



UBISOFT®

FINANCIAL **REPORT**

2011

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1 THE GROUP'S BUSINESS ACTIVITIES AND RESULTS FOR FINANCIAL YEAR 2010/2011

1.1 GROUP PRESENTATION

In 2010, Ubisoft was ranked third worldwide among independent publishers (sources: NPD, Chart-Track, GFK). The Group's activities are centered around development, publishing and distribution of video games:

- high-definition with games for Xbox 360™, PlayStation®3 and PC,
- casual with games for Nintendo®, KINECT and the PlayStation®3 Move,
- online for on-line games.

Ubisoft currently employs 6,350 staff.

1.1.1 HISTORY

In a constantly evolving industry, the Group has built and is continuing to establish solid foundations that allow it to anticipate the entertainment of the future.

1986: Creation of Ubisoft by the five Guillemot brothers, who started up a Company to publish and distribute software that is both recreational and educational.

1989-1995: International expansion

Ubisoft opens its first distribution subsidiaries in the US, Germany and the United Kingdom and its first internal development studios in France and Romania. To date, over 31 million players have played *Rayman*® and the *Raving Rabbids*.

1996-2001: Organic growth and strategic acquisitions

Flotation on the Paris stock exchange in 1996. Opening of new studios (Shanghai in 1996, Montreal in 1997, Morocco, Spain and Italy in 1998, Annecy and Montpellier in France in 1999) and new distribution offices (Hong Kong, Netherlands, Denmark, etc.). In 2000, acquisition of *Red Storm Entertainment* (Tom Clancy games); acquisition in 2001 of Blue Byte Software (*The Settlers*®) and the video games division of The Learning Company (*Myst*® and *Prince of Persia*®). This strategy powered Ubisoft into the world's top 10 independent publishers in 2001.

2002-2006: A strategy of developing owned brands

Ubisoft nearly tripled its number of flagship brands, from three to eight, increasing its market share in new territories. In 2006: acquisition of the *Driver*® and *Far Cry*® franchises; opening of a sales office in Mexico and a studio in Bulgaria.

2007-2011: A true creator

Ubisoft built on its reputation as a key player: the Group became the third-largest independent publisher, with the number of multimillion-selling brands rising from 10 to 18. 29 million copies of *Assassin's Creed*® have been sold to date and 14 million for *Just Dance*®.

Opening of a new studio in China (Chengdu) in 2007 and acquisition of a studio in Japan (Digital Kids). Acquisition of the Tom Clancy name for video games and ancillary products, and of the *Anno*® brand. Acquisition of 4 new studios: Action Pants (Vancouver, Canada), Southlogic® (Porto Alegre, Brazil), Massive Entertainment (Sweden) and a studio in Pune (India). In 2008, acquisition of Hybride, a studio specializing in cinema special effects. In 2009, acquisition of the Nadéo studio and of the cult online brand *TrackMania*®; agreement signed with the government of Ontario regarding the opening of a studio in Toronto. In 2010, closure of the two Brazilian studios and acquisition of Quazal Technologies, leader in the creation of online technology solutions.

1.1.2 HIGHLIGHTS OF THE 2010/2011 FINANCIAL YEAR

May 2010: Subscription of 2 new credit lines

Ubisoft signed for € 70 million in new credit lines maturing in May 2013.

July 2010: Release of Electronic Arts Inc from the share capital of the Company

On 16th July, 2011, Electronic Arts Inc. sold off-market all the shares it held in the share capital of the Company.

September 2010:

- **Sell-off on tax credit sales**

Ubisoft Entertainment SA has mobilized a tax credit sales for €25.6 million (partial use of tax deficit 2010) it was assigned without recourse by way of discount to Natixis at €22 million.

- **R&D activity stopped in Brazil**

This decision has resulted in the total depreciation of goodwill arising from acquisition of the Southlogic studio for €1,354 thousand.

First half: Reorganization of the studios

Faced with a highly competitive and demanding environment, Ubisoft decided to focus on game development of outstanding quality. Achieving this goal requires a significant reorganization of the studios, allowing a focus on brands with strong potential and a regular release of very high quality games.

The implementation of this strategy has led to games being discarded and wage costs being accounted for under "other operating expenses" for €87 million.

