assistants**.

New interactive systems are coming out:

- **next-generation game consoles**, such as Playstation2 from Sony, GameCube and Game Boy Advance from Nintendo and Microsoft's Xbox;
- **high-speed access to networks (broadband)**.

The objective of INFOGRAMES' business strategy is to offer quality products for all market segments and to distribute them worldwide, independent of the equipment on which they are used.

B. Products

All of the Company's standard products are published and sold under the INFOGRAMES brand. The Company owns and has registered the INFOGRAMES trademark and the corresponding logo for categories of products it makes, regardless of the formats used.

Licensing agreements for popular series and characters ("Astérix", "The Smurfs", "Ronaldo", Looney Tunes™, etc.) are signed for 3 to 5 years, well in excess of the license-based product's expected life. Whenever INFOGRAMES secures a license, it acquires the right to use the theme or characters covered by that license for a given period of time and given product categories, in return for payment of a fixed fee and/or sales-based royalties, subject to compliance with the ethical and artistic requirements set by the licensors. License-based products account for approximately 25 percent of the Company's total sales.

Console manufacturers (Nintendo, Sega and Sony, soon to be joined by Microsoft) own exclusive patents on their products and control the production of the software designed for their consoles. INFOGRAMES signs a specific agreement with manufacturers for each of its games, except in the case of Nintendo, where an inclusive agreement applies to all products made for the Japanese company's consoles.

No exclusivity restrictions apply to games on CD-ROM or DVD for PCs and Macintosh. Many companies put out programs on discs and INFOGRAMES works with several of those companies on a regular basis.

Titles in the INFOGRAMES catalog are distributed worldwide. In some countries where the Company does not have distribution capability, such as Japan, products are licensed to local publishers, who duplicate games for sale in a given territory and pay INFOGRAMES a guaranteed fixed fee and royalties based on sales.

Corporate Overview

INFOGRAMES

C. Competitors

Competition for INFOGRAMES' business comes from two sources:

- other major game software manufacturers—essentially US and Japanese corporations. They include such firms as ELECTRONIC ARTS, MIDWAY, ACTIVISION and ACCLAIM in the United States and KONAMI, CAPCOM and SQUARE in Japan, along with two European companies, HAVAS INTERACTIVE and EIDOS;
- and medium-size development or publishing firms, with which INFOGRAMES sometimes has production or distribution agreements.

The transition period which the sector recently underwent is likely to have weakened some of the firms less capable of adapting to new conditions. There is little doubt that further concentration in the industry can be expected. INFOGRAMES, backed by its considerable financial resources and experience consolidating new entities, could take advantage of this opportunity.

D. Distribution

INFOGRAMES is now Europe's leading distributor, following its acquisition of the distribution business of PHILIPS MEDIA BV. The Company works with all retail networks in Europe (super stores, specialized retail chains and mail-order businesses), including AUCHAN, CARREFOUR, METRO, FNAC, PRYCA, ELECTRONICS BOUTIQUE, etc. INFOGRAMES products can be purchased at some 30,000 retail outlets.

By acquiring GT INTERACTIVE, INFOGRAMES added an efficient sales organization with direct access to some 20,000 retail outlets in the United States, including TOYS'R'US, TARGET, WAL-MART, SEARS, K-MART, BEST BUY, WARDS, BLOCKBUSTER, ELECTRONICS BOUTIQUE, INGRAM MICRO, BEAMSCOPE, etc.

INFOGRAMES' international distribution operations ensure that the Company's products are given adequate shelf space and provide it with information about local markets.



4. INFOGRAMES ENTERTAINMENT

INFOGRAMES ENTERTAINMENT is the Company's parent corporation. It is responsible for:

- general corporate business strategy;
- the main corporate divisions (General Management, Human Resources, Communications, Finance, Legal Affairs, Information Systems, Mergers and Acquisitions);
- and control over the management of group entities and the allocation of financial resources.

The parent corporation charges subsidiaries for services performed on their behalf, adding a mark-up to cover corporate overhead.

5. Protective measures

A. Contractual safeguards

In the course of its business, the Company enters into agreements with various entities, including for the purpose of acquiring licenses, manufacturing game cartridges or CDs or granting licenses for its products.

The company has always sought to avoid becoming overly dependent on any single third party by entering into a large number of high-quality, separate agreements. As a result, over the past three years, no single Company product has accounted for a significant portion of its cash flow.

A study of the Company's relationship with third parties that contribute to its operations was conducted by the Personnaz law firm, at the request of the French stock-exchange regulatory authorities (*Commission des Opérations de Bourse*), prior to the public offering of December 16, 1993.

The main conclusions of the report were that:

- agreements to purchase products, concepts and user licenses for popular characters are always for a term that exceeds the life of specific products and, therefore, there is no risk exposure from a possible failure to extend them;
- there is a risk that production agreements with third parties may not be carried out, but these third parties are generally interchangeable and the large number of producers bidding for contracts means that the risk exposure is virtually nil;
- manufacturing agreements, including those for NINTENDO formats, appear to be of a permanent nature; the general conclusion is that, while no contractual relationship is ever completely risk free, the agreements to which the Company is a party are carefully drafted and contain clauses that eliminate all specific risks that are not intrinsic to contracts in general.

These conclusions are particularly relevant today, as the Company continues to develop legal safeguards. Nevertheless, commercial success remains the best guarantee of long-term relations with third parties.

Corporate Overview

INFOGRAMES

Major licenses secured by the Company include those for the cartoon characters “Asterix”, “Tintin”, “The Smurfs”, “Lucky Luke”, as well as Warner Bros.™ Looney Tunes™, Nike’s Ronaldo and the Brazilian national soccer team, the Le Mans 24-hour auto race™, Harley Davidson and Mission Impossible™.

B. Protection of titles and products

The Company uses the services of specialists in legal protection and intellectual property. Whenever appropriate, it registers its products’ titles and storylines with copyright organizations.

The effective protection of products often depends on the Company’s know-how and continued technological lead.

The Company has elected to fight the counterfeiting of its products in a pragmatic fashion, in light of the degree of risk exposure and the countries concerned.

Even though there is no overall consensus regarding the exact impact of piracy on the world videogame industry, based on the information at its disposal, the Company believes that it causes considerable losses of revenue. This is particularly acute at the time new games come out, since new releases are pirated more than old ones.

The Company’s approach in this respect is to take advantage of protective measures developed by the industry itself. In France and elsewhere in Europe, the Company works closely with the anti-piracy unit set up SELL (the association of videogame manufacturers) and the customs authorities, where, as the United States, it works with the Interactive Digital Software Association.

Over time, the Company anticipates that lower prices will lead to a decline in videogame piracy.

C. Exposure to foreign-exchange risks

Even though export sales account for 80 percent of INFOGRAMES’ revenue, the Company is not exposed to significant foreign-exchange risks from commercial transactions since overall purchases and sales in foreign currency offset each other in every region. Loans to subsidiaries are handled by the parent corporation, which arranges hedges for the specific type of financing concerned.



6. Capital expenditure

Consistent with past practice, the Company continues to earmark substantial sums for research and development to ensure that it continues to progress in the field of technology and to release high quality products.

Most of the research and development by the Company is included in the aggregate cost of individual products. The table below shows the sums invested over the past 3 fiscal years:

(€ millions)	fiscal 1998	fiscal 1999	fiscal 2000
In-house development	19.2	25.8	68.7
Outside development ⁽¹⁾	14.2	25.7	35.7
Total	33.4	51.5	104.4

(1) As a rule, development work performed by third parties is paid for with royalties to the development company; a guaranteed minimum sum is remitted in the form of down payments throughout the development period and, if applicable, royalties are then paid based on the number of products sold.

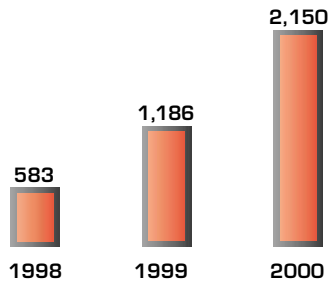
The Company also has a research and development team with a staff of about fifty that operates separately from its development studios, for monitoring technological changes, fine-tuning development tools, training and assisting in-house development teams, conducting quality assessments of outsourced development projects, etc.

7. Extraordinary events and litigation

To the best of the Company's knowledge, no extraordinary event or litigation is likely to have, or recently to have had, a material impact on the business, income, financial position or assets of INFOGRAMES ENTERTAINMENT and its affiliates.

8. Personnel

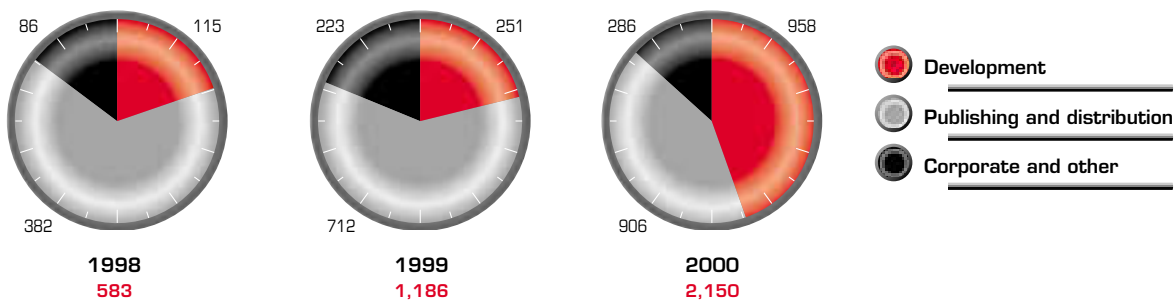
The average number of Company employees is given below for each of the past three fiscal years:



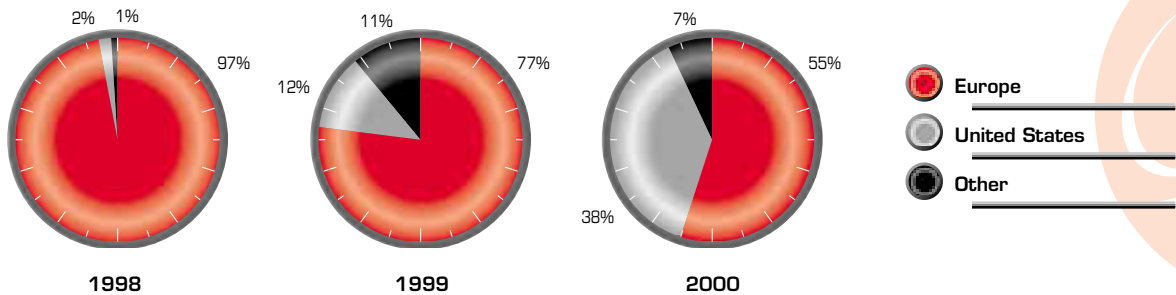
The June 1999 amalgamation of the development staff of DID, ACCOLADE and GREMLIN added 426 new employees.

The December 1999 acquisition of GT INTERACTIVE resulted in 1,403 persons being added to the Company's workforce. After several restructuring measures, that number was reduced to 645 as of June 30, 2000.

Changes in workforce per sector



Changes in workforce per region (as of June 30)



Because of the sharp jump in the workforce over the past few years, the Human Resources division was strengthened with the appointment of a Corporate Vice President in charge of bringing personnel policies into line with one another and enhancing cooperation among the human resources departments of each separate entity.

Corporate Overview

The Company emphasizes the international dimension of its operations through the following corporate practices:

Hiring

The European staff was strengthened during fiscal 2000 with the establishment of a European Executive Committee headed by a new chief executive officer. Most of the top management in the United States was replaced and is now made up of senior executives from global leaders in the entertainment field. Emphasis has been put on a more professional approach to spotting talent, both in-house and outside the Company.

Mobility

There has been a significant increase in international staff mobility and more than thirty employees are on foreign assignment at this time. The Company intends to continue identifying individuals whose skills and accomplishments can contribute to the development of corporate entities in other parts of the world. The issue of mergers and the amalgamation of staff members has also been under study and a successful experiment in this area was conducted in Canada.

Communications

A special effort is being made to improve and bring consistency to communications with personnel. Meetings to present the Company's management and review its strategy have been convened for all personnel in Europe; specific content is being prepared for the intranet system; in France, consultations with employee representatives led to the signing of a collective agreement on reducing the workweek to 35 hours, which was subsequently ratified by a large majority of the personnel. The agreement will not have a material impact on financial results.

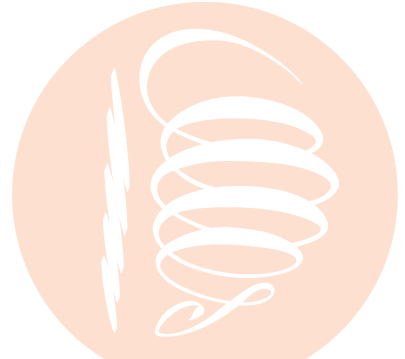
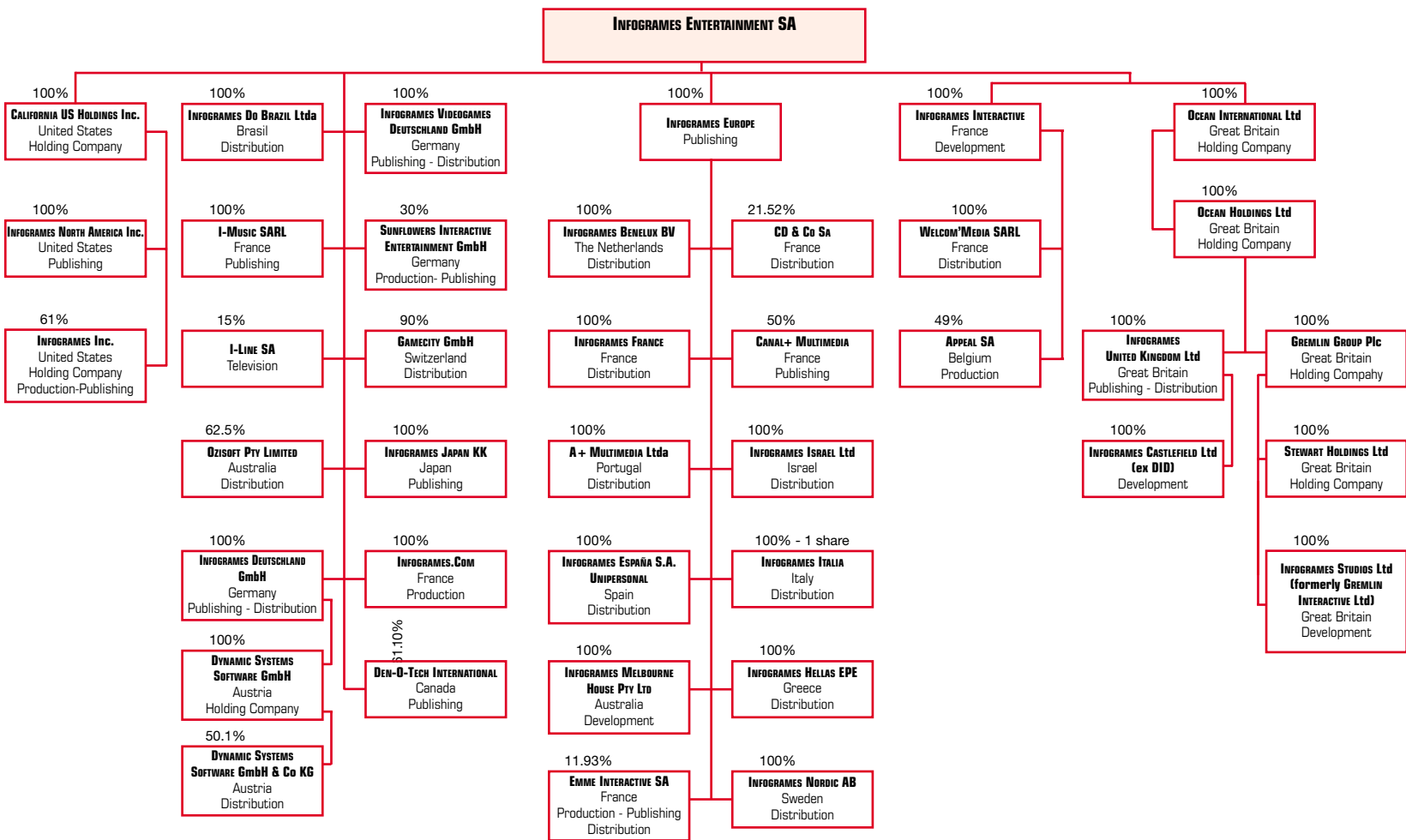
Development

The Company is gradually setting up a comprehensive personnel management system which will become operational in a few months. It is designed to continue improving the management of skills and talent at the global level and promoting uniform pay policies.

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Simplified Corporate Organization Chart as of June 30, 2000

Corporate Overview



1. Business conditions and highlights for fiscal 2000

After a very promising 12-month period in 1998 and 1999, the world videogame market became very volatile in fiscal 2000:

- In the traditional off-line sector, the business was affected by the wait-and-see attitude adopted by consumers following announcements by manufacturers of next-generation consoles (Sony's PS2 was launched in March 2000 in Japan, and in October 2000 in the US, and is scheduled to be released in the fall in Europe; Nintendo's GameCube and Microsoft's Xbox are expected to hit the market in the fall of 2001, while Nintendo's Game Boy Advance will be in the stores next spring). The postponement of videogame purchases was strongly felt in the last fiscal quarter (April-June 2000), with sales for the period off by 5 to 10 percent from a year earlier^(*). The decline was further exacerbated by the fact that distributors massively reduced inventories. Consumers were particularly prone to postpone purchases as the new consoles will include new features, making them not just game consoles, but DVD players as well. In some instances they will even be able to connect to the Internet.
- At the same time, retail prices fell sharply, as videogames were increasingly being mass marketed and publishers' pricing policies became more aggressive; this led in some cases to costly price competition that had an adverse impact on the market.
- Market conditions hurt some of the firms in the sector that were insufficiently prepared for increased globalization (and the attendant need for larger development and marketing budgets and more efficient worldwide distribution systems). This in turn led to additional consolidation in the industry, to the benefit of certain companies, including INFOGRAMES ENTERTAINMENT.
- The market for online videogames is still in its infancy. Further expansion depends on a number of factors:
 - More consumers must have access to broadband Internet service, so that playing games online will be as attractive as playing them off-line. New consoles with Internet access are expected to speed up this process.
 - Publishers must develop a profitable long-term business model. Several models are currently available for firms to choose from.
 - Game consoles must be capable of connecting to the Internet. Recent experiences in this field with interactive television, cellular phones and personal digital assistants are of considerable interest. These new media are generally viewed as a source of growth for the videogame industry.

Under these changing conditions, INFOGRAMES ENTERTAINMENT has continued to consolidate its position in those countries where it has long operated, while expanding aggressively in the United States and investing in research and development, both for its traditional business and for new technologies. The corporation has also made changes to management in order to better supervise its operations worldwide.

[] Market data excluded from statutory auditors' review.*

Consolidation of operations in Europe

The company has improved its distribution system in those European countries where it has always done business. It has set up distribution subsidiaries in Italy, Greece (in November 1999) and Israel (February 2000). In each territory, INFOGRAMES has replaced local distributors. The cost of this operation has been offset by the fact that revenue generated includes distributor mark-ups. It should be noted that all European distribution entities acquired the previous year contributed to the Company's income in fiscal 2000.

INFOGRAMES in the United States

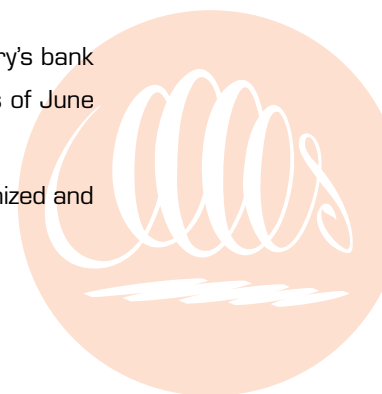
INFOGRAMES' operations in the United States expanded sharply during the fiscal year, thanks to the November 1999 acquisition of a controlling interest in GT INTERACTIVE SOFTWARE, a US game software publisher. Control was purchased for an initial price of USD 135 million, including USD 50 million in a restricted equity issue and USD 60 million in convertible bonds, which brought INFOGRAMES ENTERTAINMENT's interest to 70 percent of equity. The addition of GT INTERACTIVE SOFTWARE to the INFOGRAMES group of companies provides it with an efficient distribution network for all of its products in the United States, as well as a catalog of products that includes Driver (whose eagerly-awaited sequel was released in November 2000), Oddworld, Unreal Tournament, Deer Hunter, the entire Humongous collection and the largest catalog of games for Macintosh computers on the market.

Several important steps were taken following the acquisition. They include:

- Replacing senior executives;
- Drastically cutting-back the distribution of unprofitable labels and a shift in focus to publishing;
- Outsourcing storage and delivery;
- Closing GT INTERACTIVE SOFTWARE's European operations that duplicated those of INFOGRAMES;
- Issuing listed products in multiple formats.

The reorientation of GTIS' business was paid for by INFOGRAMES, which assumed the new subsidiary's bank debt of USD 75 million in February and had invested another USD 30 million in the company as of June 30, 2000.

GT INTERACTIVE SOFTWARE changed its name to INFOGRAMES, Inc. in May 2000 and is now fully reorganized and ready to take the lead in the profitable expansion of the Company in North America.



Management Report

Research and development

The increase in the research and development budget to prepare for the arrival of next-generation consoles was accompanied by the successful accommodation of development staff members who had joined the group of companies the previous year. As of June 30, 2000, INFOGRAMES had more than 1,000 employees assigned to the development and production of games for all media.

Improved management

In order to ensure a proper balance between the Company's business in Europe and the United States, INFOGRAMES has set up separate management structures for both regions. Jean-Claude LARUE has been put in charge of European operations and Bruno BONNELL will oversee the US side of the business while it is being restructured. The two "regions" are now autonomous and coordinated by corporate management (Bruno BONNELL and Thomas SCHMIDER). Also, David WARD has been appointed head of the INFOGRAMES.COM division.

INFOGRAMES.COM

By forming INFOGRAMES.COM, the Company put a single group of employees in charge of investment decisions for online games. At this time, the staff - consisting of some 100 persons from various countries - is working on business strategies in three key areas:

- The offering of content for all connectable interactive consoles and terminals,
- Reliance on INFOGRAMES licensed products in order to give them maximum exposure,
- Preparing for the changes that are expected to come with the generalization of broadband access and the concurrent advent of interactive television (iTV), a key medium for online videogames.

The staff of INFOGRAMES.COM has focused on coordinating the following projects:

- The introduction of online functions for connectable games (primary format: PC, then gradually the next-generation consoles),
- The development of games for new connectable terminals (interactive television, cellular phones, PDAs, etc.) in some instances jointly with third parties in order to speed up the development expertise. That is why INFOGRAMES has acquired a majority stake in DEN-O-TECH INTERNATIONAL (DTI), a Canadian company that is a world leader in in-flight games. The subsidiary has changed its name to INFOGRAMES DTI and has been fully consolidated since April 2000.

INFOGRAMES.COM is expected to invest € 200 million over the next 2 to 3 years in order to complete its development. Some fifty researchers are working on new technology and developing products for new interactive media.

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OCEANE convertible bond issue

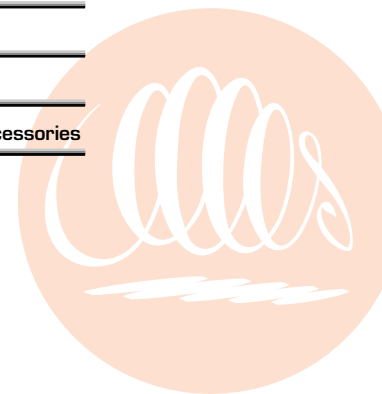
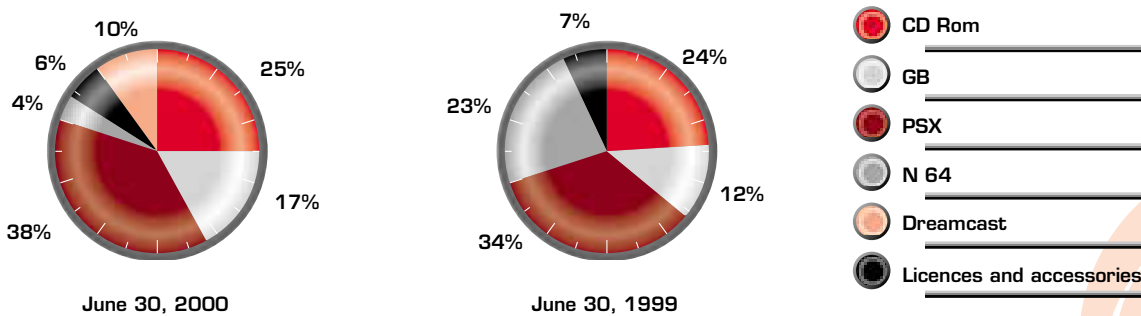
INFOGRAMES ENTERTAINMENT issued a total of € 348 million in OCEANE convertible bonds on May 18, 2000. Cash raised by the issue is intended to help the Company expand its existing business and make capital investments in new technologies, while at the same time taking advantage of opportunities for acquisitions consistent with its business strategy, in an increasingly volatile market.

2. Review of the consolidated financial statements Financial results and business

The consolidated financial statements included in this report cover three major areas in which INFOGRAMES ENTERTAINMENT does business:

- **The traditional business of previously consolidated entities.** This consists of off-line development, publishing and distribution operations in Europe, Asia and the Americas prior to the acquisition of GTIS.
- **The traditional business of the acquired US entities.** This concerns off-line development, publishing and distribution operations in the United States since the acquisition of GTIS.
- **The business of INFOGRAMES.COM.** This consists of revenue and expenses by the online business of INFOGRAMES.COM.

Net revenues by format



Management Report

INFOGRAMES

Income by business sector for the year ending June 30, 2000

(€ millions)	Previously consolidated entities	United States	INFOGRAMES.COM	Total
Total sales	327.0 100%	191.6 100%	3.0 100%	521.6 100%
Gross margin	142.8 43.7%	83.5 43.6%	1.8 59.8%	228.1 43.7%
Operating income	(8.2) (2.5%)	(31.2) (16.5%)	(7.7) NS	(47.1) (9.%)
Current income after tax	15.6 4.8%	(26.2) (13.7%)	(5.1) (171%)	(15.7) (6.2%)
Net income	9.3 2.8%	(31.6) (16.5%)	(5.3) (177%)	(27.6) (5.3%)
Net income after minority interests	9.7 3.0%	(31.5) (16.4%)	(5.3) (177%)	(27.1) (5.2%)

Consolidated sales were 70 percent higher than a year earlier, at € 521.6 million. The increase can be broken down as follows:

(€ millions)	June 30, 2000	June 30, 1999	Change
Previous consolidation	327.0	306.1	+7%
INFOGRAMES Inc.	191.6	N/A	N/S
INFOGRAMES.COM	3.0	N/A	N/S
Total	521.6	306.1	+ 70%

Revenue

Previously consolidated entities

The 7-percent increase in sales came in part from the consolidation of publishers acquired at the end of the previous fiscal year. Revenue rose less than had been anticipated, however, due to the following factors:

- The sharper-than-expected slowdown in the last quarter of the fiscal year, under the combined effect of lower sales volumes and increased provisions for returns of merchandise. This had a negative impact on revenue of € 50 million.
- The reassignment of the acquired entities' development staff to projects for next-generation systems, which did not generate immediate sales, reducing revenue by a further € 20 million.
- The change in reporting entities, with INFOGRAMES NORTH AMERICA becoming part of the acquired US entities effective January 1, 2000, causing a drop of another € 50 million in revenue.

Management Report

INFOGRAMES

In terms of formats, sales were as follows:

Console formats accounted for the lion's share of sales, with 75 percent of the total versus 76 percent a year ago. Games for the N-64 console represented only 4 percent of total sales, down from 23 percent the previous year. Gainers included products for Game Boy Color and Playstation.

The year's best sellers were Mission Impossible for PSX, Test Drive 6 for PSX and Ronaldo V-Football for PSX. The top 15 games generated 26 percent of total sales, although no single product accounted for more than 10 percent of consolidated revenue for these reporting entities. This was in keeping with INFOGRAMES' policy to avoid being dependent on a single game. The company's outstanding performance was made possible by the quality of its games catalog and the exceptional underlying licenses acquired in recent years (Looney Tunes, Mission Impossible, Tintin, The Smurfs, etc.) by which the Company can market and distribute over a much longer period of time than traditional games.

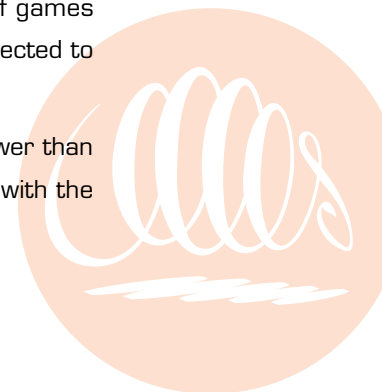
The Company has priced its Playstation games aggressively by introducing a "budget line" in conjunction with Sony's decision in April 2000 to broaden its price range. For PCs, launch of the "Best of" line also provided a way to reissue older popular games at reduced prices.

As a result, the average price of Playstation products fell by 15 percent in the last quarter, and that of PC games declined by 38 percent. Lower prices reflect the Company's attempt to reach a wider audience and to increase its sales of lower-priced reissues.

INFOGRAMES, Inc.

In the United States, sales by INFOGRAMES, Inc. (into which INFOGRAMES NORTH AMERICA sales was merged from January 1, 2000) totaled € 191.6 million over a seven-month period. During that period, GTIS was reorganized and brought in line with INFOGRAMES standards. Priority was placed on the reorganization of the publishing business and on halting the distribution of unprofitable items. As a result, third-parties' products accounted for only 20 percent of total sales in the last quarter of the fiscal year, down from 48 percent the previous year. The decline in sales has not yet been offset by a corresponding volume of games developed and/or published by the Company. The corporate organization that now exists is expected to correct this situation in fiscal 2001.

Sales of products published by INFOGRAMES NORTH AMERICA in the second half of the year were lower than expected (€ 22 million versus a forecast of € 50 million). The reason for this also has to do with the time taken up by the merger of the two companies.



Management Report

Three main causes:

- The fact that INFOGRAMES NORTH AMERICA did not bring out any new games from February to April 2000, while the sales forces were being combined,
- INFOGRAMES NORTH AMERICA products did not get sufficient exposure immediately following the merger of the sales forces, because of the large size of the merged companies' catalog. That size was subsequently reduced as several games distributed on behalf of third parties were dropped,
- The transition period was also used by some clients to clean up their inventories and more merchandise was returned than in the past.

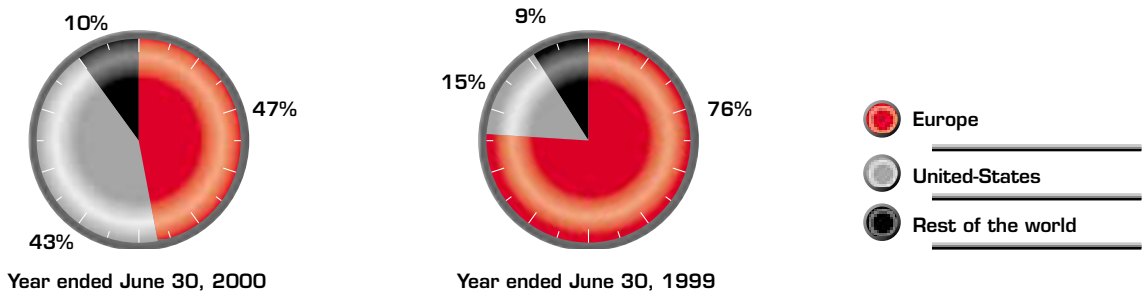
As anticipated, this sector is dominated by the PC format (79 percent of total sales), a factor which contributes to the format's high share of the Company's consolidated sales.

INFOGRAMES.COM

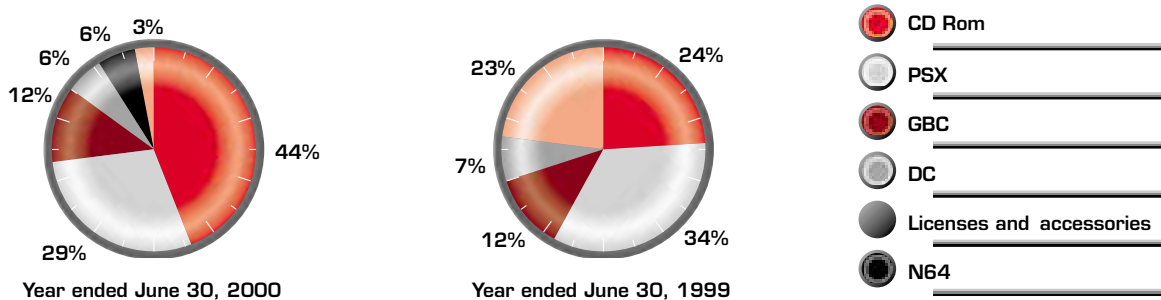
The INFOGRAMES.COM division had revenue of € 3 million, chiefly from the Company's initial venture into e-commerce and the sale of rights.

As expected, the acquisition of GTIS caused consolidated sales to be more balanced in terms of formats and regions, and comparable with those of other international firms in the sector.

Consolidated sales by region



Consolidated sales by format



Management Report

INFOGRAMES

Gross profit

The consolidated gross profit was € 228.1 million, equal to a gross margin of 43.7 percent, compared to € 136 million, or 44.4 percent the previous year. The slight relative decline can be broken down as follows:

(€ millions /percent of sales)	Year ended		Year ended		Change	
	June 30, 2000		June 30, 1999			
Previous consolidation	142.8	43.7%	136.0	44.4%	+ 6.8	- 0.7 pt
INFOGRAMES, INC.	83.5	43.6%	n.a.	n.a.	+ 83.5	n.s.
INFOGRAMES.COM	1.8	59.6%	n.a.	n.a.	+ 1.8	n.s.
Total	228.1	43.7%	136.0	44.4%	+ 92.1	- 0.7 pt

n.a. = not applicable. *n.s.* = not significant.

Previously consolidated entities

The decline in the gross margin reported by previously consolidated entities was due to the following factors:

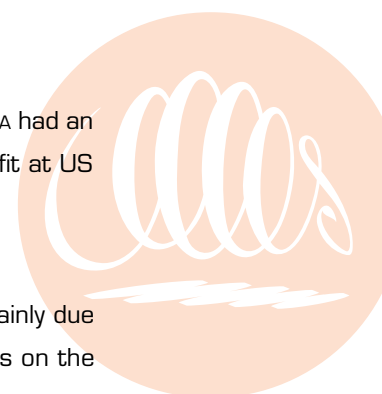
- The impact of provisions set aside at the end of the year for returns of merchandise related to reductions in inventories by distributors, which reduced the margin by 1.5 point;
- The increase in royalties paid (1.4 pt.);
- An unfavorable shift in mix between games distributed and games developed and/or published by the Company: with lower-margin products accounting for 30 percent of sales, up from 25 percent in fiscal 1999 (0.8 pt.);
- An improvement in the product mix by console, including a sharp drop in the share accounted for by N-64 products, which have a significantly lower mark-up than the others. This added 2 points to the margin;
- The increase in volume and improved cost controls added an additional point.

INFOGRAMES, INC.

The gross margin was 43.6 percent. The merger of INFOGRAMES, Inc. and INFOGRAMES NORTH AMERICA had an adverse impact on the 7-month period concerned (including the impact of returns). Gross profit at US subsidiaries is expected to be considerably higher over a normal 12-month period.

INFOGRAMES.COM

The INFOGRAMES.COM business generated a gross margin of 59.6 percent. The high rate was mainly due to two factors: the low cost of online distribution and the sale of operating licenses for games on the Internet, which requires no spending on marketing.



Management Report

INFOGRAMES

Operating results

There was an **operating loss** for the year of € 47.1 million, or 9 percent of total sales, versus a profit of € 25.9 million, or 8.5 percent of sales a year ago. The change can be broken down as follows:

(€ millions /percent of sales)	Year ended		Year ended		Change	
	June 30, 2000		June 30, 1999			
Previous consolidation	- 8.2	- 2.5%	25.9	8.5%	- 34.1	- 11.0 pts
INFOGRAMES, Inc.	- 31.2	- 16.3%	n.a.	n.a.	- 31.2	n.s.
INFOGRAMES.COM	- 7.7	- 257.8%	n.a.	n.a.	- 7.7	n.s.
Total	- 47.1	- 9.0%	25.9	8.5%	- 73.0	- 16.9 pts

n.a. = not applicable. n.s. = not significant.

Previously reporting entities

The operating loss by previously consolidated entities was due to changes in sales volumes. The sharp downturn in business in the last quarter of the fiscal year was not anticipated and most marketing and advertising budgets, which were aimed at the consumer market and had been expected to increase, could not be adjusted accordingly. Furthermore, R&D expenses, as forecast, almost doubled during the year in response to the need to develop products for new consoles.

The loss resulted from a combination of the following factors:

		Observations
Operating income as of 6/30/1999	8.5%	
Decline in gross margin	- 0.7 pt	See above
Increase in R&D budgets	- 4.1 pts	Required by new formats
Increase in marketing budgets	- 1.8 pt	Required in order to mass market products
Volume impact on marketing expenses	- 4.2 pts	Lower sales volume
Increased overhead	- 0.2 pt	Lower sales volume
Operating loss as of 6/30/2000	- 2.5%	

INFOGRAMES, Inc.

US operations reported a loss of € 31.2 million, corresponding to 16.3 percent of revenue. Business at INFOGRAMES, Inc. declined over the final 7 months of the year, owing to the entity's reorganization. Special emphasis has been placed on reducing distribution expenses. All of the logistics have been outsourced and there will be minimal express air-mail deliveries. In addition, the number of active accounts has been reduced by 80 percent.

Management Report

INFOGRAMES

INFOGRAMES.COM

The INFOGRAMES.COM division posted an operating loss of € 7.7 million, a sum equivalent to on-line development expenditures for the year. Current developments concern online games and games for interactive terminals such as personal digital assistants or cellular phones.

Current results after taxes

There was a consolidated loss after taxes of € 15.7 million, amounting to 3 percent of revenue, as against a profit of € 23.7 million or 7.7 percent in fiscal 1999. The change breaks down as follows:

(€ millions /percent of sales)	Year ended		Year ended		Change	
	June 30, 2000		June 30, 1999			
Previous consolidation	15.6	4.8%	23.7	7.7%	- 8.1	- 2.9 pts
INFOGRAMES, Inc.	- 26.2	- 13.3%	n.a.	n.a.	- 26.2	n.s.
INFOGRAMES.COM	- 5,1	- 171.2%	n.a.	n.a.	- 5.1	n.s.
Total	- 15.7	- 3.0%	23.7	7.7%	- 39.4	- 10.7 pts

n.a. = not applicable n.s. = not significant.

Previously consolidated entities

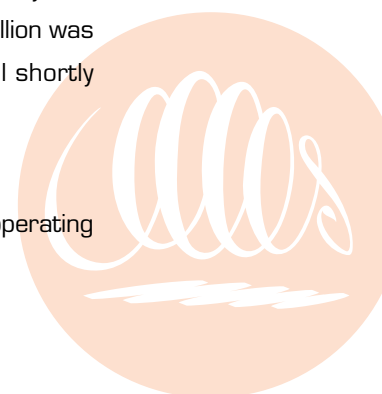
Previously consolidated entities were profitable thanks to interest and investment income of € 11.1 million from invested cash balances and to foreign-exchange gains from the rise in value of the US and British currencies as compared with the French franc. In addition, deferred tax income of € 12.7 million was reported from the operating loss and in consideration of the fact that the entities concerned will be able to rapidly make use of this tax credit.

INFOGRAMES, INC.

The Company's US subsidiaries must pay € 7.5 million in interest expenses to the holding company (the expansion was fully financed by the parent corporation). Here again, a net tax credit of € 12.5 million was reported based on the operating loss for the year and on expectations that the situation will shortly improve.

INFOGRAMES.COM

The current results after tax at INFOGRAMES.COM included a deferred tax credit resulting from the operating loss.



Management Report

Net income

There was a net loss for the year of € 27.6 million, or 5.3 percent of revenue, compared with a profit of € 20.6 million, or 6.7 percent of revenue for the previous year. These figures break down as follows:

(€ millions /percent of sales)	Year ended		Year ended		Change	
	June 30, 2000		June 30, 1999			
Previous consolidation	9.4	2.9%	20.6	6.7%	- 11.2	- 3.8 pts
INFOGRAMES, Inc	- 31.7	- 16.6%	n.a.	n.a.	- 31.7	n.s.
INFOGRAMES.COM	- 5.3	- 176.6%	n.a.	n.a.	- 5.3	n.s.
Total	- 27.6	- 5.3%	20.6	6.7%	- 48.2	- 12.0 pts

n.a. = not applicable. n.s. = not significant.

Previously consolidated entities

Previously consolidated entities reported income of € 9.4 million, including net extraordinary losses of € 3.1 million and € 2.3 million in goodwill amortization expenses. The extraordinary losses came primarily from the one-time depreciation of advances on N-64 products in connection with the paring down of the catalog. Goodwill amortization was € 1.6 million higher than in fiscal 1999 due to the one-time write-off of goodwill generated by the acquisition of DID, subsequent to the disposal of several DID assets.

Entities consolidated by the equity method added losses of € 0.8 million, as compared with losses of € 1.8 million in fiscal 1999, owing to the removal from consolidation of I-LINE, the owner of GAME ONE.

INFOGRAMES, Inc.

The net loss of - 31.7 million by US entities includes net extraordinary gains of € 0.7 million and amortization expenses of € 4.9 million on goodwill from the acquisition of GTIS (the equivalent of € 8.4 million for a full 12-month period) and another USD 1.3 million on goodwill from entities acquired by GTIS.

INFOGRAMES.COM

INFOGRAMES.COM posted a net loss of € 5.3 million, including goodwill amortization of USD 0.2 million on DEN-O-TECH.

There was a net loss per share for the year of € 0.37, as against a profit of € 0.31 for the year ended June 30, 1999.

3. Observations regarding the balance sheet

Consolidated stockholders' equity after minority interests on June 30, 2000 amounted to € 189.7 million, up from € 98.3 million a year earlier. The increase was due to the following factors:

(€ millions)	
Stockholders' equity as of June 30, 1999	98.3
Exercised options and stock purchase plan	2.2
Purchase of warrants	8.2
Conversion of bonds	120.9
Amounts charged to share premiums	(5.2)
Unrealized foreign-exchange losses	(7.6)
Income after minority interests	(27.1)
Stockholders' equity as of June 30, 2000	189.7

Goodwill increased to € 98.6 million on June 30, 2000, from € 2.5 million a year earlier, including € 83.6 million from GTIS.

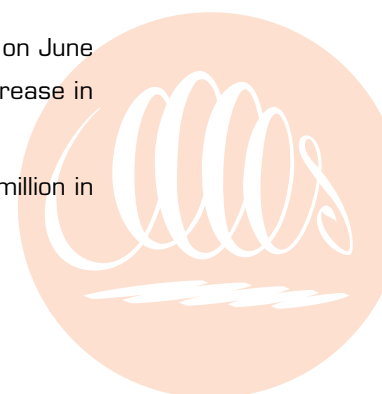
Intangible assets rose to € 262.3 million on June 30, 2000, from € 45.3 million the previous year. Most of the difference came from the consolidation of GTIS, which contributed goodwill with a value of € 200 million and a catalog with a value of € 13 million, which will be amortized over 4 years.

Long-term loans and investments increased to € 16 million on June 30, 2000, from € 5 million the previous year. The principal source of the increase came from the acquisition for € 7.4 million of a 50-percent interest in ODDWORLD formerly held by GTIS.

Inventories and work-in-progress rose to € 79.4 million on June 30, 2000, from € 24.7 million on June 30, 1999. Not including GTIS, the value of inventories doubled to € 47.2 million from a year earlier. The change resulted primarily from the decline in sales during the last fiscal quarter.

Trade receivables increased to € 109.8 million at the end of fiscal 2000, from € 75.8 million on June 30, 1999. Not including the impact of GTIS, they totaled € 95 million, reflecting a slight increase in clients' payment periods.

The balance of € 98.1 million in adjustment accounts was primarily accounted for by € 74.5 million in redemption premiums on OCEANE convertible bonds.



Management Report

INFOGRAMES

Cash and cash equivalents on June 30, 2000 amounted to € 246.3, up from € 197.2 million on June 30, 1999. The increase was due to the following factors:

(€ millions)		Observations
Cash balances as of 6/30/1999	197	
Purchase of GTIS	- 135	Initial equity investment
Funding of US operations	- 133	Reorganization, working capital, R&D
Funding of European operations	- 47	R&D and marketing expenditures
OCEANE convertible bonds 2000	+ 345	May 2000
Others, net	+ 19	
Cash balances as of 6/30/2000	246	

Trade accounts payable rose to € 202.8 million on June 30, 2000 from € 77.5 million at the end of fiscal 1999. Changes in reporting entities accounted for € 148.1 million of the increase.

4. Business and financial statements of the parent corporation INFOGRAMES ENTERTAINMENT SA

INFOGRAMES ENTERTAINMENT SA derives most of its revenue other than investment and interest income from services performed on behalf of its subsidiaries and charged to them (cash management, human resources management, communications, computer network and software, information system, general resources, financial and legal services and general management).

INFOGRAMES ENTERTAINMENT had revenue of € 13.6 million for the year ended June 30, 2000, up 39 percent over fiscal 1999.

The corporation posted an operating loss of € 20.2 million for fiscal 2000, as compared with a loss of € 10.3 million the previous year, primarily due to the write-off of all expenses related to the acquisition of GT INTERACTIVE SOFTWARE Corp. and to the issue of OCEANE convertible bonds in May 2000, as well as to corporate communication expenses not charged to subsidiaries.

Investment and interest expenses amounted to € 6.8 million for fiscal 2000, versus income of € 5 million in fiscal 1999. The loss was due in part to the write-off of a € 25-million loan to INFOGRAMES UK Ltd., as part of the reorganization of INFOGRAMES' UK operations. Were it not for this write-off, interest and investment income would have been € 18.2 million.

A deferred tax credit of € 0.3 million corresponds to the impact of a loss carry-back by the consolidated group consisting of INFOGRAMES ENTERTAINMENT and its subsidiaries INFOGRAMES EUROPE, INFOGRAMES FRANCE, WELCOM'MEDIA and INFOGRAMES INTERACTIVE.

The net loss for the year was € 26.8 million, compared with € 2 million the previous year.

5. Significant events subsequent to the end of the fiscal year

On July 6, 2000, INFOGRAMES ENTERTAINMENT acquired a 19.8-percent minority interest in Lyon-based EDEN Studios, thereby establishing corporate ties with a leading developer of car-racing simulation software (including the best-selling INFOGRAMES game V-Rally and ELECTRONIC ARTS Need For Speed).

On July 28, 2000, INFOGRAMES purchased all of the equity of PARADIGM ENTERTAINMENT INC., a studio located in Dallas, Texas. This acquisition will provide the Company with an entity capable of leading its development teams in the United States and brings to completion its various operations in North America, with the publishing resources of INFOGRAMES NORTH AMERICA and the distribution capabilities of INFOGRAMES, Inc. PARADIGM employs a staff of 80 and has designed several games that have sold more than one million copies.

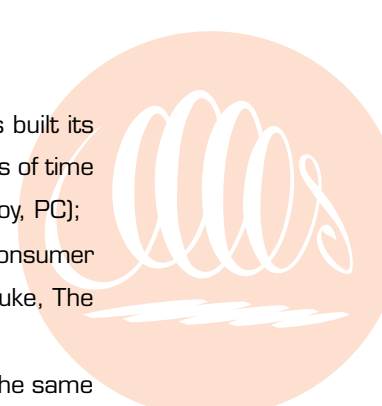
On October 2, 2000, INFOGRAMES ENTERTAINMENT merged its INFOGRAMES NORTH AMERICA subsidiary into INFOGRAMES, Inc. in exchange for 28 million new shares of stock. At the same time, INFOGRAMES ENTERTAINMENT contributed USD 128 million in equity, represented by 20.1 million new shares, in return for the cancellation of INFOGRAMES, Inc.'s current account debt to its parent corporation. Following these transactions, INFOGRAMES now owns 88.9 percent of the equity of INFOGRAMES, Inc. The complete restructuring of the INFOGRAMES, Inc. balance sheet, along with the reorganization of its management, is expected to provide the company with the resources necessary to pursue its business strategy in the United States.

6. Prospects

We expect to see signs of a turnaround in the market in the first half of fiscal 2001. Growth is expected to be more sustained in the second half (with the arrival of new game consoles). The Company's business strategy makes it possible for it to weather market downturns and puts it in a better position than most of its competitors, which do not have worldwide operations and do not make products for all formats and market segments.