April to October 2010: disposal of Gameloft shares

The disposal of 2.8 million Gameloft shares under the equity swap has generated a capital gain of €5.9 million over the fiscal year

February 2011

Outstanding performance of the dance titles, *Just Dance*[®], *Just Dance*[®] 2, *Just Dance*[®] Kids, *Michael Jackson The Experience* and *Dance on Broadway*[™] reaching an aggregate of more than 10.5 million sell-in units in the third fiscal year quarter.

Through 2010, Ubisoft increased its market share in the United States (7.3% compared with 5.4% in 2009) and in Europe (9.2% compared with 7.8%). Ubisoft was ranked leading independent publisher for the launch of KINECT, with 18% market share in the United States and 21% in Europe.

Second half: Cessation of EMEA region merchandising

This decision led to €9.5 million of non current expenses, including €8.2 million for the entire depreciation of inventory related to this activity.

March 2011: Factoring agreement

A factoring agreement relating to Credit Multimedia shares (Canada) has been signed between the BNC and Ubisoft Divertissements Inc. At year end closing, the amount of assigned receivables came to €32.5 million.

March 2011

Ubisoft was ranked leading independent publisher worldwide for the launch of Nintendo3DS[™].

Highlights of the online activities

June 2010

Assassin's Creed® Brotherhood won the award for best multiplayer game at the E3 show.

November 2010

Ubisoft announced the acquisition of Quazal Technologies, a leader in the creation of online technology solutions for video game developers.

November 2010

Success of *Scott Pilgrim™* on Xbox Live® and PlayStation® Network

February 2011

Promising launch of *CSI Crime City* on Facebook® and *The Settlers®* Online in Germany.

1.1.3 KEY FIGURES

The consolidated financial statements for the year ended March 31, 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2011, as adopted by the European Union.

Only the standards approved by the European Commission and published in its official journal before March 31, 2011, and whose application was mandatory as of April 1, 2010, have been applied by the Group to the consolidated financial statements for the year ended March 31, 2011. No standard or interpretation whose application has become mandatory since March 31, 2011 has been applied early to the consolidated financial statements for the year ended March 31, 2011.

The IFRS as adopted by the European Union differ on certain points from the IFRS published by the IASB. However, the Group has made sure that the financial information presented would not have been substantively different if it had applied IFRS standards as published by the IASB.

On April 1 2010, for the first time the Group applied revised IFRS 3 and the amended IAS 27 – Business combinations and consolidations – was applied in the consolidated accounts at March 31, 2011 for the acquisition of Quazal Technologies Inc.

These business combinations have no significant impact on the comparability on financial statements of the Group.

In thousands of euros	03/31/11	03/31/10
Sales	1,038,826	870,954
Gross margin	673,618	512,836
R&D costs	-363,505	-309,403
SG&A expenses	-280,748	-263,009
Operating profit (loss) from continuing operations	29,365	-59,576
Non-recurring restructuring expenses	-95,942	-
Operating profit (loss)	-80,486	-72,096
Net financial income	-3,679	4,750
Share in profit of associates	-	50
Income tax (credit)	32,045	23,624
Net income (group share)	-52,120	-43,672
Equity	713,995	761,471
Capital expenditure on internal production	287,470	260,806
Staff	6,331	6,402

* excl. share-based payments

Cash flow statement for comparison with other industry players (unaudited and not part of the consolidated accounts)