Given the current business environment, the Company's principal assets are:

- The many titles that serve as a basis for INFOGRAMES' catalog and on which the Company has built its reputation and performance; they enable it to have aggressive pricing policies over long periods of time and reinforce its publishing line for consoles with a large installed base (Playstation, Game Boy, PC);
- Licenses on characters with worldwide recognition, giving the Company ready access to the consumer market: Looney Tunes, Mission Impossible, Ronaldo, France's football team, Astérix, Lucky Luke, The Smurfs, etc.;
- Products for all formats, which the Company can sell to owners of existing consoles while at the same time preparing for next-generation equipment (PS2, GameCube, Xbox). This includes bringing out approximately 8 games for PS2 in fiscal 2001;
- A worldwide presence, with local entities able to adapt content to specific markets, including staff specializing in new technologies (broadband, iTV, etc.).



Management Report

INFOGRAMES

The transition period which the industry recently underwent has weakened several market participants and new mergers and acquisitions can be expected in the coming months. INFOGRAMES has every intention of being actively involved by using its financial resources and successful experience in the consolidation of entities.

Under the circumstances, the Company has set as its objective an annual revenue in the range of € 750 million to € 850 million for fiscal 2001 and expects to break even in terms of operating results on sales of € 700 million^(*). These objectives, which do not take into consideration possible acquisitions, are contingent on the performance of the market for videogames during the period, on increases in sales of next-generation consoles and on spending by the Company for new interactive technology. Their attainment also depends on the successful marketing of new games to be released during the period, such as Driver 2, Unreal Tournament (the first game for PS2), Alone In The Dark 4, etc. It further requires that the Company successfully implement certain internal changes, aimed among other things at making marketing and sales budgets more flexible and cutting back on administrative expenses. As some of the above factors are beyond the Company's control, the objectives do not constitute a reliable forecast of future performance.

7. Purchases by the Company of its own stock

The Company did not buy back any INFOGRAMES ENTERTAINMENT shares during fiscal 2000. It held no treasury stock as of June 30, 2000.

8. Employee Stock Purchase Plan

A stock purchase plan was started for all employees of the Company's French entities during fiscal 2000. Eighty-five percent of them have taken advantage of this opportunity and purchased a total of 40,000 INFOGRAMES shares for € 0.9 million, amounting to 0.05 percent of the Company's shares outstanding as of June 30, 2000.

() These objectives are not part of the Company's financial forecasts and were not specifically examined by the Company Auditors.*

9. Foreign-exchange hedging

The management of foreign-exchange risk for the Company as a whole is handled by the parent corporation, which performs all currency transactions and hedges foreign-exchange commitments. All entities outside the euro zone bill and are billed for intercompany transactions in their local currency. There are few, if any, transactions among those entities.

Subsequent to the takeover of GTIS, special attention has been paid to foreign-exchange exposure with respect to the United States. Transactions between France and the United States are balanced (payment of royalties on titles published by the foreign entity) thereby eliminating risks associated with fluctuations in exchange rates. For the purpose of financing its US subsidiary, INFOGRAMES ENTERTAINMENT has made current account advances in US dollars, which were converted into equity after the end of the fiscal year. Risks associated with the parity between the euro and the dollar have been hedged against with forward transactions. Financing by the parent corporation is not intended to last and will be replaced by local sources.



Ukraine Warrior

Consolidated financial statements



Consolidated financial statements

INFOGRAMES

Consolidated statements of operations

(€ millions)	Notes	Year ended June 30, 2000	Year ended June 30, 1999 Pro forma*	Actual	Year ended June 30, 1998
Net revenues	17	521.6	819.5	306.1	223.5
Cost of goods sold		(293.5)	(466.1)	(170.1)	(129.5)
Gross profit		228.1	353.4	136.0	94.0
Research and development expenses		(68.7)	(101.3)	(25.8)	(19.2)
Selling and distribution expenses		(141.4)	(188.1)	(55.8)	(32.3)
General and administrative expenses		(65.1)	(88.1)	(28.5)	(27.0)
Operating income (loss)		(47.1)	(24.1)	25.9	15.5
Interest and investment income (expense)	19	3.6	(3.8)	1.2	(1.8)
Current income (loss) before income taxes		(43.5)	(27.9)	27.1	13.7
Income taxes on current income	21	27.8	17.5	(3.4)	0.6
Current income (loss) after income taxes		(15.7)	(10.4)	23.7	14.3
Non-recurring income (expense), net of income taxes	20	(2.5)	(27.2)	(0.1)	(1.4)
Employee profit sharing		-	(0.5)	(0.5)	-
Income (loss) from entities consolidated by the equity method	22	(0.8)	(1.8)	(1.8)	0.5
Amortization of goodwill		(8.6)	(13.1)	(0.7)	(0.6)
Net income (loss)		(27.6)	(53.0)	20.6	12.8
Net income (loss) - Minority interests		(0.5)	(25.0)	0.3	-
Net income (loss) - Group share		(27.1)	(28.0)	20.3	12.8
Net income (loss) per share, not diluted (euros)	1.5	(0.37)	N/A	0.31	0.24
Net income (loss) per share, fully diluted (euros)**		(0.29)	N/A	0.22	0.16

* Pro-forma financial statements of INFOGRAMES ENTERTAINMENT and GT INTERACTIVE SOFTWARE for the year ended June 30, 1999.

**After taking into account the impact of stock options and the conversion of warrants and convertible bonds.

Consolidated financial statements

INFOGRAMES

Consolidated balance sheets

(€ millions)	Notes	Year ended	Year ended		Year ended
		June 30, 2000	June 30, 1999	Pro forma*	Actual
Goodwill	3	98.6	104.3	2.5	2.5
Intangible assets	4	262.3	228.1	45.3	20.3
Property and equipment	5	26.6	47.4	11.8	6.3
Loans and investments	6	16.0	17.8	5.0	5.7
Fixed assets		403.5	397.6	64.6	34.8
Inventories	7	79.4	152.4	24.7	20.7
Royalty advances	8	55.3	45.8	33.9	21.1
Trade receivables	9	109.8	254.9	75.8	31.6
Other receivables	10	105.6	99.3	49.2	19.7
Marketable securities	11	243.5	28.4	204.2	15.8
Cash	11	13.3	36.7	23.6	17.4
Current assets		606.9	617.5	411.4	126.3
Other assets	12	98.1	30.0	30.0	9.0
Total assets		1 108.5	1 045.1	506.0	170.1
Capital stock		48.2	41.5	41.5	33.8
Additional paid-in capital		242.7	123.3	123.3	100.6
Retained earnings		(74.1)	(79.1)	(86.8)	(96.5)
Income for the year (Group share)		(27.1)	28.0	20.3	12.8
Stockholders' equity (Group share)	13	189.7	98.3	98.3	50.7
Minority interests		0.8	49.1	0.2	-
Stockholders' equity	13	190.5	147.4	98.5	-
Provisions for contingencies and losses	14	19.8	46.4	4.5	0.6
Long-term debt	15	636.9	460.8	261.4	49.8
Total long-term liabilities		656.7	507.2	265.9	50.4
Current portion of long-term debt	15	4.1	9.0	9.0	4.0
Bank overdrafts	15	6.4	21.5	21.6	19.5
Advances received on licenses		-	-	-	0.1
Trade accounts payable		202.8	323.3	77.5	40.0
Other short-term liabilities	16	48.0	36.7	33.5	5.4
Total short-term liabilities		261.3	390.5	141.6	69.0
Total liabilities and stockholders' equity		1,108.5	1,045.1	506.0	170.1

* Pro-forma financial statements of INFOGRAMES ENTERTAINMENT and GT INTERACTIVE SOFTWARE for the year ended June 30, 1999.

Consolidated financial statements

INFOGRAMES

Consolidated statements of cash flows

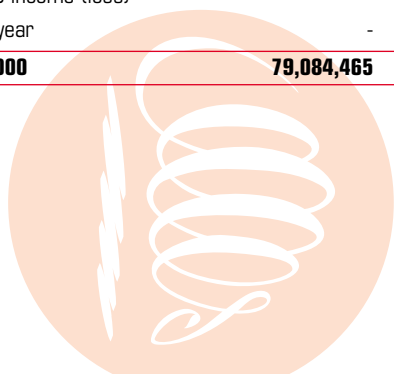
(€ millions)	Year ended June 30, 2000		Year ended June 30, 1999	Year ended June 30, 1998
	All entities	Previously consolidated entities		
Net income (loss) Group share	(27.1)	(6.0)	20.3	12.8
Income (loss) from entities consolidated by the equity method	0.8	0.8	1.8	(0.5)
Minority interests	(0.5)	(0.3)	0.3	-
Depreciation and amortization expenses	(47.5)*	37.1	9.1	7.3
Capital (gains) losses on the sale of assets	(1.9)	(1.9)	(0.1)	0.7
Cash flow from operations	(76.2)	29.7	31.4	20.3
Decrease (increase) in inventories	(12.1)	(28.8)	(1.8)	(20.9)
Decrease (increase) in royalty advances	(21.1)	(20.5)	(16.6)	(7.7)
Decrease (increase) in trade and other receivables	(17.4)	(32.2)	(80.7)	1.9
Increase (decrease) in advances received on licenses	(1.1)	(1.1)	(0.1)	(1.9)
Increase (decrease) in trade and other accounts payable	(21.0)	19.0	28.3	6.3
Other changes	(18.8)	(33.0)	-	-
Change in operating working capital	(91.6)	(96.5)	(70.9)	(22.3)
Net cash provided by (used in) operating activities	(167.7)	(66.8)	(39.5)	(2.0)
Purchase of intangible assets	(104.9)	(8.8)	(2.8)	(21.1)
Purchase of property and equipment	(8.9)	(7.5)	(1.1)	(3.9)
Purchase of investments	(0.5)	(0.2)	(0.6)	(4.1)
Increase (decrease) in prepaid expenses	(5.4)	(5.3)	0.0	-
Proceeds from disposals of assets	9.5	(1.2)	1.1	2.3
Acquisitions, net of cash acquired	0.7	0.0	(100.2)	-
Net cash provided (used in) of investing activities	(109.6)	(20.7)	(103.4)	(26.8)
Increase in capital stock and additional paid-in capital	149.2	124.4	122.0	17.5
Net change in long-term debt	184.1	265.9	211.6	(26.4)
Net change in long-term loans	0.7	(1.0)	0.0	-
Net change in short-term borrowings	(20.1)	(20.1)	7.2	14.6
Net cash provided (used in) financy activities	313.9	369.3	340.8	5.7
Impact of foreign-exchange fluctuations	(7.6)	(7.3)	(3.2)	-
Net increase (decrease) in cash and cash equivalents	28.9	274.5	194.7	(23.1)
Cash and cash equivalents on July 1	227.9	227.9	33.2	56.3
Cash and cash equivalents on June 30	256.8	502.4	227.9	33.2

* including reversal of provisions for restructuring further to the acquisition of GT INTERACTIVE Soft. Corp: (76.3).

Statement of consolidated stockholders' equity

Consolidated financial statements

(€ millions)	Shares outstanding	Capital stock	Additional paid-in capital	Retained earnings and unrealized foreign exchange gains (losses)	Income (loss) for the year	Total Stockholders' equity group share	Minority interests in retained earnings	Minority interests in net income	Total minority interests	Total stockholders equity
Balance at June 30, 1997	2,087,637	8,0	108,8	(102,3)	6,0	20,5	0,0	0,0	0,0	20,4
Unrealized foreign-exchange gains (losses)	-	-	-	(0.2)	-	(0.2)	-	-	-	(0.2)
Options exercised before stock split	1,022	0.0	0.0	-	-	0.0	-	-	-	0.0
Capitalization of reserves and stock split	8,354,636	23.9	(23.9)	-	-	0.0	-	-	-	0.0
Bond conversions	630,350	1.9	15.6	-	-	17.5	-	-	-	17.6
Options exercised after stock split	6,116	0.0	0.1	-	-	0.1	-	-	-	0.1
Other transactions	-	-	0.0	-	-	-	-	-	-	0.0
Appropriation of 1997 income (loss)	-	-	-	6.0	(6.0)	-	-	-	-	0.0
Income (loss) for the year	-	-	-	-	12.8	12.8	-	-	-	12.8
Balance at June 30, 1998	11,079,761	33.8	100.6	(96.5)	12.8	50.7	0.0	0.0	0.0	50.7
Unrealized foreign-exchange gains (losses)	-	-	-	(3.1)	-	(3.1)	-	-	-	(3.0)
Options exercised	14,461	0.0	0.1	-	-	0.1	-	-	-	0.1
Bond conversions	695,575	2.1	17.3	-	-	19.4	-	-	-	19.4
Issue of special warrants	1,831,812	5.6	96.8	-	-	102.4	-	-	-	102.3
Deduction of goodwill from paid-in capital	-	-	(91.5)	-	-	(91.5)	-	-	-	(91.5)
Change in scope of consolidation	-	-	-	-	-	-	(0.1)	-	(0.1)	(0.1)
Appropriation of 1998 income (loss)	-	-	-	12.8	(12.8)	-	-	-	-	0.0
Income (loss) for the year	-	-	-	-	20.3	20.3	-	0.3	0.3	20.6
Balance at June 30, 1999	13,621,609	41.5	123.3	(86.8)	20.3	98.3	(0.1)	0.3	0.2	98.5
Position after five-for-one stock split	68,108,045	41.5	123.3	(86.8)	20.3	98.3	(0.1)	0.3	0.2	98.5
Unrealized foreign-exchange gains (losses)	-	-	-	(7.6)	-	(7.6)	-	-	-	(7.6)
Options exercised	410,365	0.3	1.1	-	-	1.4	-	-	-	1.4
Stock Purchase Plan	40,000	-	0.8	-	-	0.8	-	-	-	0.8
Bond conversions	9,931,465	6.0	114.9	-	-	120.9	-	-	-	120.9
Warrants exercised	594,890	0.4	7.8	-	-	8.2	-	-	-	8.2
Deduction of goodwill from paid-in capital	-	-	(5.2)	-	-	(5.2)	-	-	-	(5.2)
Change in scope of consolidation	-	-	-	-	-	-	1.1	-	1.1	1.1
Appropriation of 1999 income (loss)	-	-	-	20.3	(20.3)	-	0.3	(0.3)	-	-
Income (loss) for the year	-	-	-	-	(27.1)	(27.1)	-	(0.5)	(0.5)	(27.6)
Balance at June 30, 2000	79,084,465	48.2	242.7	(74.1)	(27.1)	189.7	1.3	(0.5)	0.8	190.5



Notes to the Consolidated Financial Statements

Note 1: Summary of significant accounting policies

A. Consolidation principles

The consolidated financial statements of the INFOGRAMES ENTERTAINMENT group of companies (“the Group”) have been prepared in accordance with the French Act of January 3, 1985 and its implementing decree. The Group has not elected to anticipate implementation of the new financial consolidation method instaurated by Rule 99-02 of the Accounting Rules Commission (Comité de la Réglementation Comptable).

The financial statements of consolidated entities have been prepared in accordance with the financial accounting rules and methods applicable in their respective countries and have been restated to conform with the principles and methods used by the Group.

The financial statements of entities in which the Group has exclusive control have been fully consolidated.

Affiliates in which the Group has a significant management and financial influence have been consolidated using the equity method. Entities meeting the above standards but in which the Group does not intend to hold a long-term interest have not been consolidated. These holdings are reported at cost, adjusted for loss of value, if necessary.

All significant transactions between fully consolidated entities, as well as unrealized intercompany income included in the fixed assets and inventories of consolidated entities have been eliminated.

The consolidated income statement includes the financial results of entities acquired during the fiscal year from the date on which the Group acquired a controlling interest in them, and those of entities disposed of during the year for the period leading up to their transfer.

B. Reporting of transactions in foreign currency and conversion of the financial statements of foreign entities

Reporting of transactions in foreign currency

Transactions in foreign currency are converted using the exchange rate in effect at the time of the transaction or at the hedging rate if any. Assets and liabilities in foreign currency are converted using the exchange rate in effect at the end of the fiscal year or the applicable hedging rate, if any. Any foreign exchange gains or losses from the conversion of transactions in foreign currency are reported under “interest and investment income (expense)” on the income statement.

Conversion of foreign entities’ financial statements

The financial statements of foreign entities are converted using the following principles:

- balance sheet items are converted using exchange rates in effect at the end of the fiscal year;
- items in the income statement and the statement of changes in financial position are converted at the average exchange rate for the fiscal year;
- unrealized foreign-exchange gains or losses are reported in stockholders’ equity under “Unrealized foreign-exchange gains (losses)” for those attributable to the Group and under “Minority interests” for those attributable to minority stockholders.

Notes to the Consolidated Financial Statements

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C. Goodwill

Whenever the Group acquires a new entity, the new subsidiary's identifiable assets and liabilities are reported in the consolidated balance sheet at their estimated value on the acquisition date, including the business goodwill, portfolios of trademarks and catalogs of products. Any excess of the cost of the shares concerned over the portion of the reevaluated net asset value is included under consolidated assets as "goodwill". Goodwill is amortized on a straight line basis over ten years or less.

D. Intangible assets

Business goodwill and other intangible assets

Intangible assets include:

- depreciable items, such as patents, rights and product catalogs, which are depreciated using the straight-line method over a period not in excess of their useful life;
- non-depreciable items, such as business goodwill and acquired trademarks, to the extent that an accurate and objective value can be placed on them based on volume of business and average returns; their value may change over time based on the same considerations. If applicable, provisions are set aside for a decline in those values.

Production cost of software developed by the Group

Software production costs are calculated in accordance with the April 1987 recommendation of the National Accounting Board (Conseil National de la Comptabilité). The technical feasibility criterion is considered to have been met once the product has been successfully tested, something that in practice takes place at the end of the development period. Accordingly, since expenses incurred after completion of technical feasibility tests are not significant, no costs need to be capitalized.

E. Property and equipment

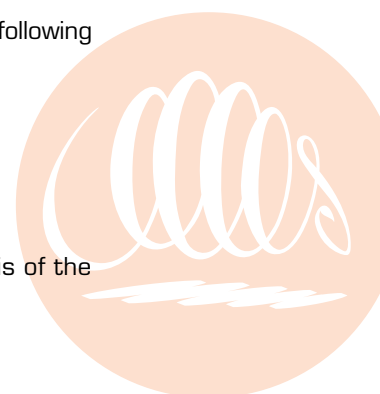
Property and equipment is reported in the balance sheet at cost, net of accumulated depreciation. It is depreciated using the straight line method, at uniform rates for the Group as a whole, over the following life:

- | | |
|-----------------------------|--------------|
| • Improvements and fixtures | 3 to 5 years |
| • Machines and tools | 3 to 5 years |
| • Other assets | 3 to 5 years |

Significant leased assets are treated as if purchased on credit and are reported on the basis of the current value of future lease payments. They are depreciated over their estimated useful life.

F. Loans and investments

The gross value of investments in subsidiaries is the acquisition cost of the corresponding shares. A loss provision is set aside whenever going-concern value is less than book value. The going concern value is estimated based on criteria used at the time of acquisition, the portion of equity held and prospects for returns on the investment.



Notes to the Consolidated Financial Statements

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G. Inventories and work-in-progress

The value of inventories is calculated using the first-in, first-out method. The gross value of goods and supplies includes their purchase price and incidental expenses. Interest expenses are not included in the value of inventories. A loss provision is set aside wherever the probable market value of inventories is below their book value.

H. Trade receivables

Trade receivables are reported at their face value. A provision is set aside whenever their value falls below their face value.

I. Marketable securities

The value of marketable securities is their purchase cost or market value, whichever is lower.

J. Bond or stock issue expenses - Issue and redemption premiums

Bond or stock issue expenses

Expenses incurred in connection with issues of bonds are amortized evenly over the life of the bonds. Stock issue and merger expenses are charged to share or merger premiums.

Issue and redemption premiums

Bonds are reported at their issue value. Any issue or redemption premiums are shown on the asset side under "Adjustment accounts" and amortized as interest expense over the life of the bonds, except if the redemption risk has been hedged.

K. Financial instruments

Derivatives (interest rate and/or foreign exchange) are used exclusively to hedge against risks. The reporting in the income statement of income and expenses in respect of derivative instruments is symmetric with that of the hedged instrument concerned.

Foreign-exchange hedges

No value is placed at the end of the fiscal year on "foreign-exchange" derivatives used to hedge commercial and financial transactions reported in the financial statements or representing firm commitments. The transactions concerned are evaluated using the hedging exchange rates concerned.

Interest-rate instruments

Income and expenses from interest-rate swaps designed to change the interest rate terms of financial assets and liabilities are reported in the income statement for the period concerned.

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Notes to the Consolidated Financial Statements

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L. Corporate income tax

Deferred taxes are calculated using the interperiod allocation method for timing differences that may exist between the financial and tax accounting of assets and liabilities and for losses carried forward, except in the case of goodwill generated by the consolidation of acquired entities. A provision is set aside for deferred tax debits whenever it is deemed more doubtful than likely that they may be used. In the case of deferred taxation resulting from tax losses, the likelihood that they may be used is assessed based on the existence of a profit forecast for the following fiscal year and a formal schedule for using up deferred taxes within a reasonable period of time, generally not in excess of three years. Deferred taxes are calculated using currently applicable rates.

A provision is set aside for taxes payable in the event that the retained earnings of French and foreign subsidiaries should be distributed, except when those retained earnings are intended to be permanently kept by the subsidiaries concerned.

M. Net revenues

Sales of multimedia software

Net revenues from the sale of multimedia software is recorded at the time products are shipped. The Group is periodically obliged to exchange certain products sold or to offer warranties on excess inventories of retail. Total sales are reported net of discounts and rebates, as well as of provisions set aside for possible returns and trade-ins.

Revenue from the sale of licenses

Under certain licensing agreements for games, licensees are entitled to make further copies of products subject to the payment of a guaranteed minimum fee. That minimum fee is recorded at the time of delivery of the master software or of the first copy. Royalties for individual copies above and beyond the guaranteed minimum are recorded when due.

Services

Revenue from the sale of services reflects fees paid for providing such services to third parties as development, production, logistics and distribution.

N. Royalties paid to outside development studios

Royalties paid in advance to outside development studios are initially reported under "Royalty advances" and subsequently as cost of goods sold, based on the volume of sales and the agreed-upon royalty schedule.

O. Breakdown of operating expenses by purpose

Operating expenses are reported in the income statement under three categories (research and development, selling and distribution, general and administrative). The allocation of operating expenses is based on the purpose of the expenses for the Group, including depreciation and provision allowances on related assets.



Notes to the Consolidated Financial Statements

P. Advertising

General advertising expenses are reported as expenses for the fiscal year in which they are incurred, with the exception of expenses directly related to the promotion of a product, which are reported at the time of the initial marketing of the product concerned.

Q. Research and development

Outlays for research and development as well as in-house and outside expenses incurred to produce interactive software prior to technical feasibility tests are reported as current expenses.

R. Other non-recurring income and expenses

Other non-recurring income and expenses consists of material items which, by virtue of their type, exceptional character and one-time nature cannot be considered part of the Group's normal business. This includes capital gains and losses from the sale of assets and incidental expenses, restructuring charges and accelerated depreciation of fixed assets.

S. Earnings per share

Earnings per share are calculated on the basis of the weighted average number of shares outstanding during the year, net of any INFOGRAMES ENTERTAINMENT shares held by fully consolidated entities. Net income or loss per share does not take into account diluting factors (convertible bonds, stock warrants and options).

T. Use of estimates

In accordance with generally accepted accounting practices, the preparation of consolidated financial statements requires taking into consideration estimates and assumptions made by management which have an impact on the balance sheet value of assets and liabilities, any assets and liabilities referred to in the notes, as well as revenue and outlays reported in the income statement. It is possible that such estimates and assumptions may not be supported by subsequent developments.

Notes to the Consolidated Financial Statements

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Note 2: Reporting of acquisitions

A. General method

Pursuant to the consolidation guidelines contained in the General Chart of Accounts (Plan Comptable Général), goodwill has been calculated in the following manner:

$$\begin{array}{r} \text{Cost of securities acquired} \\ - \\ \text{Portion of equity acquired, after restatements to conform} \\ \text{with Group accounting principles} \\ = \\ \text{Consolidation goodwill} \\ - \\ \text{Excess restated value over historical cost} \\ = \\ \text{Goodwill} \end{array}$$

The cost of securities is their purchase price and any incidental fees and expenses directly related to the acquisition, net of any corresponding tax savings.

Restatement consists mainly of the following:

- the recording as current expenses of all internal development costs incurred prior to the completion of technical feasibility tests;
- the recording or capitalization of all royalty advances to outside development contractors, subject to such payments being refundable;
- the recording of the fixed (or computable) portion of licensing income from the master delivery date;
- the reporting of deferred taxes in accordance with the interperiod allocation method.

The Group makes a distinction between two types of differences arising from restatements:

Differences specific to the video games industry

The overall value of a firm in the sector is calculated primarily on the basis of the following factors:

- the capacity of its staff or organization and its development and/or publishing potential for developers and publishers;
- the catalog of games marketed or undergoing testing (when a game's technical feasibility and marketability have been ascertained) in the case of publishing firms;
- the market share and customer base of local distribution channels in the case of distributors.

This assessment of a firm's value emphasizes two specific intangible assets:

- in the case of publishers, the value of games for sale that are undergoing tests prior to their release; this assessment is based on expected returns from these games and the identified intangible asset (the games) is depreciated over the life of the games concerned, or no more than four years.



Notes to the Consolidated Financial Statements

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- in the case of distributors, an assessment of their market share, which can be calculated based on a multiple of sales or future cash-flow projections. The intangible asset thus identified (market share) is not depreciated.

The valuation of identifiable intangible assets at the time of acquisition was reviewed by an independent expert and the restated amounts are in accordance with that expert's findings.

Differences which are not specific to the video-game industry

The following differences resulting from restatements are not specific to the video-game industry:

- provisions for reorganization and restructuring charges;
- provisions for severance payments;
- provisions for inventory depreciation and bad debts.

B. Fiscal 1999 acquisitions

Goodwill for each company acquired was as follows:

(€ millions)	Consolidation date	Initial gross value as of June 30, 1999	Restated gross value as of June 30, 2000
ACCOLADE	May 31, 1999	57.9	61.5
GREMLIN	June 30, 1999	19.4	21.9
DID	June 30, 1999	9.7	8.5
Others	-	4.5	4.8
Total		91.5	96.7

The above goodwill (net of restated value) was charged to the additional paid-in capital resulting from the equity issue of July 15, 1998, which was exclusively intended to finance acquisitions, as stated in subsection 2.2.13 of the relevant prospectus (COB approval No. 98-559).

Given the consolidation dates of the entities concerned, the theoretical amortization of goodwill would amount to € 0.6 million for fiscal 1999, and to € 9.6 million for fiscal 2000.

C. Fiscal 2000 acquisitions

On November 15, 1999, the Group acquired a controlling interest in GT INTERACTIVE SOFTWARE, a leading distributor of interactive games software in the United States (annual sales of USD 572 million for the year ended March 31, 1999).

Notes to the Consolidated Financial Statements

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When applied to this acquisition, the method outlined in (A) yields the following:

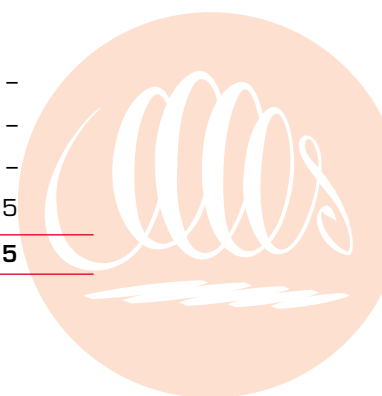
(€ millions)	
Acquisition cost of securities	87.4
Shareholders' equity of acquired entities	(2.4)
Net excess of restated value ⁽¹⁾	0.1
Restated value of shareholders' equity	(2.3)
Equity interest held	61.19%
Portion of equity acquired	(1.4)
Goodwill	88.8
<i>(1) Of which</i>	
<i>Market shares (distribution network)</i>	182.1
<i>Games catalog</i>	13.5
<i>Trademarks</i>	18.8
<i>Provisions for inventories, receivables, litigation and others</i>	(200.1)
<i>Provision for restructuring charges</i>	(14.2)

Goodwill resulting from this restatement was reported as an asset on the consolidated balance sheet. It is being written down over a ten-year period, in accordance with Group accounting principles.

On March 24, 2000, the Group acquired a controlling interest in DEN-O-TECH and MISTIC, two companies specializing in software for in-flight entertainment. The same method was used in the case of both acquisitions. Goodwill resulting from the purchases amounted to € 6.4 million.

Note 3: Goodwill

(€ millions)	Gross	June 30, 2000 Amortization	Net	June 30, 1999
INFOGRAMES, Inc (formerly GT INTERACTIVE SOFTWARE Corp.)	88.8	(5.2)	83.6	-
DEN-O-TECH	6.4	(0.2)	6.2	-
REFLECTIONS	8.4	(1.9)	6.5	-
DID	1.6	(1.6)	-	-
Other companies	9.8	(7.5)	2.3	2.5
Total	115.0	(16.4)	98.6	2.5



Notes to the Consolidated Financial Statements

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Note 4: Intangible assets

(€ millions)	June 30, 2000			June 30, 1999
	Gross	Amortization	Net	
Market shares	215.4	-	215.4	33.2
Trademarks	18.8	-	18.8	-
Games catalog	22.7	(4.4)	18.3	9.1
Software	8.4	(1.2)	7.2	2.6
Other intangible assets	10.8	(8.2)	2.6	0.4
Total	276.1	(13.8)	262.3 (*)	45.3

(*) Including 216.4 from changes in the scope of consolidation.

Note 5: Property and equipment

(€ millions)	June 30, 2000			June 30, 1999
	Gross	Depreciation	Net	
Buildings, improvements, equipment and tools	47.7	(23.9)	23.8	10.2
Furniture, office equipment, computers and fixtures	6.0	(4.3)	1.7	1.3
Leased assets	1.2	(0.1)	1.1	0.3
Total	54.9	(28.3)	26.6 (*)	11.8

(*) Including 9.8 from changes in the scope of consolidation.

Note 6: Loans and investments

(€ millions)	June 30, 1999	Changes in reporting entities	Additions	Disposals	Income (loss)	June 30, 2000
Interest in affiliates	6.6	6.3	1.2	-	-	14.1
Entities consolidated using the equity method	(2.9)	-	-	1.9	(0.8)	(1.8)
Loans	1.0	1.1	1.0	-	-	3.1
Down payments and sureties	0.3	-	0.3	-	-	0.6
Total	5.0	7.4	2.5	1.9	(0.8)	16.0

Entities consolidated using the equity method

(€ millions)	Country	Equity held (%) June 30, 1999	June 30, 2000	Business	Value June 30, 2000	Income (loss) for the year	Disposals	Value June 30, 2000
I-LINE (GAME ONE)	France	50	15	Television	(1.8)	-	1.9	0.1
CANAL + MULTIMEDIA	France	50	50	Production	(2.0)	(0.5)	-	(2.5)
SUNFLOWERS	Germany	30	30	Production	0.9	(0.3)	-	0.6
Total					(2.9)	(0.8)	1.9	(1.8)

Notes to the Consolidated Financial Statements

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I-LINE (GAME ONE) and CANAL+ MULTIMEDIA have been consolidated by the equity method, in spite of the fact INFOGRAMES ENTERTAINMENT'S initial equity interest was 50 percent, owing to the fact that the business of I-LINE (television) is substantially different from that of the Group and that of CANAL+ MULTIMEDIA is not material in terms of INFOGRAMES ENTERTAINMENT as a whole.

Information concerning the principal non-consolidated entities

(€ millions)	Country	Equity interest held (%)	Business	Net book value of holding	Income (loss) for the year ended	Shareholders' equity at the end of the last fiscal year
ODDWORLD	United States	0.0	Production	7.4	(6.7)	(4.1)
EMME	France	11.9	Production Publishing Distribution	2.4	0.1	3.0
CD & Co	France	21.5	Distribution	2.1	(1.5)	(0.1)
Others	-	-	-	2.2	N/A	N/A
Total	-	-		14.1	-	-

These entities were not consolidated by the equity method, in accordance with Note 1-A (no long-term holdings, no significant control, no material impact). DMA was sold on September 29, 1999. The investment in ODDWORLD consists of non-voting preferred stock convertible into common stock representing approximately 50 percent of ODDWORLD'S equity.

Note 7: Inventories

(€ millions)	Gross	June 30, 2000 Depreciation	Net	June 30, 1999
Finished products and supplies	141.2	(61.8)	79.4 ^(*)	24.7

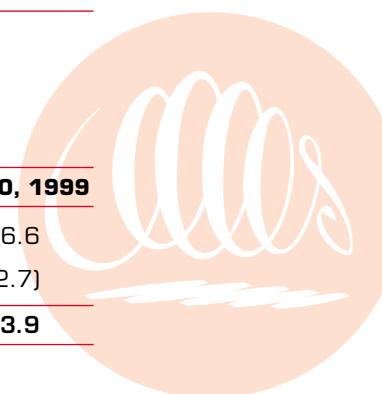
(*) Including 32.2 from changes in the scope of consolidation.

Note 8: Royalty advances

(€ millions)	June 30, 2000	June 30, 1999
Gross value	71.7	36.6
Accumulated depreciation	(16.4)	(2.7)
Net	55.3^(*)	33.9

(*) Including 6.7 from changes in the scope of consolidation.

These advances are made on licenses for themes, products or productions. They are generally reported as expenses and prorated based on the sales of underlying products.



Notes to the Consolidated Financial Statements

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Note 9: Trade receivables

All trade receivables are due in less than one year. Given the large number of its clients in many different countries, the Group considers that it is not exposed to a significant credit risk and is not overly dependent on a single client.

(€ millions)	June 30, 2000	June 30, 1999
Gross value	120.8	82.1
Provision for bad debts	(11.0)	(6.3)
Net value	109.8^(*)	75.8

(*) Including 26.9 from changes in the scope of consolidation.

Note 10: Other receivables

(€ millions)	June 30, 2000	June 30, 1999
Personnel	-	0.3
Receivables from the state	14.1	15.6
Receivables from suppliers	-	1.2
Other receivables	21.6	7.7
Deferred taxes, net of provisions	69.9	24.4
Total	105.6^(*)	49.2

(*) Including 37.5 from changes in the scope of consolidation.

All receivables are due in less than one year, except for deferred tax assets on tax losses carried forward (see Notes 21 and 1-L).

Note 11: Cash and cash equivalents

(€ millions)	June 30, 2000	June 30, 1999
Marketable securities	243.5	204.2
Cash	13.3	23.6
Total	256.8^(*)	227.8

(*) Including 0.3 from changes in the scope of consolidation.

Investment securities consist primarily of monetary fund shares. As of June 30, 2000, unrealized capital gains on cash invested in such funds amounted to € 0.9 million (not reported).

Notes to the Consolidated Financial Statements

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Note 12: Other assets

(€ millions)	June 30, 2000	June 30, 1999
Prepaid expenses	12.4	2.7
Expenses attributable to other periods	11.2	5.8
Redemption premiums on convertible bonds	74.5	21.5
Total	98.1^(*)	30.0

(*) Including 2.2 from changes in the scope of consolidation.

Prepaid expenses include the deferred cost of advertising campaigns related to games scheduled to be released after the end of the fiscal year.

Expenses attributable to other periods include unamortized redemption premiums on OCEANE convertible bonds issued in June 1999 and June 2000.

Redemption premiums amount to € 11.0 million for OCEANE convertible bonds issued in June 1999 and € 63.5 million for those issued in May 2000.

Note 13: Shareholders' equity

A. Capital stock

As of June 30, 2000, INFOGRAMES ENTERTAINMENT had 79,084,465 issued and paid up shares outstanding, with a nominal value of € 48.2 million.

All shares are of the same class. The weighted average number of shares outstanding, calculated without taking into account diluting factors, was 72,925,347 in fiscal 2000 (64,465,295 in fiscal 1999). Shares held in registered form for two years or more entitle their holders to double voting rights.

As of June 30, 2000, the association consisting of INTERACTIVE PARTNERS and the corporation's founders held 22.54 percent of the shares outstanding and 34.69 percent of voting rights.

B. Stock options

The Board of Directors is authorized to grant stock options for INFOGRAMES ENTERTAINMENT shares to certain corporate officers and executives. The exercise price of these options may not be less than the legal minimum and they must be exercised over a term that expires no later than 6 years from the date of grant.

The Shareholders' Meetings of May 18, 1994, December 15, 1997 and December 15, 1999 authorized the Board of Directors to grant, in one or more transactions and for a period of up to 5 years, stock options for up to 5 percent of INFOGRAMES ENTERTAINMENT's stock respectively.



Notes to the Consolidated Financial Statements

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The following stock options are currently outstanding:

Dates of grant	Exercice price (euros)	Options outstanding as of June 30, 2000
December 21, 1994	2.13	28,525
June 30, 1995	2.69	0
December 15, 1995	3.86	105,600
December 6, 1996	2.97	360,000
June 6, 1997	4.48	25,000
October 7, 1997	4.44	285,000
February 3, 1998	5.92	877,000
October 16, 1998	8.20	298,965
March 15, 1999	11.62	87,500
October 1, 1999	14.20	1,845,000
Total	n.a.	3,912,590

Over the past three fiscal years, aggregate transactions involving options were as follows:

Number of options	2000	1999	1998
Options outstanding on July 1	2,697,965	2,320,270	1,070,960
Options granted	1,900,000	450,000	1,285,000
Options exercised	(410,365)	(72,305)	(35,690)
Cancelled options (death, departure of holder)	(275,010)	-	-
Options outstanding on June 30	3,912,590	2,697,965	2,320,270

C. Convertible bonds issued in 1997

The Corporation having exercised its right to call its 1997 convertible bonds on June 17, 2000, the conversion of the remaining 1997 bonds into 381,575 shares of INFOGRAMES ENTERTAINMENT stock with a value of € 10.6 million was recorded on that date.

D. July 1998 share warrants - July 1998

As of June 30, 2000, 1,593,856 July 1998 share warrants were outstanding, entitling their holders to purchase 3,984,640 INFOGRAMES ENTERTAINMENT shares (*), or 5 percent of the Corporation's capital stock.

(*) Five new shares may be purchased at a price of € 13.72 each in exchange for two July 1998 warrants.

E. OCEANE convertible bonds issued in 1999

As of June 30, 2000, a total of 1,373,632 1999 OCEANE bonds remained outstanding, entitling their holders to convert or exchange those bonds into 6,868,160 INFOGRAMES ENTERTAINMENT shares (issued or to be issued).

Notes to the Consolidated Financial Statements

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F. OCEANE convertible bonds issued in 2000

As of June 30, 2000, a total of 8,941,517 2000 OCEANE bonds remained outstanding, entitling their holders to convert or exchange those bonds into an equal number of INFOGRAMES ENTERTAINMENT shares (issued or to be issued).

Note 14: Provisions for contingences and losses

(€ millions)	June 30, 1999	Subsidiaries	Allowances	Cancellations	June 30, 2000
Provisions for restructuring	3.7	46.5	-	(31.1)	19.1
Other provisions	0.8	-	0.2	(0.3)	0.7
Total	4.5	46.5	0.2	(31.4)	19.8

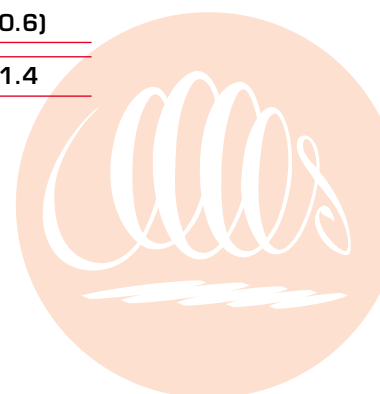
Reserves set aside for restructuring charges concern entities consolidated during the year and concern primarily future reorganization expenses of acquired companies.

Note 15: Debt

(€ millions)	June 30, 2000	June 30, 1999
Convertible bonds	593.7	261.4
Accrued interest on convertible bonds	3.3	-
Bank borrowings	38.5	6.1
Lease payment obligations	1.0	-
Accrued interest expense	0.1	-
Other borrowings	4.5	2.9
Bank overdrafts	6.3	21.6
Debt subtotal	647.4	292.0
(of which, maturing in less than one year)	(10.5)	(30.6)
Total long-term debt	636.9 (*)	261.4

(*) Including 135.3 from changes in the scope of consolidation.

Long-term debts mature in 1 to 5 years.



Notes to the Consolidated Financial Statements

INFOGRAMES

A. Convertible bond issues

The following convertible bonds have been issued:

Data at time of issue

(millions of currencies)	OCEANE 1999	OCEANE 2000	GAP Convertible bonds
Issue date	June 28, 1999	May 30, 2000	December 16, 1999
Face value	€ 215 million	€ 348.7 million	USD 50 million
Bonds issued	2,500,000	8,941,517	12,500,000
Redemption premium	€ 20 million	€ 63.6 million	none
Conversion value	€ 86	€ 39	\$4
Conversion ratio	1 bond for 5 shares	1 bond for 1 share	1 bond for 1 share
Life	5 years and 3 days	5 years and 32 days	5 years
Annual interest	1%	1.5%	0%

Situation on June 30, 2000

(€ thousands)	OCEANE 1999	OCEANE 2000	GAP Convertible bonds	Total
Percentage of bonds converted	45%	0%	0%	
Bonds outstanding	1,373,632	8,941,517	12,500,000	
Face value	118.1	348.7	52.3	519.1
Redemption premium	11.0	63.6	0.0	74.6
Total convertible debt	129.1	412.4	52.3	593.7

B. Breakdown of debt by currency

Bank borrowings divide up as follows in accordance with the denomination of the loans:

(€ millions)	June 30, 2000	June 30, 1999
Euro area currencies	553.7	270.0
US dollars	89.3	12.6
Other currencies	4.4	9.4
Total	647.4	292.0

Notes to the Consolidated Financial Statements

INFOGRAMES

Note 16: Other short-term liabilities

(€ millions)	June 30, 2000	June 30, 1999
Taxes and employee benefits payable	12.1	12.1
Trade payables	-	2.9
Deferred tax liabilities	3.8	5.6
Others	32.1	12.9
Total	48.0^(*)	33.5

(*) Including 6.3 from changes in reporting entities.

All of the above liabilities are due in less than one year.

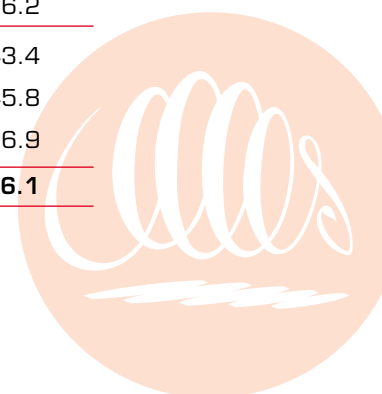
Note 17: Net revenue

Sources of revenue

(€ millions)	June 30, 2000	June 30, 1999
Sales of software	471.4	297.6
Licensing income	39.7	8.5
Services income	10.5	-
Total	521.6	306.1

Sales by region

(€ millions)	June 30, 2000	June 30, 1999
France	73.1	80.5
United Kingdom	65.9	47.5
Germany	72.9	79.2
Rest of Europe	26.5	36.2
Total Europe	238.4	243.4
United States	255.9	45.8
Rest of the world	27.3	16.9
Total	521.6	306.1



Notes to the Consolidated Financial Statements

INFOGRAMES

Note 18: Payroll expenses and workforce

Group payroll expenses were as follows:

	June 30, 1999	Changes in subsidiaries	Other changes	June 30, 2000
Executive offices	3.5	-	0.6	4.1
Publishing and distribution	22.5	29.0	2.6	54.1
Development	5.6	-	25.0	30.6
INFOGRAMES.COM	-	0.5	5.9	6.4
Total	31.6	29.5	34.1	95.2

The reason for the sharp increase in payroll expenses for development resides chiefly in the fact that the financial statements include the results of Beam (Australia), Gremlin (UK) and Accolade (US), three studios acquired in fiscal 1999, for the full twelve-month period.

Compensation paid to officers of the Group amounted to € 1 million (€ 0.6 million in fiscal 1999).

No directors' fees were paid by the Group during the fiscal year.

The workforce divides up as follows:

Average number of employees	June 30, 2000	June 30, 1999
Executives	439	246
Non executive	1,711	940
Total	2,150	1,186

Note 19 : Interest and investment income (expense)

(€ millions)	June 30, 2000	June 30, 1999
Foreign exchange gains (losses)	12.3	1.4
Interest income	2.3	3.2
Other investment income	1.0	0.1
Interest on convertible bonds	(4.0)	(1.0)
Other interest	(5.8)	(2.5)
Other interest expense	(2.2)	-
Interest and investment income (expense)	3.6	1.2

The marked change in foreign exchange gains is accounted for by fluctuations in the exchange rate of the US and British currencies during the year, as well as by the capitalization of certain Group subsidiaries' current accounts.

Interest income resulted from the investment of cash proceeds from the June 1999 issue of OCEANE convertible bonds.

Notes to the Consolidated Financial Statements

INFOGRAMES

Other interest and investment income include the recapture of a € 1 million redemption provision on the 1997 convertible bond issue.

The increase in interest on convertible bonds is accounted for by the full-year impact of interest on 1999 OCEANE convertible bonds and the one-month interest on the 2000 OCEANE issue.

The rise in other interest expenses was due primarily to the restructuring of INFOGRAMES, Inc. (formerly GT INTERACTIVE SOFTWARE Corp.).

Other expenses consisted chiefly of the setting aside of provisions for losses on investment securities.

Note 20 : Other non-recurring income and expenses, net of tax

(€ millions)	June 30, 2000	June 30, 1999
Capital gains (losses) on the sale of equity holdings	9.1	0.1
Other non-recurring income	-	-
Expenses from prior years	(2.0)	(0.5)
Other non-recurring expenses	(11.2)	(0.2)
Other non-recurring income (expenses) before tax	(4.1)	(0.6)
Corporate income tax (current and deferred)	1.6	0.5
Other non-recurring income (expenses) after tax	(2.5)	(0.1)

Capital gains for the year came from the sale of Rage equity shares for € 5.7 million, a 35-percent interest in I-LINE (GAME ONE) for € 1.9 million and shares of DMA for € 1.5 million.

Expenses for prior years represent advertising expenses for products released at the end of fiscal 1999.

Other non-recurring expenses consisted chiefly of write-offs of royalty advances, primarily on games developed for the N-64 console.



Notes to the Consolidated Financial Statements

INFOGRAMES

Note 21: Corporate income tax

Tax expenses for the year were as follows:

(€ millions)	June 30, 2000	June 30, 1999
Income (loss) before tax	(57.1)	23.5
Tax (expense) or income		
Tax for the year	(0.1)	(4.6)
Deferred taxes	29.5	1.8
Total tax (expense) or income	29.4	(2.8)
Current and deferred tax on other non-recurring income and expenses (Note 20) tax (expense) or income	1.6	0.5
Total tax (expense) or income on current business	27.8	(3.4)

Current tax expenses or income represent tax for the year paid or payable (or tax refunded or refundable) within less than one year. Tax is calculated based on rules and rates applicable in the countries where the Group operates. In the case of French affiliates, current tax expense takes into account the impact of tax consolidation by INFOGRAMES ENTERTAINMENT, INFOGRAMES EUROPE, INFOGRAMES INTERACTIVE, WELCOM'MEDIA and INFOGRAMES FRANCE.

Deferred taxes

Deferred taxes are recorded whenever differences exist between the financial accounting and tax value of assets, liabilities and equity, as explained in Note 1-L.

The statement below shows deferred tax debits and credits:

(€ millions - Income statement)	June 30, 2000	June 30, 1999
Debit (credit) from timing differences	(3.7)	0.8
Debit (credit) from losses carried forward	33.2	1.0
of which, US affiliates	9.7	0.3
of which, other affiliates	23.5	0.7
Total deferred tax debit (credit) from current business	29.5	1.8

Notes to the Consolidated Financial Statements

INFOGRAMES

The statement below shows the amount of deferred tax in the balance sheet:

(€ millions - balance sheet)	
Net deferred tax debits (credits) as of June 30, 1999	18.9
Of which from accumulated tax losses	12.3
Changes in reporting entities	16.1
Unrealized foreign-exchange gains (losses)	1.6
Deferred tax debit (credit)	29.5
Net deferred tax debits (credits) as of June 30, 2000	66.1
Of which from accumulated tax losses	61.5

Accumulated tax losses

Accumulated tax losses as of June 30, 2000, amounted to € 54.3 million.

Note 22: Income (losses) from entities consolidated by the equity method

The statement below shows the income (loss) accounted for by entities consolidated by the equity method:

(€ millions)	June 30, 2000	June 30, 1999
I-LINE (GAME ONE)	-	(1.9)
CANAL PLUS MULTIMEDIA	(0.5)	(0.3)
SUNFLOWERS	(0.3)	0.4
Total	(0.8)	(1.8)

Note 23: Off balance-sheet commitments

23.1 Commitments made

Guarantees

As part of its regular business, the Group has agreed to provide guarantees to banks for credit facilities extended to its affiliates. It had a total of € 87.5 million in guarantees outstanding at June 30, 2000.

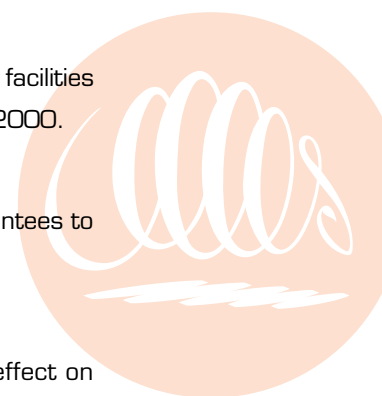
Stand-by letters of credit

As part of its business relationships, INFOGRAMES ENTERTAINMENT has provided letter-of-credit guarantees to its two leading suppliers.