in thousands of euros	31/03/11	31/03/10
Consolidated earnings	-52,120	-43,672
+/- Share in profit of associates	-	-50
+/- Gaming software amortization	382,906	287,398
+/- Other amortization	22,377	17,428
+/- Provisions	6,684	4,335
+/- Cost of share-based payments	12,556	12,099
+/- Gains/losses on disposals	356	170
+/- Other income and expenses calculated	271	-2,937
+/- Internal development and license development costs	-338,820	-331,474
Cash flows from operating activities	34,210	-56,703
Inventory	4,862	12,057
Trade receivables	19,389	2,440
Other assets	3,635	-80,343*
Trade payables	-4,559	14,851
Other liabilities	7,110	17,797*
+/- Change in WCR linked to operating activities	30,437	-33,198
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	64,647	-89,901
Cash flows from investment activities		
- Payments for the acquisition of property, plant and equipment and other intangible assets	-22,246	-19,635
+ Proceeds from the disposal of intangible assets and property, plant and equipment	231	566
- Payments for the acquisition of financial assets	-16,095	-16,562
+/- Other cash flows from investing activities	-	-1
+ Repayment of loans and other financial assets	17,003	16,472
+/- Changes in consolidation scope ⁽¹⁾	-5,465	-8,382
CASH USED FROM INVESTING ACTIVITIES	-26,573	-27,542
Cash flows from financing activities		
+ New finance leases contracted	36	43
- Repayment of finance leases	-192	-81
New borrowings	86	129
- Repayment of borrowings	-750	-649
+ Funds received from shareholders in capital increases	1,771	5,033
+/- Sales/purchases of own shares	-422	-154
+/- Other cash flows (disposal of tax credit resulting from loss carry-back)	21,886	-
CASH GENERATED (USED) BY FINANCING ACTIVITIES	22,415	4,321
Net change in cash and cash equivalents	60,490	-113,122
Cash and cash equivalents at the beginning of the period	64,976	176,890
Impact of translation adjustments	-3,433	1,210
Cash and cash equivalents at the end of the period	122,034	64,976
⁽¹⁾ Including cash in companies acquired and disposed of	141	-399

* The presentation of the WCR from 31/03/10 has been amended and includes variations of deferred income tax

This cash flow statement differs from the cash flow statement required by IFRS standards mainly due to the reclassification of internal and external developments in cash flows from operations.

1.2 ANALYSIS OF ACTIVITY AND COMMENTS ON RESULTS FOR FINANCIAL YEAR 2010/2011

1.2.1 QUARTERLY AND ANNUAL CONSOLIDATED REVENUE

Sales in millions of euros	2010/2011	2009/2010	Change at current exchange rates	Change at constant exchange rates
Q1	161	83	+94%	+81%
Q2	100	83	+19%	+12%
Q3	600	495	+21%	+15%
Q4	178	210	-15%	-16%
Financial year total	1,039	871	+19%	+13%

At current rate, sales were up 19% in the financial year 2010/2011 and 13% at constant exchange rates. Sales were boosted by strong growth in the casual titles which increased from around €220 million in 2009/2010 to €434 million in 2010/2011.

1.2.2 SALES BY BUSINESS LINE

The breakdown of sales by business line is as follows:

Breakdown of sales by business line, as %	2010/2011	2009/2010
Development	96%	90%
Publishing	3%	7%
Distribution	1%	4%
TOTAL	100 %	100 %

The Development activity benefited this year from the success of the games *Assassin's Creed*[®] and *Just Dance*[®]. Publishing and Distribution are down as a consequence of the strategy of concentrating on internal titles.

1.2.3 CHANGE IN THE NUMBER OF TITLES DEVELOPED

Number of titles released from internal production, third-party co-production, publishing and distribution:

Number of titles*	2010/2011	2009/2010	2008/2009	2007/2008
Development	56	67	60	35
<i>Internal production</i>	37	27	22	21
<i>Co-production</i>	19	40	38	14
Publishing	10	14	31	20
Distribution	12	8	21	12
TOTAL	78	89	112	67

The number of games launched continues to fall in line with the strategy of focusing on a smaller number of titles.

1.2.4 SALES BY PLATFORM

	2010/2011	2009/2010
Nintendo DS™	5%	14%
Nintendo 3 DS™	3%	-
PC	4%	8%
PlayStation®3	19%	23%
PSP™	2%	4%
Wii™	38%	26%
XBOX 360™	27%	22%
Other	1%	2%
TOTAL	100%	100%

Although the market for the Wii™ declined sharply in 2010, the Company's sales for this platform increased strongly due to the success of its dance titles. The share for the Xbox360® also grew on account of the success of Assassin's Creed® Brotherhood; the exclusive launch of Splinter Cell Conviction® and the successful launch of KINECT.