Royalties and licenses

Group entities have signed licensing agreements with suppliers. Pursuant to agreements in effect on June 30, 2000, these entities have undertaken to pay royalties to licensors, including guaranteed minimum fees.

As of June 30, 2000, commitments by Group entities with respect to minimum fees amounted in aggregate to € 37.5 million.



Notes to the Consolidated Financial Statements

Production funds

The development of certain products to be released at future times has been funded and supported by production funds. This method provides alternative sources of financing for terms that are of the same duration as the development period concerned, with an insurance company underwriting product risks. In return, the Group has agreed to purchase any software thus produced for a price set in advance and agreed to by the production fund. As of June 30, 2000, the Group was committed to make purchases for € 14.4 million.

Equity buy-out commitment

In conjunction with the Group's acquisition of OZISOFT (62.5 percent of equity) and DYNAMIC SYSTEM ANDREAS TOBLER (50.1 percent of equity) INFOGRAMES has agreed, subject to certain conditions, to buy out the interests of minority holders.

23.2 Commitments received

In order to ensure access to medium-term financing, INFOGRAMES ENTERTAINMENT SA finalized a 5-year bilateral credit facility arrangement for a total of € 130 million. As of June 30, 2000, no portion of the credit facility had been used by the Company.

23.3 Pension commitments

Given the fact that the average Group employee is less than 30 years of age and in consideration of the personnel's limited seniority (less than 4 years of service on average), as well as of the high statistical probability that employees will leave the Group's employment before reaching retirement age and of actuarial coefficients pertaining to the mortality of the population concerned, obligations with respect to retirement benefits are not material.

Note 24: Financial hedging instruments

The Group makes use of financial hedging instruments to protect against the risk of fluctuations in interest and foreign-exchange rates. Foreign exchange and interest rate hedging for most Group entities is carried out by the parent corporation.

(€ millions)	June 30, 2000	June 30, 1999
Long-term interest-rate swaps	565.0	215.0
Currency futures contracts	232.4	39.4
Currency options	125.2	-

Long-term interest-rate swaps

Swaps of long-term interest rates are used to hedge redemption premiums payable on OCEANE 1999 and 2000 convertible bonds. The interest-rate swaps can be wound up in accordance with the conversion terms of the underlying bonds. The interest rate swap for the OCEANE 2000 bonds includes a cap that limits the interest-rate risk exposure.

Notes to the Consolidated Financial Statements

INFOGRAMES

Currency futures contracts and currency options

The Group hedges its exposure to foreign exchange risks from commercial and financial transactions either through forward currency operations or by buying or selling currency options. Specific measures were taken concerning the currency exposure of € 198 million that resulted from the acquisition and refinancing of GT INTERACTIVE SOFTWARE Corp., consisting of hedging the risk using currency options. The position will be wound up after the recapitalization of the US subsidiary, as decided on October 2, 2000.

Note 25: Litigation

In the normal course of business, third parties sometimes take legal action or file claims against certain affiliates.

The settlement of such litigation and disputes is expected to have no material impact on the business, assets, financial position or income of the Group.

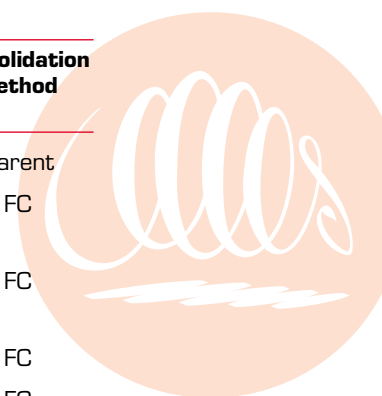
Note 26: Impact of changes in reporting entities on the consolidated income statement

Entities acquired during the fiscal year contributed in the following manner to the Group's consolidated revenue, operating income and net income:

€ millions)	June 30, 2000			June 30, 1999
	Total	Of which changes in reporting entities	Excluding changes in reporting entities	
Revenue	521.6	194.6	327.0	306.1
Current income (loss) before tax	(43.5)	(46.4)	2.9	27.1
Consolidated net income (loss)	(27.6)	(37.0)	9.4	20.6

Note 27: Consolidated entities

Company	Location	Percentage of voting rights		Percentage of equity		Consolidation method
		2000	1999	2000	1999	
INFOGRAMES ENTERTAINMENT	Lyon-France	100	100	100	100	Parent
INFOGRAMES INTERACTIVE (formerly IWP)	Lyon-France	99.97	99.97	99.96	99.96	FC
INFOGRAMES EUROPE (formerly INFOGRAMES MULTIMEDIA)	Lyon-France	99.99	99.99	99.99	99.99	FC
WELCOM'MEDIA	Paris-France	99.96	99.96	99.92	99.92	FC
INFOGRAMES FRANCE (formerly ECUDIS)	Lyon-France	100	100	100	100	FC
INFOGRAMES UK (formerly OCEAN)	London United Kingdom	100	100	100	100	FC
INFOGRAMES Ltd	Manchester United Kingdom	100	100	100	100	FC



Notes to the Consolidated Financial Statements

INFOGRAMES

Company	Location	Percentage of voting rights		Percentage of equity		Consolidation method
		2000	1999	2000	1999	
CURVED LOGIC	Chester United Kingdom	100	100	100	100	FC
INFOGRAMES DEUTSCHLAND (formerly BOMICO)	Frankfurt Germany	100	100	100	100	FC
INFOGRAMES VIDEOGAMES GmbH (formerly LAGUNA)	Frankfurt Germany	100	100	100	100	FC
INFOGRAMES ENTERTAINMENT GmbH	Frankfurt Germany	100	100	100	100	FC
SUNFLOWERS	Frankfurt Germany	30.02	30.02	30.02	30.02	EM
INFOGRAMES DO BRAZIL Ltda	Sao Paolo Brazil	100	100	100	100	FC
DYNAMIC SYSTEM GmbH	Vienna Austria	100	100	100	100	FC
INFOGRAMES IBERICA	Madrid Spain	100	100	100	100	FC
INFOGRAMES BENELUX BV	Eindhoven Netherlands	100	100	99.99	99.99	FC
INFOGRAMES ESPAÑA	Madrid Spain	100	100	100	100	FC
A+ MULTIMEDIA	Estoril Portugal	100	100	100	100	FC
OZISOFT Pty	Sydney Australia	62.5	62.5	62.5	62.5	FC
GAMECITY	Zurich Switzerland	90	90	90	90	FC
INFOGRAMES MELBOURNE HOUSE Pty	Melbourne Australia	100	100	100	100	FC
INFOGRAMES AUSTRALIA HOLDINGS Pty	Melbourne Australia	100	100	100	100	FC
California US HOLDINGS Inc.	San Jose United States	100	100	100	100	FC
INFOGRAMES NORTH AMERICA (formerly ACCOLADE Inc. et INFOGRAMES ENTERTAINMENT Inc.)	San Jose United States	100	100	100	100	FC
INFOGRAMES STUDIOS Ltd (formerly GREMLIN GROUP Plc)	Sheffield United Kingdom	100	100	100	100	FC

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Notes to the Consolidated Financial Statements

INFOGRAMES

Company	Location	Percentage of voting rights		Percentage of equity		Consolidation method
		2000	1999	2000	1999	
INFOGRAMES CASTLEFIELD (formerly DIGITAL IMAGE DESIGN)	Warrington United Kingdom	100	100	100	100	FC
I-MUSIC	Villeurbanne France	100	100	100	100	FC
CANAL+ MULTIMEDIA	Paris France	50	50	50	50	EM
DYNAMIC SYSTEM SOFTWARE GmbH & Co Kg	Rottenman Austria	50.1	50.1	50.1	50.1	FC
IWWWR	Eindhoven Netherlands	100	100	100	100	FC
Entities consolidated during the fiscal year						
INFOGRAMES Inc. (formerly GT INTERACTIVE SOFTWARE)	New York United States	61.19	–	61.19	–	FC since November 1999
DEN-O-TECH	Montreal Canada	61.1	–	61.1	–	FC since April 2000
MISTIC	Montreal Canada	61.1	–	61.1	–	FC since April 2000
INFOGRAMES HELLAS	Athens Greece	100	–	100	–	FC since July 1999
INFOGRAMES ISRAEL	Kefar Saba Israel	100	–	100	–	FC since July 1999
INFOGRAMES ITALIA	Lainate Italy	100	–	100	–	FC since July 1999
INFOGRAMES JAPAN KK	Tokyo Japan	100	–	100	–	FC since July 1999
INFOGRAMES NORDIC	Stockholm Sweden	100	–	100	–	FC since September 1999
INFOGRAMES.COM	Lyon France	100	–	100	–	FC since June 2000
Entities removed from consolidation during the fiscal year						
I. LINE	Paris France	15	50	15	50	No longer consolidated since December 1999

FC = fully consolidated; EM = consolidated by the equity method.

The fiscal year of all consolidated entities ends on June 30, except for DYNAMIC SYSTEM GmbH, SUNFLOWERS and CANAL+ MULTIMEDIA, for which it ends on December 31. The first two have been consolidated based on their financial statements for the period ended December 31, 1999; CANAL+ MULTIMEDIA has been consolidated on the basis of its financial statements for the period to June 30, 2000.

Statutory auditors' report

INFOGRAMES

Consolidated financial statements

Year ended June 30, 2000

In accordance with our appointment as auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of INFOGRAMES ENTERTAINMENT, expressed in euros, for the year ended June 30, 2000.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at June 30, 2000 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We have also performed the procedures required by law on the Group financial information given in the report of the Board of Directors. We have no comment to make as to the fair presentation of this information nor its consistency with the consolidated financial statements.

Lyon and Villeurbanne, October 30, 2000

The statutory auditors

PIN ET ASSOCIES
Jean-François PIN

DELOITTE TOUCHE TOHMATSU
Joël JULLIEN - Dominique VALETTE

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Information Concerning the Parent Corporation



Information Concerning the Parent Corporation

INFOGRAMES

Disclaimer

The company financial statements of INFOGRAMES ENTERTAINMENT, the Group's parent corporation, provide only a partial picture of the financial position of the entities making up INFOGRAMES ENTERTAINMENT. Information concerning that financial position can be found in this report's section on the consolidated financial statements. The information hereunder includes only the data that has been deemed most pertinent and useful to readers.

All annual statements and documents can be obtained from:

INFOGRAMES ENTERTAINMENT

Investor Relations Department

82-84, rue du 1^{er} mars 1943

69628 Villeurbanne Cedex

Telephone : +33 4 72 65 50 00

Facsimile : +33 4 72 65 50 01

Summarized annual financial statements of the parent corporation INFOGRAMES ENTERTAINMENT

Summarized income statement

(€ millions)	June 30, 2000	June 30, 1999	June 30, 1998
Operating income (loss)	(20.2)	(10.3)	(0.3)
Interest and investment income (loss)	(6.8)	5.0	3.6
Extraordinary gains (losses)	(0.1)	(0.4)	1.4
Corporate income tax	0.3	3.6	(0.5)
Income (loss) for the year	(26.8)	(1.9)	5.2

Revenue for the year ended June 30, 2000 was € 13.6 million, up 39 percent from fiscal 1999. It came primarily from services performed on behalf of Group entities. Amounts charged for the performance of services cover most of the Corporation's operating expenses, with the exception of expenses incurred in connection with acquisitions and other capital transactions (mergers, debt security issues, etc.)

INFOGRAMES ENTERTAINMENT SA derives most of its revenue other than investment and interest income from services performed on behalf of its subsidiaries and charged to them (cash management, human resources management, computer network and software, information systems, general resources, financial and legal services and general management).

Information Concerning the Parent Corporation

INFOGRAMES

The corporation posted an operating loss of € 20.2 million for fiscal 2000, as compared with a loss of € 10.3 million the previous year, primarily due to the write-off of all expenses related to the acquisition of GT INTERACTIVE SOFTWARE and the issue of OCEANE convertible bonds in May 2000, as well as to corporate communication expenses not charged to subsidiaries.

Investment and interest expenses amounted to € 6.8 million for fiscal 2000, versus income of € 5 million in fiscal 1999. The loss was due in part to the write-off of a € 25-million loan to INFOGRAMES UK Ltd., as part of the reorganization of INFOGRAMES' UK operations. Excluding this write-off, interest and investment income would have been € 18.2 million.

A deferred tax credit of € 0.3 million corresponds to the impact of a loss carry-back by the consolidated group consisting of INFOGRAMES ENTERTAINMENT and its subsidiaries INFOGRAMES EUROPE, INFOGRAMES FRANCE, WELCOM'MEDIA and INFOGRAMES INTERACTIVE.

The net loss for the year was € 26.8 million, compared with € 1.9 million the previous year.

Summarized balance sheet

(€ millions)	June 30, 2000	June 30, 1999	June 30, 1998
Intangible assets, property and equipment	4.9	1.2	0.9
Loans and investments	360.2	111.4	83.1
Other receivables and other assets	348.3	231.0	103.5
Inventories	233.9	199.3	11.3
Total assets	947.3	542.9	198.8
Shareholders' equity	365.2	260.7	140.8
Contingency and risk provisions	0.1	0.2	0.1
Debt	564.1	271.7	53.5
Other liabilities	17.9	10.3	4.4
Total liabilities and shareholders' equity	947.3	542.9	198.8

Principal accounting policies and methods

Going concern

The principle of going concern is reflected in the financial statements.

Consistency of accounting methods

Accounting methods are consistent from one fiscal period to the next.

No offsetting between periods

Accounting periods have been kept separate, in accordance with general rules governing the preparation and presentation of annual financial statements.

The method used to calculate the value of most items reported in the accounts is the historical cost method.



Information Concerning the Parent Corporation

The principal methods used are as follows:

Intangible assets

Intangible assets consist exclusively of software, which is depreciated on a straight-line basis over a three-year period.

Property and equipment

Property and equipment is reported at cost (purchase price and incidental expenses).

Fixed assets are depreciated on a straight-line basis over their expected useful life.

Machinery and equipment	1 to 4 years
Improvements and fixtures	4 to 5 years
Furniture	4 to 5 years

Loans and investments

Interest in subsidiaries is reported at the acquisition cost of the corresponding securities.

A provision is set aside whenever the going concern value of the investment is less than its book value. The going concern value is estimated based on criteria used at the time of acquisition, the portion of equity held and prospects for returns on the investment.

Receivables

Receivables are reported at their face value. A loss provision is set aside whenever their inventory value is less than their gross book value.

Regulated provisions

There were no regulated provisions on the books as of June 30, 2000.

Transactions in foreign currencies

Income and expenses in foreign currencies are reported at the corresponding value on the date of the transaction concerned. Foreign currency liabilities, receivables and cash balances are shown in the balance sheet after conversion on the basis of foreign-exchange rates in effect at the end of the year. Any differences resulting from the conversion of liabilities and receivables is reported in the balance sheet under "Unrealized foreign exchange gains (losses)"

Provisions are set aside for any unrealized foreign exchange losses not offset by gains.

Investment securities

The gross value of investment securities is their purchase cost, exclusive of incidental expenses. A loss provision is set aside whenever their inventory value is less than their gross book value.

Bond issue and redemption premiums

Debt instruments are reported at their issue value. Issue and redemption premiums, if any, are reported as assets on the balance sheet under "Adjustment accounts" and written off as interest and investment expenses over the life of the securities, unless the redemption risk has been hedged.

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Information Concerning the Parent Corporation

INFOGRAMES

Loans and investments

The statement below shows the situation with respect to loans and investments:

(€ millions)	June 30, 1999	Addition	Disposal	June 30, 2000
Interest in subsidiaries	111.3	248.8	-	360.1
Long-term investments	-	-	-	-
Loans and other investments	0.1	0.1	0.1	0.1
Total	111.4	248.9	0.1	360.2

The increase in loans and investments came principally from the equity issue by CALIFORNIA US HOLDING, subsequent to the acquisition of GT INTERACTIVE SOFTWARE Corp, as well as the OCEAN INTERNATIONAL Ltd. equity issue that followed the acquisition of GREMLIN GROUP PLC.

Shareholders' equity

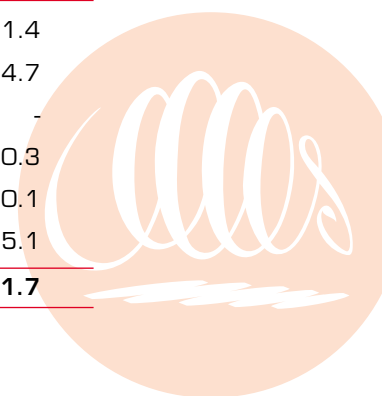
The statement below shows changes in shareholders' equity during fiscal 2000:

Shareholders' equity on June 30, 1999 (€ millions)	260.7
Exercise of stock options	1.4
Stock Purchase Plan	0.9
Bond conversions	120.8
Exercise of warrants	8.2
Income (loss) for the year	(26.8)
Shareholders' equity on June 30, 2000 (€ millions)	365.2

Debt

The statement below shows changes in the corporation's debt:

(€ millions)	June 30, 2000	June 30, 1999
Convertible bonds issued	541.4	261.4
Bank borrowings	-	4.7
Accrued interest	1.9	-
Bank overdrafts	5.8	0.3
Accrued interest on overdrafts	0.1	0.1
Shareholders' current accounts	15.0	5.1
Total	564.1	271.7



Information Concerning the Parent Corporation

INFOGRAMES

The statement below shows convertible bonds issued as of June 30, 2000:

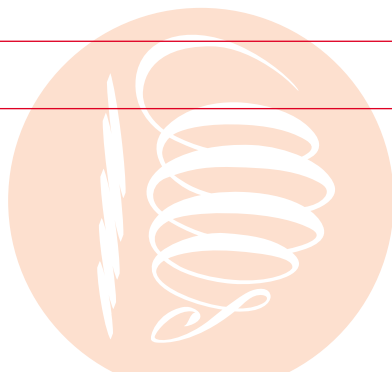
(€ millions)	OCEANE 1999 bonds	OCEANE 2000 bonds	Total
Portion of bonds converted	45%	0%	
Bonds outstanding	1,373,632	8,941,517	
Face value	118.1	348.7	466.9
Redemption premium	11.0	63.6	74.5
Total convertible bonds	129.1	412.3	541.4



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Subsidiaries and holdings as of June 30, 2000

(000 omitted from sums)	Stated capital	Shareholders' equity (excl. stated capital)	Equity held as of 6/30/2000	Inventory value of equity held		Loans and advances not repaid	Guarantees and sureties provided	Revenue for the fiscal year ended	Income (loss) for the fiscal year ended	Dividends received during the year	Observations
				Gross	Net						
A. Subsidiaries and holdings with a gross value in excess of 1 percent of stated capital											
1. Subsidiaries more than 50-percent owned											
INFOGRAMMES EUROPE	FRF 14,834	FRF 78,080	99.99%	FRF 27,759	FRF 27,759	FRF 495,979	FRF 119,679	FRF 895,623	FRF (211,245)	-	year ended 6/30/2000
INFOGRAMMES ENTERTAINMENT GmbH	DEM 5,200	DEM 213	100%	FRF 37,683	FRF 37,683	FRF 62,108	Euros 5,000	-	DEM (172)	-	year ended 6/30/2000
OCEAN INTERNATIONAL Ltd	GBP 40,000	GBP 9,635	100%	FRF 741,656	FRF 741,656	FRF 34,043	-	-	GBP 515	-	year ended 6/30/2000
INFOGRAMMES DO BRASIL Ltda	BRL 2,140	BRL (2,039)	100%	FRF 8,998	FRF 8,998	FRF 1,448	-	BRL 1,749	BRL (934)	-	year ended 6/30/2000
OZISOFT PTY LTD	AUD 6,830	AUD (16,347.5)	62.5%	FRF 20,607	FRF 20,607	FRF 65,523	AUD 2,000	AUD 38,720	AUD (8,493)	-	year ended 6/30/2000
CALIFORNIA US HOLDINGS Inc.	USD 188,102	USD (2,490)	100%	FRF 1,319,379	FRF 1,319,379	-	-	USD 100	USD (1,898)	-	year ended 6/30/2000
INFOGRAMMES INTERACTIVE	FRF 72,810	FRF (19,093)	98.89%	FRF 160,000	FRF 160,000	FRF 46,778	-	FRF 88,471	FRF (45,510)	-	year ended 6/30/2000
DEN-O-TECH	CAD 8,480	CAD (2,729.27)	61.10%	FRF 34,881	FRF 34,881	-	-	CAD 71	CAD (703)	-	year ended 6/30/2000
2. Holdings	-	-	-	-	-	-	-	-	-	-	-
B. Aggregate data concerning subsidiaries											
1. French subsidiaries				FRF 312	FRF 312	FRF 1 545	-			-	
2. Foreign subsidiaries				FRF 4,571	FRF 4,571	FRF 41,165	-			-	
3. holdings in French entities				-	-	-	-			-	
4. Holdings in foreign entities				FRF 6,115	FRF 6,115	FRF 376	Euros 2,000			-	



Information Concerning the Parent Corporation

INFOGRAMES

INFOGRAMES ENTERTAINMENT Five-year Financial Summary

(€ thousands)	06/30/1996	06/30/1997	06/30/1998	06/30/1999	06/30/2000
1. Equity at year's end*					
• Stated capital	7 956	7 956	32 559	41 532	48 225
• Common stock outstanding	52,178,400	52,190,925	53,394,030	68,108,045	79,084,465
• Preferred non-voting stock outstanding	–	–	–	–	–
• Max. number of share to be issued:					
• for bond conversions	–	10,928,950	12,443,520	13,708,376	15,809,677
• for warrants	–	–	–	4,579,095	3,984,640
• for stock options	448,465	1,070,960	2,320,270	2,697,965	3,912,590
2. Transactions and financial results for the year					
• Net revenue	6,613	6,814	7,791	9,780	13,623
• Income before tax, employee profit sharing, and depreciation and provision allowances for the year	1,265	(4,145)	6,011	(4,021)	(18,091)
• Corporate income tax	886	2,635	(481)	3,709	307
• Employee profit sharing for the year	–	–	–	(67)	(30)
• Income after tax, employee profit sharing, and depreciation and provision allowances	1,527	(2,328)	5,240	(1,978)	(26,797)
• Distributed profit	–	–	–	–	–
3. Earnings per share (euros)					
• Income after tax and employee profit sharing, before depreciation and provision allowances	0.02	(0.08)	0.11	(0.06)	(0.23)
• Income after tax, employee profit sharing, depreciation and provision allowances	0.03	(0.05)	0.10	(0.03)	(0.34)
• Dividend per share	–	–	–	–	–
4. Personnel					
• Average number of employees	49	45	25	47	85
• Total payroll	1,380	1,060	599	1,490	2,472
• Employee benefits (social security, fringe benefits, etc.)	531	430	264	626	1,167

* Taking into consideration the five-for-one stock splits decided by the Shareholders' Meetings of December 15, 1996 and December 15, 1999.

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Auditors' Special Report on Regulated Agreements

INFOGRAMES

In accordance with our appointment as statutory auditors of your company, we hereby report on the agreements involving members of the Board of Directors of the company.

Pursuant to section L.225-40 of the Commercial Code, the following agreements, previously authorised by the Board of Directors of your company, have been brought to our attention.

The terms of our engagement do not require us to identify such other agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to article 92 of the decree of March 23, 1967, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with the relevant source documents.

Agreement between INFOGRAMES ENTERTAINMENT SA and INTERACTIVE PARTNERS SA pertaining to services in connection with the acquisition of GT INTERACTIVE SOFTWARE

At the time of the acquisition of GT INTERACTIVE SOFTWARE, your company entered into an agreement with INTERACTIVE PARTNERS concerning the assignment of certain key employees, in return for compensation contingent on successful completion of the acquisition in the form of a fee based on the purchase price of GT INTERACTIVE SOFTWARE.

Pursuant to this agreement, a fee in the amount of € 1,348,687 (USD 1.3 million) was paid to INTERACTIVE PARTNERS.

Authorization granted by the Board of Directors on October 25, 1999.

Directors concerned: B. BONNELL, T. SCHMIDER, B. REGNAULT DE MAULMIN and E. MOTTET (until May 29, 2000).

Write-down of INFOGRAMES UK LIMITED liability

Your company agreed to write off a receivable of € 25 million from INFOGRAMES UK LIMITED.

Authorization granted by the Board of Directors on May 29, 2000

Directors concerned: B. BONNELL, T. SCHMIDER, C. SAPET and D. WARD.

Lyon and Villeurbanne, October 30, 2000

The statutory auditors

PIN ET ASSOCIES
Jean-François PIN

DELOITTE TOUCHE TOHMATSU
Joël JULLIEN - Dominique VALETTE



TRAINING PARADIGM

Legal documents



General information concerning the Corporation

INFOGRAMES

Name and principal office

INFOGRAMES ENTERTAINMENT SA
Principal Office
82-84, rue du 1^{er} mars 1943
69100 Villeurbanne, France

Form of business organization and governing law

French corporation (société anonyme) with a board of directors, organized under the Act of July 24, 1966 on Business Corporations.

Date of incorporation and life

The corporation was formed for a term of 99 years commencing on July 15, 1987 with its registration in the Trade and Company Registry and ending July 15, 2086, absent early dissolution or extension.

Corporate purpose

As currently worded, section 2 of the articles of incorporation and bylaws (statutes) sets forth the corporate purpose as follows:

- the acquisition and joint management of a portfolio of securities, ownership interests, and rights in real and personal property;
- the acquisition of equity interests in industrial, commercial, agricultural, financial or other companies, including but not limited to by means of subscription, the purchase of securities or rights, capital contributions to French or foreign companies or transfers by third parties, natural persons or legal entities, investments of the Corporation's capital in shares, bonds and securities of all kinds, including real property;
- and, as a general matter, all transactions in real and personal property that directly or indirectly relate to the foregoing.

In order to adapt the corporate purpose to more accurately reflect the nature of INFOGRAMES ENTERTAINMENT'S current business, a resolution will be placed before the Annual Shareholders' Meeting of December 15, 2000, to amend that section of the articles of incorporation and bylaws to read as follows:

The corporate purpose of the corporation, in France or abroad, directly or indirectly is,

- the design, production, publishing and distribution of all multimedia and audiovisual products and works, including those in the nature of entertainment, in any form including software, data processing and content – either interactive or otherwise – for all media and by means of all present and future means of communication;
- the purchase, sale, supply and more generally distribution of all products and services related to the foregoing;

General information concerning the Corporation

INFOGRAMES

- the creation, acquisition, use and management of intellectual and industrial property rights or other in rem or in personam rights, including by means of assignment, licensing, patents, trademarks and other copyrights;
- the acquisition of interests in other firms, through joint ventures or by any other means, including the formation of new entities and the issuance, subscription or transfer of securities in any business directly or indirectly related to the foregoing or to the products and ideas developed by the Corporation;
- and, more generally, any transactions with a purpose similar or related to the foregoing, or otherwise likely to benefit the Corporation in France and elsewhere, either directly or through third parties.

Trade and Company Registry

Lyon B 341 699 106, Code APE : 8907, Code NAF : 652 E

Place where legal documents may be examined

All official corporate documents may be examined at the Corporation's principal office.

Fiscal year

The fiscal year of the Corporation commences on July 1ST and ends on June 30TH of each year.

Appropriation of earnings

The income or loss for each fiscal year is calculated by deducting from net revenue all overhead and other business expenses, including allowances for depreciation and provisions.

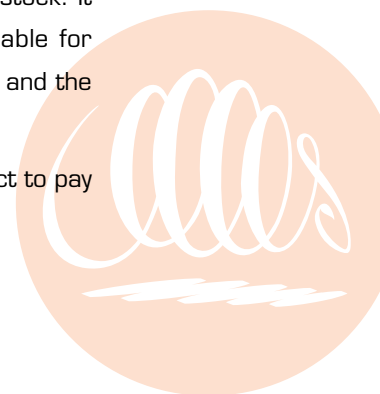
At least 5 percent of the net profit, minus previous losses if any, is set aside as legal reserve. This allowance ceases to be mandatory when the legal reserve is equal to one-tenth of the capital stock. It resumes when, for any reason whatsoever, this ratio is no longer obtained. Earnings available for distribution to shareholders as a dividend consist of the year's income, less accumulated losses and the above reserve allowance, plus any retained earnings from previous years.

The Shareholders' Meeting to which the financial statements for the year are submitted may elect to pay out some or all of the dividend in either stock or cash.

Shareholders' Meetings

Notice of meeting and attendance

Ordinary Shareholders' Meetings are called in accordance with the law for the holders of fully paid-up stock, regardless of the number of shares they own on the date of the meeting. Each share entitles its holder to one vote. No provision exists which restricts the participation of shareholders at Shareholders' Meetings: to be of record, holders of registered shares must have had their shares registered on the Company's books for more than 5 days and, in the case of bearer shares, shareholders must produce a



General information concerning the Corporation

certificate stating that said shares are held in escrow by an authorized intermediary at least 5 days prior the date of the meeting. Shareholders may elect to be represented by another shareholder or by their spouse. Proxies, granted in accordance with applicable regulations, must be deposited at the Corporation's principal office no later than five days prior to the Meeting. Shareholders may elect to vote by mail using a ballot form which will be sent to them on request free of charge. Applications to the Corporation for mail ballot forms must be by certified letter, return receipt requested, no later than five days prior to the date of the shareholders' meeting. Mail ballot forms can be used by shareholders to vote on each resolution in the order in which they are submitted to the meeting. They include all information and attachments required by law. Forms must be returned to the Corporation's paying agent no later than three days prior to the meeting, barring which they will not be recorded. They shall also be disregarded unless they include the shareholder's last and first name, address and signature, or the signature of the shareholder's legal representative or guardian. The Board of Directors may refuse to allow shareholders or their proxies to vote by mail or attend shareholders' meetings if they fail to comply with the articles of incorporation, bylaws and regulations.

Double voting rights

Pursuant to Article 175 of the Act of July 24, 1966, the Shareholders' Meeting of October 26, 1993 resolved to grant double voting rights to all existing paid-up shares held in registered form by the same shareholder for two years or longer, as well as to all shares acquired further to the exercise of rights attached to such registered shares, based on the portion of equity which such shares represent.

Said two-year period runs from the date of registration of the shares, regardless of the date on which they were acquired.

In the event of a capital increase by the capitalization of reserves, income or premiums, registered shares distributed to shareholders as stock dividends are entitled to double voting rights from their issue date. In order to qualify for the above-mentioned double voting rights, shareholders must be French citizens and/or nationals of a European Union member country.

Shares converted into bearer form or which change hands lose their double voting rights, however, transfers of ownership by inheritance, liquidation of marital community of property or inter vivos gift to a spouse or a relative that can take by intestacy do not result in the loss of vested rights or toll the time periods specified in Article 175 of the Act of July 24, 1966.

Should the Corporation be merged into another corporation, the double voting rights will not be affected and can be exercised by the acquiring company, provided its articles of incorporation and bylaws so provide.

General information concerning the Corporation

INFOGRAMES

Reporting thresholds

Pursuant to resolution seventeen of the Shareholders' meeting of December 15, 1999, section 10 of the Corporation's articles of incorporation and bylaws provides that individuals or legal entities, acting alone or jointly with others, must report any increase or decrease in their shareholding that causes their equity interest or control of the Corporation to rise above or fall below 2 percent, or any multiple thereof. Reports must be sent to the Corporation's principal office by certified mail, return receipt requested, no later than fifteen days after the transaction concerned and must state the number of securities held with a present or future claim on equity and the number of attached voting rights. Mutual fund management companies must report this information for the aggregate number of the Corporation's shares held by the funds which they manage. Failure to comply with the foregoing obligations may, at the request of one or more shareholders owning five percent or more of the outstanding stock, which request shall be recorded in the minutes of the shareholders' meeting, result in the portion of shares in excess of the number that should have been reported to be barred from voting at said meeting and at any other meeting held within two years of the date on which they were properly reported.



General information concerning the Corporation's equity

INFOGRAMES

Changes in stock and rights

Changes in stock and the rights attached to outstanding shares are governed solely by the applicable laws, as the articles of incorporation and bylaws do not contain specific provisions on such changes.

Capital stock

Pursuant to the decision of the Annual Shareholders' Meeting of December 15, 1998, the Corporation's capital stock has been stated in euros since July 1, 2000 (resolution nine) and the articles of incorporation and bylaws no longer state the par value of shares (resolution ten). As of September 30, 2000, issued and paid-up stock amounted to € 48,318,298, divided into 79,236,814 shares of the same class.

Authorized capital

The Combined Shareholders' Meeting of December 15, 1999 authorized the Board of Directors, for a period of 26 months, to increase stated capital by up to € 25,000,000 in nominal value by issuing securities with a claim on equity, with or without shareholders' preemptive rights, and by capitalizing reserves, earnings or premiums, setting a maximum of € 1.5 billion on the value of such securities outstanding; this authority replaced and superseded the authority granted by the Special Shareholders' Meeting of December 15, 1998, and not heretofore used.

The same meeting also extended the authority granted to the Board of Directors to issue stock, up to the above maximums, as required in consideration of securities tendered in response to a public offer by the Company.

Pursuant to the foregoing authority, the Board of Directors decided at its meeting of March 28, 2000 to issue securities in the amount of € 348,719,163 in the form of bonds convertible or exchangeable for new or existing shares (OCEANE) (*obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*) with a face value of € 39 each. Said bonds were accordingly issued by the Corporation on May 18, 2000.

Furthermore, the aforementioned Combined Shareholders' Meeting of December 15, 1999 resolved to implement a five-for-one stock split, said split also applying to shares which holders of securities or rights are entitled to obtain by exchange, conversion or subscription. The effective date of the stock split was January 3, 2000.

Securities with a claim on equity

Stock options: Pursuant to authorizations granted by the Special Shareholders' Meetings listed in the table below, the Board of Directors has granted stock options to certain members of staff, as indicated.

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General information concerning the Corporation's equity

INFOGRAMES

Grant date	Authorized by the Shareholders' meeting of	Options granted	Shares for which options were outstanding on 9/30/2000	Option holders	Exercise price (euros)	expiration date
12/21/1994	5/18 /1994	370,900	28,525	69	2.13	12/21/2000
12/15/1995	5/18 /1994	174,975	105,600	30	3.86	12/15/2001
12/16/1996	5/18 /1994	562,500	360,000	22	2.97	12/16/2002
6/6/1997	5/18 /1994	62,500	25,000	1	4.48	6/6/2003
10/7/1997	5/18 /1994	285,000	285,000	3	4.44	10/7/2003
2/3/1998	12/15/1997	1,000,000	877,000	34	5.92	2/3/2004
10/16/1998	12/15/1997	300,000	298,965	16	8.20	10/16/2004
3/15/1999	12/15/1997	150,000	87,500	10	11.62	3/15/2005
10/1/1999	12/15/1997	1,900,000	1,763,750	227	14.2	10/1/2005

All figures below take into account the stock splits approved by the Shareholders' Meetings held on December 15, 1997 and December 15, 1999.

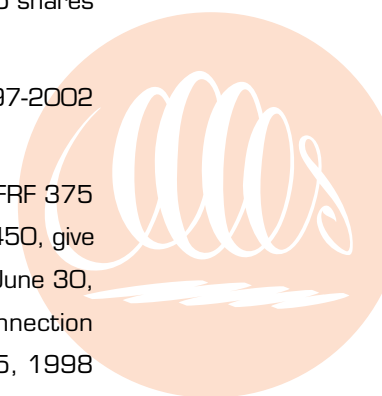
As of September 30, 2000, out of 4,805,875 options granted, 3,831,340 had not been exercised and remained outstanding, representing 4.8 percent of the Corporation's stock on that date.

2% convertible bonds 1997-2002. Pursuant to authority granted by the Special Shareholders' Meeting of June 6, 1997, the Corporation issued bonds on June 24, 1997 for FRF 399,999,570, divided into 437,158 convertible bonds with a face value of FRF 915 each, maturing in five years and seven days, bearing interest at 2 percent, each FRF 915 bond being convertible into one new INFOGRAMES ENTERTAINMENT share from January 1, 1999 through June 30, 2002. A prospectus was filed in connection with the bond issue and approved by the *Commission des Opérations de Bourse* on June 11, 1997 (visa number 97-307). The stock split decided on December 15, 1997 brought the original conversion ratio to 5 shares for 1 bond and the further stock split decided on December 15, 1999 increased that ratio to 25 shares for each bond.

On June 17, 2000, the Corporation used its authority to cause the early redemption of its 1997-2002 convertible bonds.

Shares with warrants. On July 15, 1998, the Corporation issued 1,831,812 shares priced at FRF 375 each, with a warrant attached (the tendering of two warrants, together with the payment of FRF 450, give their holder the right to subscribe for one new share, at any time between July 15, 1998 and June 30, 2001). The issue yielded gross proceeds of FRF 686.9 million. A prospectus was filed in connection with the warrants and was approved by the *Commission des Opérations de Bourse* on June 25, 1998 (visa number 98-559). Subsequent to the stock split of December 15, 1999, the parity was adjusted to 5 shares for every 2 warrants.

As of September 30, 2000, 1,590,732 warrants were still outstanding; if exercised, they would require the issuance of 3,976,830 shares, amounting to 5.02 percent of the Corporation's equity.



General information concerning the Corporation's equity

INFOGRAMES

Bonds convertible or exchangeable for new or existing shares (OCEANE) 1999-2004: On June 28, 1999, the Corporation issued convertible bonds, in the form of 2,500,000 "OCEANE" bonds with a face value of € 86 each, for a total of € 215 million, with a redemption premium of € 19.95 million. The bonds mature five years and three days from their issue date and bear interest at 1 percent. Their redemption date is July 1, 2004. A preliminary prospectus and a final prospectus were filed in connection with this issue and approved on June 15, 1999 and June 16, 1999, respectively, by the *Commission des Opérations de Bourse* (visas numbers 99-839 and 99-844). Subsequent to the stock split of December 15, 1999 each OCEANE bond is now convertible into 5 Company shares.

As of September 30, 2000, 1,361,723 OCEANE 1999-2004 bonds remained outstanding; their conversion or exchange could require the issuance of 6,808,615 shares, amounting to 8.6 percent of the Company's share capital.

Bonds convertible or exchangeable for new or existing shares (OCEANE) 2000-2005: On May 18, 2000, the Corporation issued convertible bonds, in the form of 8,941,517 "OCEANE" bonds with a face value of € 39 each, for a total of € 348,719,163 million, and a redemption premium of € 63.57 million. The bonds mature 5 years and 32 days from their issue date and carry interest at 1.5 percent. Their redemption date is July 1, 2005. A prospectus was filed in connection with this issue and approved on May 18, 2000 by the *Commission des Opérations de Bourse* (visa number 00-823).

As of September 30, 2000, no applications had been received to convert any of the 2000-2005 bonds and all 8,941,517 OCEANE 2000-2005 bonds remained outstanding; their conversion or exchange could require the issuance of 8,941,517 shares, amounting to 11.3 percent of the Company's equity.

No other securities exist which carry a claim on the Company's equity other than the aforementioned.

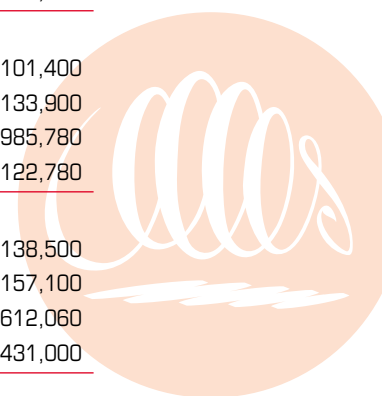
Change in equity

Date and nature of the transaction	Cumulative number of shares outstanding	Equity issue for cash or assets		Capitalization of reserves	Nominal value of stock (FRF)
		Nominal	Premium		
June 1996					
Equity issue for cash	1,657,367	6,905,675	214,075,925		41,404,050
Contribution of OCEAN shares ⁽¹⁾	2,061,907	101,130,625	408,185,905		51,547,675
Contribution of INFOGRAMES GmbH shares ⁽¹⁾	2,087,136	630,725	25,456,061		52,178,400
April 1997					
Exercise of options	2,087,637	12,525	150,300		52,190,925
October 7, 1997					
Exercise of options	2,088,659	25,550	346,583		52,216,475
December 15, 1997					
Capitalization of reserves and stock split ⁽²⁾	10,443,295			156,649,425	208,865,900

General information concerning the Corporation's equity

INFOGRAMES

Date and nature of the transaction	Cumulative number of shares outstanding	Equity issue for cash or assets		Capitalization of reserves	Nominal value of stock (FRF)
		Nominal	Premium		
June 23, 1998					
Exercise of options	10,449,411	122,320	419,736		208,988,220
Conversion of bonds	10,678,806	4,587,900	37,391,385		213,576,120
July 15, 1998					
Conversion of bonds	11,079,761	8,019,100	65,355,665		221,595,220
July 15, 1998					
Equity issue ⁽³⁾	12,911,573	36,636,240	650,293,260		258,231,460
October 5, 1998					
Conversion of bonds	12,946,663	701,800	12,456,950		258,933,260
March 15, 1999					
Conversion of bonds	12,997,093	1,008,600	8,220,090		259,941,860
Exercise of options	13,011,182	281,780	996,958		260,223,640
June 8, 1999					
Conversion of bonds	13,238,132	4,539,000	36,992,850		264,762,640
Exercise of options	13,238,504	7,440	24,260		264,770,080
October 1, 1999					
Conversion of bonds	13,634,069	7,911,300			272,681,380
Exercise of warrants	13,634,156	1,740			272,683,120
December 31, 1999					
Exercise of options	13,709,780	1,512,480	7,030,213		274,195,600
Conversion of bonds	13,954,325	4,890,900	18,294,305		279,086,500
Exercise of warrants	13,998,871	890,920	19,154,780		279,977,420
Conversion of OCEANE bonds	14,149,407	3,010,720	81,910,103		282,988,140
January 4, 2000					
Five-for-one stock split ⁽⁴⁾	70,747,035				282,988,140
February 29, 2000					
Exercise of options	70,775,350	113,260	284,848		283,101,400
Conversion of bonds	71,283,475	2,032,500	16,564,875		285,133,900
Exercise of warrants	71,496,445	851,880	18,315,420		285,985,780
Conversion of OCEANE bonds	73,530,695	8,137,000	221,376,451		294,122,780
March 24, 2000					
Exercise of options	73,534,625	15,720	83,788		294,138,500
Conversion of bonds	73,539,275	18,600	151,590		294,157,100
Exercise of warrants	73,653,015	454,960	9,781,640		294,612,060
Conversion of OCEANE bonds	74,107,750	1,818,940	49,486,356		296,431,000
June 30, 2000					
Conversion of bonds	74,701,400	2,374,600	19,352,990		298,805,600
Exercise of warrants	74,746,415	180,060	3,871,290		298,985,660
Conversion of OCEANE bonds	77,136,590	9,560,700	260,109,848		308,546,360
Issue for employees stock purchase plan (PEE)	77,176,590	160,000	5,475,983		308,706,360



General information concerning the Corporation's equity

INFOGRAMES

Date and nature of the transaction	Cumulative number of shares outstanding	Equity issue for cash or assets		Capitalization of reserves	Nominal value of stock (€)
		Nominal	Premium		
July 1, 2000					
Restatement of stated capital in euros					€ 47,061,981.20
July 28, 2000					
Conversion of convertible bonds	77,483,315	187,040	1,524,373.55		€ 47,249,020.90
Exercise of warrants	77,483,570	155	3,343.21		€ 47,249,176.39
Equity issue ⁽⁵⁾	78,180,489	400,587	17,011,708.38		€ 47,649,763.02
September 30, 2000					
Conversion of bonds	79,169,714	627,617	5,115,081.48		€ 48,277,380.38
Exercise of warrants	79,177,269	4,607	99,050.70		€ 48,281,987.39
Conversion of OCEANE bonds	79,236,814	36,310	987,863.69		€ 48,318,297.69

(1) A prospectus was filed with the Commission des Opérations de Bourse and approved on May 20, 1996 (visa No. 96-178) along with registration form E, approved on May 31, 1996 (visa E 96-170).

(2) The Shareholders' Meeting of December 15, 1997 resolved to increase the par value of shares to FRF 100 from FRF 25 through the capitalization of reserves, and to then replace each existing share with five new shares (see SBF notice 97-4170 of December 17, 1997). The Shareholders' Meeting of December 15, 1998 subsequently resolved to delete any mention of the par value of shares from the articles of incorporation and bylaws.

(3) Issue of stock with share warrants. A prospectus was filed in connection with the issue and approved by the Commission des Opérations de Bourse on June 25, 1998 (visa No. 98-559).

(4) The Shareholders' Meeting of December 16, 1999 resolved to replace each existing share with five new shares.

(5) Issue of 656,919 new shares in consideration of the contribution of PARADIGM ENTERTAINMENT Inc. stock to the Corporation (Combined Shareholders' Meeting of July 28, 2000).

Ownership of stock and voting rights

As of September 30, 2000, 104,178,512 voting rights were attached to INFOGRAMES ENTERTAINMENT shares. Ownership of the stock and voting rights was as follows:

	Number of shares	Percentage	Number of voting rights	Percentage
INTERACTIVE PARTNERS and FLAMATIS	17,384,232	21.94%	34,768,464	33.37%
Founders	17,045	0.02%	34,090	0.03%
AZÉO (formerly FINANCIÈRE et INDUSTRIELLE GAZ et EAUX, part of the LAZARD group companies)	4,727,855	5.97%	9,455,710	9.08%
GREY PHANTOM	547,410	0.69%	1,094,820	1.05%
DASSAULT MULTIMEDIA	1,895,500	2.39%	3,791,000	3.64%
Public	54,664,772	68.99%	55,034,428	52.83%
Total	79,236,814	100.00%	104,178,512	100.00%

On January 13, 2000, AMVESCAP PLC reported that it had increased its interest to more than 5 percent of equity and owned 3,624,331 INFOGRAMES ENTERTAINMENT shares (5.31 percent of equity and 3.93 percent of voting rights outstanding on that date).

General information concerning the Corporation's equity

INFOGRAMES

The principal shareholder INTERACTIVE PARTNERS (formerly known as INFOGRAMES PARTICIPATIONS), together with Flamatis and the founding shareholders control 33.4 percent of the INFOGRAMES ENTERTAINMENT voting rights, through their direct and indirect ownership of 21.96 percent of the equity and a shareholders' agreement among the founding shareholders as described below.

The founders of INFOGRAMES ENTERTAINMENT (Bruno BONNELL, Christophe SAPET, Benoît REGNAULT DE MAULMIN, Thomas SCHMIDER and Eric MOTTET) control INTERACTIVE PARTNERS through their ownership of 93.4 percent of its equity. Another 5.6 percent is held by GREY PHANTOM Ltd., a holding company controlled by David WARD, the former chairman of OCEAN (when GREY PHANTOM sold its shares of OCEAN to INFOGRAMES ENTERTAINMENT it received INFOGRAMES ENTERTAINMENT stock in return and agreed to transfer it to INTERACTIVE PARTNERS, as stated in the registration statement approved by the *Commission des Opérations de Bourse* on May 20, 1996 [visa No. 96-178]).

To the best of the Corporation's knowledge, no shareholder other than the above owns more than 5 percent of the equity or voting rights.

The Corporation does not own any of its own stock.

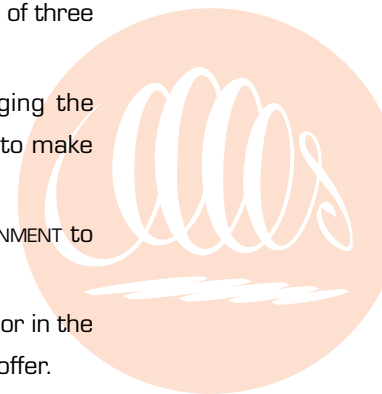
Shareholders' Agreements

On September 25, 1995, the founding shareholders transferred the INFOGRAMES ENTERTAINMENT stock they held to INFOGRAMES Participations, a holding company formed by them in December 1994 that has since changed its name to INTERACTIVE PARTNERS.

As a consequence of this transfer, the former shareholders' agreement of May 18, 1994 among the founders (*Cote Officielle* notice No. 94-1593 of May 30, 1994) was superseded by a new shareholders' agreement dated November 20, 1995 among the founding shareholders and INFOGRAMES Participations (*Cote Officielle* notice No. 95-3517 of December 12, 1995); under French law, the new agreement constitutes a "concert" among the signatories.

The agreement is for a term of five years, automatically extended thereafter by successive periods of three years, and its main provisions consist of:

- An undertaking by the parties to hold prior consultations for the purpose of encouraging the development of INFOGRAMES ENTERTAINMENT and of exercising their control of the corporation to make such decisions as they have agreed upon.
- An undertaking by the parties to maintain a sufficient equity interest in INFOGRAMES ENTERTAINMENT to keep joint control of the Corporation.
- Recognition by each party of the other parties' preemptive rights to shares held by them now or in the future which are offered for sale. This preemptive right also applies in the event of a tender offer.
- A tag-along right in the event that the parties which are members of the Board of Directors should decide to jointly dispose of all of their direct or indirect interest in the Corporation or of a portion thereof such that the parties as a whole no longer jointly control the capital or voting rights of INFOGRAMES ENTERTAINMENT.



General information concerning the Corporation's equity

INFOGRAMES

Members of management and of the Board of Directors together hold, either directly or indirectly (including INTERACTIVE PARTNERS and GREY PHANTOM) 22.7 percent of the Corporation's outstanding shares and 34.5 percent of voting rights.

It is expressly noted that Flamatis has been wholly owned by INTERACTIVE PARTNERS since July 10, 1998. As of September 30, 2000, Flamatis held 1,520,460 INFOGRAMES ENTERTAINMENT shares, amounting to 1.92 percent of equity, and 3,040,920 voting rights, representing 2.92 percent of total voting rights.

Changes in principal shareholders over the past three fiscal years

In addition to the transactions referred to above, the main changes in stock ownership have been the acquisition by INTERACTIVE PARTNERS in fiscal year 1997/1998 of the interest in INFOGRAMES ENTERTAINMENT formerly held by PM Developpement and CLT and the disposal by Paribas of its entire holding in fiscal year 1998/1999.

Stock ownership, as measured at the Company's special shareholders' meetings, has changed as follows in terms of percentage of stock held and voting rights:

	At the Shareholders' meeting for fiscal year 1996/1997		At the Shareholders' meeting for fiscal year 1997/1998		At the Shareholders' meeting for fiscal year 1998/1999	
	Stock	Voting rights	Stock	Voting rights	Stock	Voting rights
Founders ⁽¹⁾	35.67	49.97	29.64	42.41	27.20	39.5
CLT	3.27	3.79	-	-	-	-
GAZ & EAUX (now Azéo)	8.52	6.05	7.30	6.96	6.94	6.75
DASSAULT MULTIMEDIA	4.13	4.76	4.51	4.96	4.30	4.82
GREY PHANTOM	4.25	3.02	1.11	1.66	1.05	1.62
PARIBAS	4.05	2.87	1.48	1.12	-	-
Public ⁽²⁾	40.11	29.54	55.96	42.89	60.59	47.31
Shares and voting rights outstanding ⁽³⁾	52,216,475	14,703,920	64,733,315	17,188,945	68,108,045	17,708,803

(1) Including, from September 1995, INTERACTIVE PARTNERS (formerly INFOGRAMES PARTICIPATIONS) a company formed further to a transfer of shares by the founders and no longer entitled to double voting rights subsequent to said transfer; and the purchase of shares from CHARGEURS further to the preemptive right granted on June 29, 1993 (see the prospectus approved by the COB on May 19, 1994 (visa number 94-265) containing the registration statement for the initial public offering).

(2) Including employees and, in 1996, CHARGEURS by virtue of stock received in consideration of the transfer of OCEAN shares, specifically excluded from the shareholders' agreement (action de concert) among the founders, including with regard to its preemption clause (see prospectus approved by the COB on May 20, 1996 under visa number 96-178).

(3) Adjusted to reflect the increase in the par value and the stock split subsequent to the Shareholders' Meeting called to approve the financial statements for fiscal 1997 and the five-for-one stock split of December 15, 1999.

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General information concerning the Corporation's equity

INFOGRAMES

Authorization granted to the company to purchase its own shares

The Combined Shareholders' Meeting of July 28, 2000 granted authority to the Board of Directors, along with the right to delegate said authority, to buy back up to 10 percent of the Corporation's own shares outstanding at the time such authority is exercised.

The aim of this stock repurchase program is to ensure an orderly market for the Company's shares, to hold such shares and, as the case may be, assign or dispose of them, by any means whatsoever including through exchanges or transfers of stock, in particular in conjunction with acquisitions; transfers of stock upon the exercise of rights attached to securities to receive stock by way of redemption, conversion, exchange, tender of a warrant or in any other manner; or to reduce the Corporation's stock by means of retiring all or a portion of such shares.

The shares concerned may be purchased, assigned or otherwise transferred by any public or private transactions- including block trades - and, if applicable, through the use of derivative financial instruments, under the conditions allowed by exchange authorities and at any time the Board of Directors may decide.

The maximum purchase price has been set at € 75 per share and the minimum selling price at € 17, subject to adjustments required by capital transactions. In the case of stock purchases by means of block trades, the purchase price may not be higher than the stock-market trading price of shares on the date of the transaction.

A prospectus was filed in connection with the stock buy-back program and approved by the Commission des Opérations de Bourse on July 5, 2000 (visa No. 00-1227). The authorization is for 18 months and it supersedes that granted by resolution seven of the Special Shareholders' Meeting of December 15, 1998.

As of September 30, 2000, INFOGRAMES ENTERTAINMENT did not own any of its own stock.



Stock market information

INFOGRAMES

INFOGRAMES ENTERTAINMENT shares are traded on the First Market of the Paris Bourse and qualify for the deferred settlement system (SRD). They are part of the SBF 120 and IT CAC 50 indexes.

Stock (adjusted for stock splits)

	Monthly highs and lows		Volume	Value of shares traded
	High (euros)	Low (euros)		(€ millions)
1999				
January	11.90	11.10	2,661,725	30.61
February	12.90	11.34	3,416,725	41.41
March	12.88	11.30	3,278,645	39.64
April	14.86	12.28	3,482,010	45.51
May	14.60	13.08	1,472,410	20.38
June	14.00	12.50	3,308,045	43.83
July	13.40	12.40	2,555,960	32.97
August	14.16	12.05	1,666,525	21.84
September	15.58	13.90	3,402,855	50.16
October	17.92	15.30	3,743,410	62.18
November	28.60	17.26	8,061,045	184.84
December	32.80	26.44	4,682,440	138.78
2000				
January	37.00	30.42	10,877,140	366.67
February	58.00	32.77	11,713,505	531.62
March	56.75	39.06	6,493,176	311.06
April	46.20	30.50	9,891,000	364.20
May	35.99	26.30	11,220,000	354.30
June	33.80	24.35	7,725,000	222.00
July	28.85	23.20	5,611,000	146.10
August	33.50	24.12	6,804,000	199.70
September	34.80	26.00	5,990,000	189.20
October	27.50	18.30	11,469,494	256.22

Source: Reuters

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Stock market information

INFOGRAMES

Warrants

	Monthly highs and lows		Volume	Value of warrants traded
	High (euros)	Low (euros)		(€ millions)
1999				
January	7.40	6.00	99,196	0.67
February	7.00	6.05	44,409	0.29
March	6.78	6.00	43,545	0.28
April	7.80	6.49	100,816	0.72
May	7.80	6.88	102,719	0.75
June	7.15	6.70	71,418	0.49
July	7.00	6.50	75,798	0.51
August	7.26	6.40	46,695	0.32
September	8.10	7.17	119,057	0.91
October	11.00	8.35	181,132	1.75
November	33.00	10.90	292,481	6.42
December	46.30	29.00	174,193	6.56
2000				
January	57.80	40.00	93,594	4.58
February	102.00	49.20	134,677	10.18
March	105.00	70.00	53,052	4.64
April	76.15	45.30	36,249	60.00
May	54.20	33.70	45,150	44.24
June	48.80	28.60	20,904	39.75
July	37.90	27.30	62,690	32.22
August	46.25	26.00	31,436	34.80
September	52.00	34.80	74,604	43.10
October	34.00	16.10	73,182	23.65

Source: Reuters



Stock market information

INFOGRAMES

OCEANE 1999/2004 bonds

	Monthly highs and lows		Volume	Value of bonds traded (€ millions)
	High (euros)	Low (euros)		
1999				
June	87.00	84.00	59,139	5.06
July	86.00	83.10	13,457	1.14
August	86.00	82.00	11,779	0.99
September	94.80	83.00	102,072	9.07
October	96.00	91.00	112,455	10.51
November	139.00	90.00	191,825	21.96
December	180.00	117.00	45,764	6.80
2000				
January	190.00	144.00	63,101	10.54
February	280.00	162.20	42,728	9.45
March	285.00	197.75	17,520	4.23
April	216.00	155.00	12,269	195.76
May	180.00	135.00	11,827	162.98
June	166.00	128.60	14,230	145.17
July	153.00	117.00	2,101	131.33
August	169.00	125.00	2,246	141.56
September	174.00	128.60	8,012	166.52
October	148.00	92.65	56,788	112.65

Source: Reuters

OCEANE 2000/2005 bonds

	Monthly highs and lows		Volume	Value of bonds traded (€ millions)
	High (euros)	Low (euros)		
2000				
May	39.50	38.00	48,151	38.91
June	42.00	36.50	66,067	39.85
July	39.09	35.50	54,902	38.02
August	41.50	36.00	77,268	40.46
September	42.35	38.50	73,286	41.32
October	39.50	34.20	198,000	37.31

Source: Reuters

Dividends

The Company has not paid any dividends for the past five fiscal years and does not anticipate that it will propose to distribute a dividend for fiscal year 1999/2000.

Information concerning corporate officers and directors

INFOGRAMES

Information concerning Directors

Bruno BONNELL

Chairman and Chief Executive Officer since May 24, 1987

Other positions held: Chairman of the Board of Directors and Chief Executive Officer of INFOGRAMES, Inc. (formerly GT INTERACTIVE SOFTWARE Corp.)
Chairman of the Board of INTERACTIVE PARTNERS and FLAMATIS (a wholly-owned subsidiary of INTERACTIVE PARTNERS)
Director of INFOSOURCES (formerly Infonie), S.C.P.S. et S.A.O.S. O.L.

Thomas SCHMIDER

Chief Operating Officer since June 20, 1990

Other positions held: Chairman of the Board of INFOGRAMES EUROPE (formerly INFOGRAMES MULTIMEDIA) and INFOGRAMES France
Chief Executive Officer and/or Director of INFOGRAMES ENTERTAINMENT, INFOGRAMES Inc., INTERACTIVE PARTNERS, FLAMATIS, INFOSOURCES, EXODIA and S.A.O.S. A.S.S.E.

Christophe SAPET

Chief Financial Officer since May 24, 1987

Other positions held: Chairman of the Board of INFOSOURCES and IxO
Chief Executive Officer and/or Director of INFOGRAMES EUROPE, INTERACTIVE PARTNERS and FLAMATIS

AzéO (ex FINANCIÈRE et INDUSTRIELLE Gaz et EAUX)

Director since December 15, 1995

Stock held: 4,727,855 shares, amounting to 5.97 percent of equity
Represented by Patrick SAYER, adviser to the Chairman (United States)

DASSAULT MULTIMÉDIA

Director since June 30, 1995

Stock held: 1,895,500 shares, amounting to 2.39 percent of equity
Represented by Thierry DASSAULT, Chief Executive Officer

JEAN-CLAUDE LARUE

Director since December 15, 1999

Chief Executive Officer of INFOGRAMES EUROPE

BENOÎT REGNAULT DE MAULMIN

Director since June 17, 1996

Other positions held: Chairman of INSKOR ENTERTAINMENT Ltd.
Director of INTERACTIVE PARTNERS



Information concerning corporate officers and directors

INFOGRAMES

PIERRE SISSMANN

Director since December 15, 1999

Other positions held: Chairman of the Board of Directors of OMNI TICKET NETWORK Corp.
Chief Executive Officer of CYBER CAPITAL SA
Vice-Chairman of the Board of DISNEY CHANNEL FRANCE
Director of EURODISNEY SA AND WALT DISNEY COMPANY FRANCE

DAVID WARD

Director since June 17, 1996

Other positions held: Managing Director and member of the Board of Directors of INFOGRAMES UK (formerly OCEAN)
Member of the Board of Directors of GREY PHANTOM

Management

General Management

Bruno BONNELL	Chairman
Christophe SAPET	Managing Director
Thomas SCHMIDER	Managing Director

Executive Committee

Bruno BONNELL	Chairman and Chief Executive Officer
Thomas SCHMIDER	Managing Director
Jean-Claude LARUE	Chief Operating Officer, Europe
Olivier CARTON	Executive Vice President, Chief Financial Officer
Christelle GESLER	Vice President, Communications
Denis GUYENNOT	Chief Operating Officer, United States
Isabelle KORFAN LOY	Vice President, Human Resources
Yves LEGRIS	Chief Operating Officer, United States
James NORTH HEARN	Deputy Managing Director, Publishing and Development
Franck SIMON	Executive Vice President, Chief Information Officer

Compensation paid to Directors and Executives

Compensation

Compensation paid to officers of the Corporation for fiscal year 1999/2000 amounted to € 1 million (€ 0.6 million in fiscal 1999).

No directors' fees have been paid to the members of the Board of Directors over the past two fiscal years.

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Information concerning corporate officers and directors

INFOGRAMES

Stock options

A total of 575,000 stock options have been granted to members of the Board of (500,000 under the February 1998 plan and 75,000 under the October 1999 plan). As of September 30, 2000, none of these options had been exercised.

A total of 620,675 stock options have been granted to members of the Executive Committee, as shown in the schedule below:

	Options granted	Options outstanding as of September 30, 2000
December 1994 plan	12,950	-
December 1995 plan	6,475	6,475
December 1996 plan	56,250	56,250
October 1997 plan	111,250	111,250
February 1998 plan	21,250	21,250
October 1998 plan	150,000	150,000
March 1999 plan	25,000	25,000
October 1999 plan	237,500	237,500
Total	620,675	607,725

Loans extended and guarantees provided

During the past fiscal year, no loans were extended or guarantees provided to members of the Board of Directors or to corporate officers.



Information concerning employees

INFOGRAMES

Employee profit-sharing plan

An agreement on a mandatory employee profit-sharing plan was signed on December 15, 1999. The plan exclusively concerns the Group's French entities. Sums set aside for employees are calculated in accordance with the legal profit-sharing formula and distributed to employees on the payroll of the Group's French entities.

The profit-sharing agreement provides that employees may invest proceeds in the Group Employee Savings Plan (see below).

A total of € 0.4 million was distributed under the employee profit-sharing plan in fiscal 1999. Employees are not entitled to a share of profits (*participation*) for fiscal 2000.

There is no optional profit-sharing plan (*intéressement du personnel*).

Employee Savings Plan

A corporate Employee Savings Plan (*Plan d'Epargne Entreprise*) was set up for the Group's French entities on December 15, 1999. Employees may invest in their proceeds from the group's profit-sharing plan and voluntary deposits.

In the event of voluntary deposits of additional sums, the employer matches the first FRF 3,250 paid into the Plan by each employee. At the employee's discretion, amounts paid into the Savings Plan may be invested either in a money market fund or in the INFOGRAMES Corporate Investment fund (FCPE), which invests its assets in INFOGRAMES corporate securities (stocks, bonds, share warrants, etc.) and money market funds.

As of August 31, 2000, the following amounts had been invested in the Plan:

(€ thousands)	INFOGRAMES Investment Trust	Money-market fund	Total
Profit sharing	188	235	423
Voluntary deposits	726	–	631
Employer's contributions	95	–	95
Total	914	235	1,149

Stock option plan

Stock option plans and their features are described in the section "Information concerning the corporation's capital".

Resolutions before the Shareholders' Meeting

INFOGRAMES

Resolutions before the Annual Shareholders' Meeting

Resolution One

Approval of the financial statements for the year ended June 30, 2000 and discharge of directors for their management.

The Shareholders, subject to the quorum and majority voting rules applicable to annual shareholders' meetings, having reviewed the Board of Directors' report on the Corporation's business and financial position for the year ended June 30, 2000, and the Auditors' reports, hereby approve the financial statements for the year ended June 30, 2000, as presented, the transactions reflected in the financial statements and summarized in the reports, as well as the non-deductible fees and expenses governed by section 39-4 of the General Tax Code (*Code Général des Impôts*) in the amount of 3,991 euros, and the corresponding tax.

The Shareholders take note of the fact that they have received the consolidated financial statements for the year ended June 30, 2000, the Board of Directors' management report on the Group and the Auditors' reports on the consolidated financial statements.

Accordingly, the Directors and the Auditors are hereby discharged for their management during the fiscal year ended.

Resolution Two

Appropriation of earnings for the year ended June 30, 2000

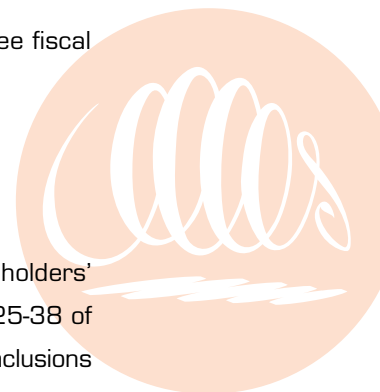
The Shareholders, subject to the quorum and majority voting rules applicable to annual shareholders' meetings, after duly noting that a loss of 26,797,389.04 euros was reported for the year ended June 30, 2000, upon motion by the Board of Directors hereby resolve to allocate said loss to the "Other reserves" account, which will show a negative balance of 23,480,294.82 euros as a result.

The Shareholders take note of the fact that no dividend has been distributed for the past three fiscal years.

Resolution Three

Regulated agreements (conventions réglementées)

The Shareholders, subject to the quorum and majority voting rules applicable to annual shareholders' meetings, having reviewed the Auditors' special report on agreements governed by section L225-38 of the Commercial Code (formerly article 101 of the Act of July 24, 1966), hereby approve the conclusions of said report and the agreements referred to therein.



Resolutions before the Shareholders' Meeting

INFOGRAMES

Resolution Four

Director's fees

The Shareholders resolve to authorize the Board of Directors to allocate, in its discretion, up to an aggregate sum of € 95,000 (ninety-five thousand euros) as directors' fees to its members for the year ended June 30, 2000. This resolution shall remain in force for subsequent periods in the absence of a decision by the Shareholders to the contrary.

Resolution Five

Resignation of a Director

The Shareholders, having reviewed the Board of Directors' report, take note of the resignation of Eric MOTTET from membership on the Board of Directors, effective May 29, 2000, and resolve not to elect a replacement.

Resolution Six

Authority granted to the Board of Directors to issue bonds or other corporate debt securities

The Shareholders, subject to the quorum and majority voting rules applicable to annual shareholders' meetings, having reviewed the Board of Directors' report and pursuant to the provisions of sections L228-38 *et seq.* of the Commercial Code (formerly articles 284 *et seq.* of the Act of July 24, 1966), authorize the Board of Directors to issue, in one or more transactions and at its discretion, in France, a foreign country or on the international market, bonds or equivalent securities, including subordinated debt securities, either redeemable or perpetual, with a fixed and/or floating rate of interest, or discounted, denominated in French Francs, euros or any other currency or basket of currencies, if applicable with attached warrants for other bonds or like securities, for up to € 1,500,000,000 (one billion five hundred million euros) or the equivalent thereof in said currencies or basket of currencies, with the proviso that said maximum face value applies to the aggregate of all bonds and other debt securities issued immediately or in response to the exercise of warrants, but that said amount does not include the redemption premium, if any.

The authority hereby granted is for a period of five years from the date of this Meeting.

Full authority is hereby granted to the Board of Directors, which may further delegate said authority to its Chairman in accordance with the law, for the purpose of carrying out these issues within the above limits and to decide their features and terms, including:

- deciding the issue date or dates;
- deciding the issue currency and the face value of each issue;

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Resolutions before the Shareholders' Meeting

INFOGRAMES

- deciding the characteristics of the bonds and/or other debt securities to be issued, including:
 - their face value and the date from which they earn interest;
 - their issue price and premium, if any;
 - their fixed and/or floating interest rate, or discount rate, and the coupon payment date and, in the case of floating-rate bonds or securities, the procedure for setting their interest rate;
- deciding whether the new bonds or other debt securities are to be subordinated, fixed-maturity or perpetual, with the possibility of subordinating either the principal or the interest or both;
- deciding, based on market conditions, how the bonds shall be redeemed and/or called, if applicable, with a fixed or variable premium, including their buy-back by the Corporation;
- where applicable, guaranteeing or granting a security interest in the securities to be issued and deciding the nature and attributes thereof, as well as assembling the body of bondholders;
- in general, entering into any agreements or contracts with banks and other entities, taking all measures and completing all formalities pertaining to the issue, listing the servicing of the bonds and/or debt securities concerned, and generally performing all necessary tasks.

Resolution Seven

Appointment of a replacement for the resigning alternate Auditor

Further to the resignation of Martine Truc for personal reasons, the Shareholders hereby appoint Thibault CHALVIN, of 170 Boulevard de Stalingrad, 69009 Lyon, to the position of alternate auditor, for a six-year term expiring at the end of the Shareholders' Meeting called to approve the financial statements for the year ended June 30, 2006.



Resolutions before the Shareholders' Meeting

INFOGRAMES

Resolutions before the Special Shareholders' Meeting

Resolution Eight

Amendment of Article 2 of the articles of incorporation and bylaws

The Shareholders, subject to the quorum and majority voting rules applicable to special shareholders' meetings, having reviewed the Board of Directors' report, resolve to amend article 2 of the articles of incorporation and bylaws, "Corporate purpose" by replacing the current language with the following new language:

Article 2: Corporate purpose

The corporate purpose of INFOGRAMES ENTERTAINMENT in France or abroad, directly or indirectly, is:

- the design, production, publishing and distribution of all multimedia and audiovisual products and works, including those in the nature of entertainment, in any form including software, data processing and content - either interactive or otherwise – for all media and by means of all present and future means of communication;
- the purchase, sale, supply and more generally distribution of all products and services related to the foregoing;
- the creation, acquisition, use and management of intellectual and industrial property rights or other *in rem* or *in personam* rights, including by means of assignment, licensing, patents, trademarks and other copyrights;
- the acquisition of interests in other firms, through joint ventures or by any other means, including the formation of new entities and the issuance, subscription or transfer of securities in any business directly or indirectly related to the foregoing or to the products and ideas developed by the Corporation;
- and, more generally, any transactions with a purpose similar or related to the foregoing, or otherwise likely to benefit the Corporation.

The Shareholders hereby grant full authority to the Chairman of the Board, who may further delegate such authority, for the purpose of amending the articles of incorporation and bylaws accordingly.

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Resolutions before the Shareholders' Meeting

INFOGRAMES

Resolution Nine

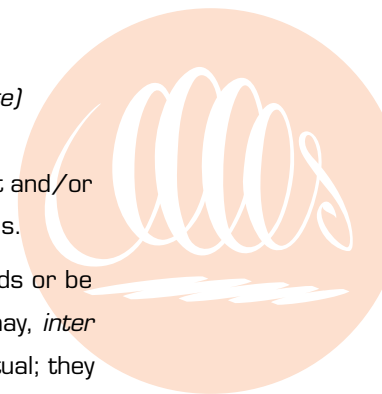
Authority granted to the Board of Directors to issue stock and securities with a claim on the Corporation's equity, without prejudice to shareholders' preferential subscription rights.

The Shareholders, subject to the quorum and majority voting rules applicable to extraordinary shareholders' meetings, having reviewed the Board of Directors' report and pursuant to the provisions of section L225-129-III, paragraph 3, of the Commercial Code (formerly article 180-III of the Act of July 24, 1966) hereby terminate, effective immediately, the unused portion of the authority granted by resolution twelve of the Special Shareholders' Meeting of December 15, 1999, and grant authority to the Board of Directors, for a period of 26 months from this meeting, to issue corporate stock or securities - including share warrants issued separately, either free of charge or for valuable consideration - with a present or future claim on shares of the Corporation, without prejudice to shareholders' preemptive rights. Said stock and securities may be sold for cash or used to offset liabilities.

Present or future equity issues under the authority hereby granted shall not have the effect, in the aggregate, to increase the share capital by more than € 25,000,000 (twenty-five million euros) in nominal value, with the further proviso that

- within the above limit
 - issues of bonds with warrants shall not cause the nominal value of stock outstanding to increase by more than € 25,000,000 (twenty-five million euros);
 - the aggregate nominal value of stock required to be issued in consideration of the exercise of warrants issued separately shall not exceed € 25,000,000 (twenty-five million euros);
- the aforementioned limits are set without taking into account the effect on increases in equity of any adjustments required by law subsequent to the issue of securities with a claim on shares of the Corporation under the authority hereby granted, including separately issued subscription warrants; and
- the authorization expressly excludes
 - the issuance of voting preferred stock (*actions de priorité avec droit de vote*)
 - the issuance of non-voting preferred stock (*actions à dividende prioritaire sans droit de vote*)
 - the issuance of investment certificates, either preferred or not
 - the issuance of securities, including separately issued subscription warrants, with a present and/or future claim on voting preferred stock, non-voting preferred stock or investment certificates.

Securities with a claim on shares of the Corporation issued in this manner may consist of bonds or be attached to bond issues or serve as interim securities leading to the issuance of bonds. They may, *inter alia*, be either subordinated or non-subordinated securities and have a maturity date or be perpetual; they may be issued in euros, French Francs, foreign currencies or in currency units composed of a basket of currencies.



Resolutions before the Shareholders' Meeting

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The face value of debt securities thus issued shall not exceed € 1,500,000,000 (one billion five hundred million euros) or the equivalent thereof at the time the issue is decided, with the further proviso that this is a common limit for all debt securities which this Shareholders' Meeting authorizes the Board of Directors to issue, but that it is not affected by the value of debt securities without a claim on shares of the Corporation, issued further to Resolution Six also before this Meeting. Debt securities shall mature no more than 50 years from their issue date, or 20 years in the case of bonds or securities convertible, redeemable or otherwise transformable into stock. They may bear interest at fixed and/or floating rates or may be discounted, and shall be called, with or without a premium, or redeemed; the securities may be bought back on the market or be the subject of a cash or exchange offer by the Corporation.

The Board of Directors may grant shareholders a preferential subscription right ratably to subscribe for any excess shares or securities subject to the number stated in their application. In the event that the exercise of preferential subscription rights to subscribe for a minimum number of securities and for excess securities should fail to account for the entire issue, the Board shall be authorized, in its own discretion, either to reduce the number of securities issued, in accordance with the law, to the number for which applications have been received, provided that such applications are for at least three-fourths of the intended issue, or to freely allocate or offer to the public some or all of the shares or securities not purchased.

The Board of Directors shall set the characteristics, amount and terms of all issues of securities. In particular, it shall decide the class of shares to be issued and set their price, taking into account the information contained in its report, and the amount of the premium, if any, as well as their dividend date, which may be retroactive and, if applicable, the exercise period and price of warrants and the manner in which securities may entitle their holders to shares, with the further proviso that

- the issue price of shares shall be no less than 80 percent of the average of the opening price of the Corporation's shares on the First Market of the Paris Bourse or any other exchange which may replace it, for ten trading days selected from among the twenty trading days immediately preceding the start of the issue period, after adjustment of said average, if necessary, to take into account differences in dividend dates;
- the issue price of securities other than shares of stock, including warrants issued separately for valuable consideration, shall be such that the sum of the immediate corporate proceeds and any subsequent proceeds, for each share which said securities shall cause the Corporation to issue, is not less than 80 percent of the foregoing adjusted average;
- the conversion, redemption or, in general, transformation of bonds convertible, redeemable or otherwise transformable into stock shall be based on the value of said bonds and for a number of shares such that the Corporation shall receive for each share no less than 80 percent of the above adjusted average.

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Resolutions before the Shareholders' Meeting

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The Shareholders hereby resolve, in accordance with the law, to grant full authority to the Board of Directors, which may further delegate said authority to its Chairman, for the purpose of implementing this Resolution and issue, in one or more transactions, in such amount and at such time it sees fit, in France and/or, if applicable, another country and/or on the international financial markets, the aforementioned securities resulting in an increase in equity - as well as, if applicable, to delay same – record completion thereof and amend the articles of incorporation and bylaws accordingly.

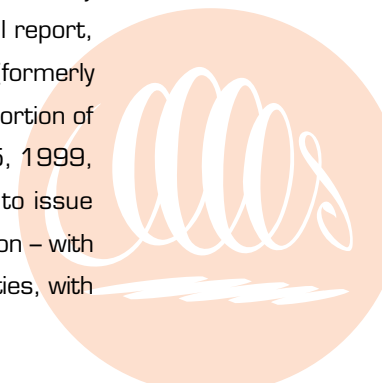
The Shareholders hereby specify that the Board of Directors

- shall decide, in accordance with the law, how the right of holders of securities (including warrants) so issued to obtain stock may be adjusted and shall be entitled to suspend, if necessary, the exercise of rights attached to such securities and warrants for up to three months;
- shall take all steps and arrange for the completion of all formalities required to have the rights, shares, securities and warrants thus issued traded on an official financial market;
- may set the terms on which separately-issued warrants may be distributed free of charge and exercised, as well as those under which securities and/or subscription or share warrants may be repurchased on the market or subject to a cash or exchange offer, or how securities and warrants may be redeemed;
- may charge expenses resulting from the issuance of stock and securities to the corresponding premiums and deduct from such premiums the sums needed to bring the legal reserve up to one-tenth of the equity increases resulting from such issues.

Resolution Ten

Authority granted to the Board of Directors to issue stock and securities with a claim on the Corporation's equity, with a waiver of shareholders' preferential subscription rights.

The Shareholders, subject to the quorum and majority voting rules applicable to extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, and pursuant to the provisions of section L225-129-III, paragraph 3, of the Commercial Code (formerly article 180-III of the Act of July 24, 1966), hereby terminate, effective immediately, the unused portion of the authority granted by resolution thirteen of the Special Shareholders' Meeting of December 15, 1999, and grant authority to the Board of Directors, for a period of 26 months from this meeting, to issue corporate stock or securities - including share warrants issued separately for valuable consideration – with a present or future claim on shares of the Corporation, to be sold for cash or used to offset liabilities, with a waiver of shareholders' preferential subscription rights.



Resolutions before the Shareholders' Meeting

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Present or future equity issues under the authority hereby granted shall be included under the limit of € 25,000,000 (twenty-five million euros) in nominal value set by the preceding resolution, with the further proviso that

- within the above limit
 - issues of bonds with warrants shall not cause the nominal value of stock outstanding to increase by more than € 25,000,000 (twenty-five million euros), regardless of whether said bonds are issued by the Corporation itself or by an entity in which it holds, either directly or indirectly, an equity interest of more than 50 percent;
 - the aggregate nominal value of stock required to be issued in consideration of the exercise of warrants issued separately shall not exceed € 25,000,000 (twenty-five million euros);
- the aforementioned limits
 - include, respectively, the increase in the nominal value of shares outstanding resulting from issues authorized by Resolution Nine;
 - are set without taking into account the effect on increases in equity of any adjustments required by law subsequent to the issue of securities - including separately issued subscription warrants - with a claim on shares issued by the Corporation pursuant to the authority hereby granted;
- and that the authorization expressly excludes
 - the issuance of voting preferred stock (*actions de priorité avec droit de vote*)
 - the issuance of non-voting preferred stock (*actions à dividende prioritaire sans droit de vote*)
 - the issuance of investment certificates, either preferred or not
 - the issuance of securities, including separately issued subscription warrants, with a present and/or future claim on voting preferred stock, non-voting preferred stock or investment certificates.

Securities thus issued, with a claim on shares of the Corporation, may consist of bonds or be attached to bond issues or serve as interim securities leading to the issuance of bonds. They may, *inter alia*, be either subordinated or non-subordinated securities and have a maturity date or be perpetual; they may be issued in euros, French francs, foreign currencies or in currency units composed of several currencies. The face value of debt securities thus issued shall not exceed € 1,500,000,000 (one billion five hundred million euros) or the equivalent thereof at the time the issue is decided, with the further proviso that this is a common limit for all debt securities which this Shareholders' Meeting authorize the Board of Directors to issue pursuant to the preceding resolution or any further resolution, but that it is independent of the value of debt securities without a claim on shares of the Corporation, issued further to Resolution Six, also before this Meeting. Debt securities shall mature no more than 50 years from the issue date, or 20 years in the case of bonds or securities convertible, redeemable or otherwise transformable into stock. They may bear interest at fixed and/or variable rates or may be discounted, and shall be called, with or without a premium, or redeemed; the securities may be bought back on the market or be the subject of a cash or exchange offer by the Corporation.

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Resolutions before the Shareholders' Meeting

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In the case of securities issued in France, the Board of Directors shall be authorized to grant shareholders an irreducible and/or reducible claim on subscribe for the shares or securities (*droit de priorité irréductible et/ou réductible*), under terms and conditions which it shall decide, without such rights being transferable. Any securities not purchased further to this right shall be offered to the public.

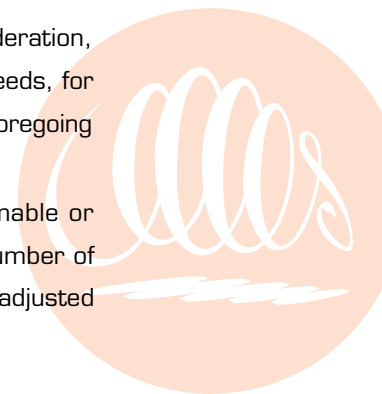
In the event that an application received for securities issued, including from existing shareholders, should fail to account for the entire issue, the Board shall be authorized to reduce the number of securities issued to the number for which applications have been received, provided that such applications are for at least three-fourth of the intended issue.

The Shareholders take note and resolve that, if necessary, authority hereby granted

- entails the waiver by existing shareholders of their preferential subscription rights to shares to which the securities issued may be entitled, in favor of the holders of said securities;
- entails the express waiver by existing shareholders of their preferential subscription rights to subscribe for shares issued for the benefit of the owners of (i) convertible bonds issued and (ii) separately issued warrants.

The Board of Directors shall decide the characteristics, amount and terms of all security issues. In particular, it shall decide the class of shares to be issued and set their price, taking into account information contained in its report, and the amount of the premium, if any, as well as their dividend date - which may be retroactive - and, if applicable, the exercise period and price of warrants and the manner in which securities may entitle their holders to shares, with the further proviso that

- the issue price of shares shall be no less than the average of the opening price of the Corporation's shares on the First Market of the Paris Bourse or any other official exchange which may replace it, for ten trading days selected from among the twenty trading days immediately preceding the start of the issue period, after adjustment of said average, if necessary, to take into account differences in dividend dates;
- the issue price of other securities, including warrants issued separately for valuable consideration, shall be such that the sum of the immediate corporate proceeds and any subsequent proceeds, for each share which said securities shall cause the Corporation to issue, is not less than the foregoing adjusted average price;
- the conversion, redemption or, in general, transformation of bonds convertible, redeemable or otherwise transformable into stock shall be based on the value of said bonds and for a number of shares such that the Corporation shall receive for each share no less than the foregoing adjusted average price.



Resolutions before the Shareholders' Meeting

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The Shareholders hereby resolve, in compliance with the law, to grant full authority to the Board of Directors, which may further delegate said authority to its Chairman, for the purpose of implementing this Resolution and issue, in one or more transactions, in such amount and at such time it sees fit, in France and/or, if applicable, another country and/or on the international financial market, the aforementioned securities resulting in an increase in equity - as well as, if applicable, to delay same - record completion thereof and amend the articles of incorporation and bylaws accordingly.

The Shareholders hereby specify that the Board of Directors

- shall decide, in accordance with the law, how the right of holders of securities (including warrants) so issued to obtain stock may be adjusted and shall be entitled to suspend, if necessary, the exercise of rights attached to such securities and warrants for up to three months;
- shall take all steps and arrange for the completion of all formalities required to have the rights, shares, securities and warrants so issued traded on an official financial market;
- may decide the conditions under which securities and/or subscription or share warrants may be repurchased on the market or subject to a cash or exchange offer, or how securities and warrants may be redeemed;
- may charge expenses resulting from the issuance of stock and securities to the corresponding premiums and deduct from such premiums the sums needed to bring the legal reserve up to one-tenth of the equity increases resulting from such issues.

Resolution Eleven

Authority granted to the Board of Directors to issue stock and securities with a claim on the Corporation's equity, in the event of an offer by the Corporation to acquire shares in exchange for its own.

The Shareholders, subject to the quorum and majority voting rules applicable to extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, and pursuant to the provisions of sections L225-148 and L225-129 of the Commercial Code (formerly articles 193-1 and 180 of the Act of July 24, 1966 on Business Corporations) hereby terminate, effective immediately, the unused portion of the authority granted by resolution thirteen of the Special Shareholders' Meeting of December 15, 1999, and grant authority to the Board of Directors, for a period of 26 months from this meeting, to issue, in accordance with the terms of the foregoing Resolution Ten, corporate stock or securities - including share warrants issued separately - with a present or future claim on shares of the Corporation, in consideration of shares tendered in response to an offer by the Corporation to acquire equity in another corporation listed on an official exchange within the meaning of the above-cited section L225-148 of the Commercial Code (formerly article 193-1 of the Act on Business Corporations) in exchange for its own shares; the Shareholders further decide that, whenever necessary, the preferential subscription rights of shareholders to subscribe for said stock and securities shall be waived in favor of the holders of the tendered shares.

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Resolutions before the Shareholders' Meeting

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The Shareholders take note and resolve that, if necessary, the authority hereby granted

- entails a waiver by existing shareholders of their preferential subscription rights to shares to which the securities and warrants issued may be entitled, in favor of the holders of said securities;
- entails an express waiver by existing shareholders of their preemptive rights to subscribe for shares issued for the benefit of the owners of (i) convertible bonds and (ii) share warrants issued separately.

The maximum nominal value of securities issued pursuant to the authority hereby granted to the Board of Directors shall be € 75,000,000 (seventy-five million euros) if no debt securities are issued and € 4,500,000,000 (four billion five hundred million euros) if debt securities are issued, with the further proviso that these limits are independent of the limit on the maximum increase resulting from the issuance of stock or securities under the authority granted by the preceding resolutions.

The Shareholders grant full authority to the Board of Directors, which may further delegate said authority in accordance with the law and the Board of Directors' report for the purpose of initiating the above exchange offers and issuing stock and/or securities to be exchanged for shares tendered, as provided by Resolution Ten, with the understanding that the Board of Directors shall set the exchange parities as well as the amount of cash adjustments, if any.

Resolution Twelve

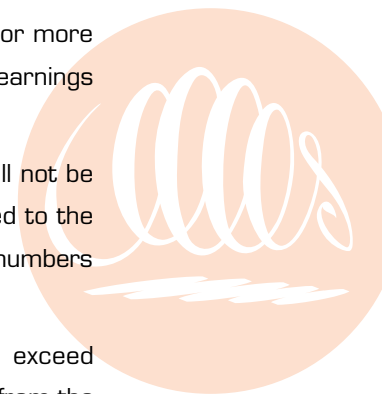
Authority granted to the Board of Directors to increase stated capital by capitalizing reserves, earnings or premiums

The Shareholders, having reviewed the Board of Directors' report and subject to the quorum and majority voting rules applicable to annual shareholders' meetings as provided for by section L225-129-II of the Commercial Code (formerly article 180-II of the Act of July 24, 1966), hereby terminate, effective immediately, the unused portion of the authority granted by resolution fourteen of the Special Shareholders' Meeting of December 15, 1999, effective immediately, and grant full authority to the Board of Directors, for a period of 26 months from this meeting, to increase stated capital, in one or more transactions and at such times and under such conditions it sees fit, by capitalizing reserves, earnings or premiums, and subsequently issuing stock for distribution.

The Shareholders further authorize the Board of Directors to decide that fractional rights shall not be traded and that the corresponding stock will be sold, with the proceeds of sale being allocated to the holders of said rights no later than thirty days after the registration in their name of the whole numbers of shares to which they are entitled.

The nominal share capital increase further to the authority hereby granted shall not exceed € 25,000,000 (twenty-five million euros) independently of limits on increases in equity resulting from the issue of stock or securities authorized by the preceding resolutions.

Full authority is granted to the Board of Directors, which may further delegate said authority to its chairman, for the purpose of implementing this resolution.



Resolutions before the Shareholders' Meeting

Resolution Thirteen

Authorization for the Board of Directors to make use of its authority to increase capital stock in the event of a tender offer for the Corporation's shares.

The Shareholders, having reviewed the Board of Directors' and Auditors' reports and subject to the quorum and majority voting rules applicable to extraordinary shareholders' meetings as provided for by section L225-129-IV of the Commercial Code (formerly article 180-IV of the Act of July 24, 1966), expressly authorize the Board of Directors to make use of the authority granted to it by Resolutions Nine and Ten of this shareholders' meeting, in whole or in part, during periods when tender offers for the Corporation's stock in exchange for cash or securities are open, to the extent that such use does not result in a reserved equity issue.

This authority is for the period from this meeting to the meeting called to approve the financial statements for the year ended June 30, 2001.

Resolution Fourteen

Resolution concerning grants of stock options

The Shareholders, subject to the quorum and majority voting rules applicable to extraordinary shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, hereby authorize the Board of Directors, pursuant to sections L225-177 to L225-185 of the Commercial Code (formerly articles 208-1 to 208-8-1 of the Act of July 24, 1966 on Business Corporations), to grant stock options to the persons referred to hereunder, in one or more instances, for new or existing shares of the Corporation.

The persons to whom said stock options may be granted consist of all or some of the employees, some categories of employees, and the officers and directors, as that term is defined by law, of the Corporation and of the entities directly or indirectly affiliated with it, within the meaning of section L225-180 of the Commercial Code (formerly article 208-4 of the above-cited Act).

The aggregate number of stock options that may be granted by the Board of Directors under the authority hereby granted shall be limited to a number entitling their holders to purchase no more than 5 percent of the Corporation's stock, not including adjustments that may be made pursuant to applicable regulations.

No stock options shall be granted to any employee or corporate officer who already owns more than 10 percent of the corporation's stock.

The authority hereby granted is for a period of five years from the date of this meeting and the stock options granted may be exercised over a period of not more than eight years from the date they are granted.

Resolutions before the Shareholders' Meeting

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The authority hereby granted entails an express waiver by shareholders of their preferential subscription rights to subscribe for shares issued from time to time in consideration of the exercise of options and shall be implemented in accordance with the applicable laws and regulations.

The price at which shares may be subscribed for or purchased further to the exercise of the stock options shall be set at the time the options are granted by the Board of Directors and shall be not less than, respectively, 95 percent of the average of the stock's trading price over the twenty trading days immediately preceding the date on which the options concerned are granted, and 95 percent of the average purchase price of shares held by the Corporation pursuant to sections L225-208 and L225-209 of the Commercial Code (formerly articles 217-1 and 217-2 of the Act of July 24, 1966).

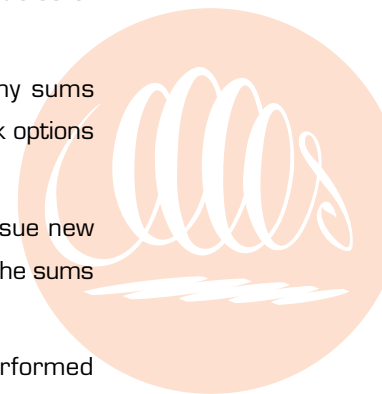
Full authority is hereby granted to the Board of Directors, within the above limits, for the purpose of setting the terms and conditions of the stock options, including

- setting the terms under which stock options are to be granted; said terms may include a prohibition against the immediate resale of some or all of the stock for which options are exercised but the waiting period applicable to the disposal of shares may not be more than three years from the exercise of the corresponding option;
- deciding the categories and drawing up the list of stock option recipients, as provided above, as well as the number of shares for which options are to be granted;
- deciding the period or periods in which options may be granted and exercised;
- determining the conditions under which the price and number of shares may be adjusted under the various assumptions set out in articles 174-8 to 174-16 of Decree No. 67-236 of March 23, 1967;
- temporarily suspending, for up to three months, the exercise of stock options in the event of capital transactions involving the exercise of preferential subscription rights;
- performing or arranging for the performance of all tasks and formalities needed to complete the equity issues that may be required pursuant to the authority hereby granted, amending the articles of incorporation and bylaws accordingly and, in general, doing whatever is necessary.

The Shareholders authorize the Board of Directors to withdraw from retained earnings any sums necessary to pay the previous year's dividend on shares subscribed through the exercise of stock options prior to the dividend date, provided the balance in that account is sufficient.

The Shareholders further authorize the Board of Directors to charge expenses incurred to issue new stock to the premiums generated by the shares concerned and to withdraw from said premiums the sums required to bring the legal reserve up to one-tenth of stated capital after each issue.

The Board of Directors shall report to the Annual Shareholders' Meeting the transactions performed pursuant to this resolution.



Resolutions before the Shareholders' Meeting

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Resolution Fifteen

Delegation of authority

The Shareholders hereby grant full authority to the bearer of the minutes of this meeting or a copy or extract thereof, for the purpose of all legal and administrative formalities, filings and registrations required under applicable laws.

The logo for 'game nation' is located in the bottom left corner. It consists of the words 'game' and 'nation' stacked vertically in a white, bold, sans-serif font, centered within a large, solid orange circle.

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Parties responsible for the annual report

INFOGRAMES

Party responsible for the annual report

Bruno BONNELL, Chairman of the Board of Directors

Declaration

To the best of our knowledge, the information contained herein is true and fair; it includes all of the data needed by investors to form an opinion on the assets, transactions, financial position, earnings, and outlook of the Corporation and contains no omissions likely to affect it materially.

Bruno BONNELL
Chairman of the Board of Directors

Parties responsible for the audit of the financial statements

Statutory auditors

PIN et Associés

Represented by Jean-François Pin
170, Boulevard Stalingrad, 69006 Lyon

Initially appointed in June 1993. Term extended by the Shareholders' Meeting of December 15, 1998 for an additional six years.

Term expires at the end of the Shareholders' Meeting called to approve the financial statements for fiscal 2004.

DELOITTE TOUCHE TOHMATSU

Represented by Joël Jullien and Dominique Valette
185 Avenue Charles de Gaulle, 92203 Neuilly-sur-Seine

Initially appointed in October 1993. Term extended by the Shareholders' Meeting of December 16, 1999 for an additional six years.

Term expires at the end of the Shareholders' Meeting called to approve the financial statements for fiscal 2005.

Alternate statutory auditors

Madame Martine TRUC

170, Boulevard Stalingrad, 69006 Lyon

Initially appointed in June 1993. Term extended by the Shareholders' Meeting of December 15, 1998 for an additional six years.

Term expires at the end of the Shareholders' Meeting called to approve the financial statements for fiscal 2004.

B.E.A.S. SARL

7/9, Villa Houssaye, 92200 Neuilly-sur-Seine

Appointed in December 1999.

Term expires at the end of the Shareholders' Meeting called to approve the financial statements for fiscal 2005.



Parties responsible for the annual report

INFOGRAMES

Declaration by the Corporation's statutory auditors

In our capacity as the auditors of INFOGRAMES ENTERTAINMENT SA and pursuant to Rule 98-01 of the *Commission des Opérations de Bourse*, we have examined the financial and accounting information contained in this report in accordance with the standards of our profession.

The report has been prepared under the authority of the Chairman of the Board of Directors. Our responsibility is to express an opinion on the financial and accounting information contained therein. Attention should be drawn to the fact that business data pertaining to markets, market trends and corporate objectives, which is identified with an asterisk in this report, does not constitute information of the aforesaid nature and that our opinion does not encompass such data.

The tests and procedures which we have performed are described hereunder. Based on the nature of the accounting and financial information included, they consisted in ascertaining the consistency of said information with the financial statements and ascertaining that the other historical information was true and fair.

Historical accounting and financial information

The corporate and consolidated annual financial statements for the fiscal years ended June 30, 2000, June 30, 1999, and June 30, 1998, as approved by the Board of Directors, have been duly audited by us. Based on our audit, we had no reservations or observations as to the fairness of the financial statements, with the exception of the consolidated financial statements for the year ended June 30, 1998, concerning which we had no reservations but made observations regarding changes in accounting methods for the year.

Our examination of the other historic financial and accounting information contained in the document de référence consisted in ascertaining, in accordance with the standards of our profession,

- in the case of data not subject to pro-forma restatements, that it was true and, whenever applicable, consistent with the corporate or consolidated financial statements contained in this report;
- in the case of data subject to pro-forma restatements, whether the assumptions made were consistent and constituted a reasonable basis for such restatements, as well as whether the data was consistent with said assumptions, and that the accounting methods used for the preparation of the data were consistent with the methods used for the preparation of financial statements for previous fiscal years, either audited or subject to a limited audit, and, if applicable, that the data was consistent with the pro-forma information contained in this report.

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Parties responsible for the annual report

INFOGRAMES

Opinion regarding the annual report

Based on our examination, we have no comments as to the fairness of the accounting and financial information contained in the annual report.

Regarding pro-forma information contained in this report, we remind the reader that the purpose of such information is to indicate the impact on historical accounting and financial information of the occurrence, at an earlier date than that of its actual or reasonably expected occurrence, of a transaction or of a set event.

This pro-forma information, however, is not necessarily indicative of the financial position or results that would have obtained had the transaction or event occurred prior to the actual date on which it occurred or the date on which it could reasonably have been expected to occur.

Lyon and Villeurbanne, November 23, 2000

The Auditors

PIN ET ASSOCIES
Jean-François PIN

DELOITTE TOUCHE TOHMATSU
Joël JULLIEN - Dominique VALETTE

Party responsible for information

Olivier CARTON

Tel: (33) 4 72 65 50 00



Cross-reference to COB rule 98-01

INFOGRAMES

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COB

This document was filed with the Commission des Opérations de Bourse on November 24, 2000 under number R.00-557. It may only be used in connection with a transaction approved by the Commission.