1.2.5 SALES BY GEOGRAPHIC DESTINATION

The Group's sales by geographic destination break down as follows:

Financial year in millions of euros	2010/2011	%	2010/2011	%
France	76	7%	68	8%
Germany	61	6%	71	8%
United Kingdom	146	14%	113	13%
Rest of Europe	131	13%	168	19%
Total	414	40%	419	48%
United States/Canada	559	54%	382	44%
Asia/Pacific	59	6%	59	7%
Rest of world	7	1%	12	1%
TOTAL	1,039	100%	871	100%

The United States share showed strong growth in this financial year due both to the success of the dance games in this region and changes in the US dollar (1.322 at March 31, 2011 against 1.414 at March 31, 2010).

1.2.6 CHANGES IN THE INCOME STATEMENT

The gross profit margin as a percentage of sales is up significantly at 64.8% (€673.6 million) compared with 58.9% (€512.8 million) in 2009/2010. The gross profit margin is ahead of the target of around 64% published previously due to the quality of fourth quarter sell-through sales which enabled the achievement of higher than anticipated average prices.

The profit from recurring operations excluding share-based payments amounts to €29.4 million; a significant improvement on the €(59.6) million loss in 2009/2010.

Current operating income before share-based payments is as follows:

- Increase of €160.8 million in the gross margin.
- €54.1 million increase in R&D costs at €363.5 million compared with €309.4 million in 2009/2010. These costs are down slightly as a percentage of sales at 35%, compared to 35.5% in 2009/2010. They exceed the target of €340-350 million published previously due to accelerated depreciation on a title to be released in 2011/2012.
- €17.7 million rise in SG&A expenses to €280.7 million, down in terms of percentage of sales (27%), compared to €263 million (30.2%) in 2009/2010. SG&A expenses are below the previously-published target of €285-295 million thanks to sound expenditure management:
 - Variable marketing expenses are at 15.4% of sales (€160 million), compared with 16.5% (€143.6 million) in 2009/2010.
 - Structural costs amount to 11.5% of sales (€120.3 million), compared with 13.7% (€119.4 million) in 2009/2010.

Non-recurring restructuring expenses

The Company has aligned itself with major changes in the industry with a reorganization of roles and operations at its studios which has resulted in some projects being withdrawn. The withdrawal of these projects and ceasing newsstand sales of figurines in Spain and Italy – a decision taken prior to closure of the financial period – has meant that the Company recorded €95.9 million in restructuring expenses of which €33.8 million in the second half of the year. The total sum breaks down to €85.4 million for R&D and €10.5 million for other expenses. These non-recurring expenses had a limited impact on cash flow.

Including the €95.9 million in non-recurring charges, the operating loss amounts to €(80.5) million, compared with an operating loss of €(72.1) million in 2009/2010. This also includes share-based payments of €12.6 million (€12.1 million in 2009/2010).

Financial charges amounted to €3.7 million (compared with financial income of €4.7 million in 2009/2010) and can largely be broken down as follows:

- €5 million in financial expenses (€0.5 million in 2009/2010) including €3.6 million in factoring expenses of loss carry back refund claims.
- €4.3 million in foreign exchange losses compared with a gain of €5.2 million.
- €5.7 million positive impact from mainly the sale of 2.8 million Gameloft shares. As a result of this operation, 6.3 million shares remain accounted for under equity swaps.

A net loss of €(52.1) million was recorded, corresponding to a net loss per share (diluted) of €(0.54), compared with net loss of €(43.7) and (0.45) in 2009/2010.

1.2.7 CHANGE IN THE WORKING CAPITAL REQUIREMENT (WCR) AND DEBT LEVELS

The working capital requirement was down by €30.4 million compared with an increase of €33.2 million the previous year. The principal variations related to:

- with regard to increases, trade payables (+€7 million) due to reduced activity at the end of the year
 - with regard to reductions: the items for Inventory (€-4.8 million), Receivables (€-19.4 million) other assets (€-3.6 million) and other liabilities (€-7.1) million.

The sharp fall in the Receivables item is linked to reduced activity at the end of the year and a reduction in the time limits for recovery. The reduction in the Inventory item reflects increased efforts in the management of inventories and destocking activities.

The net financial surplus as at March 31, 2011 amounted to €99.2 million. The €+41.3 million variation compared with March 31, 2010 can be explained largely by:

- the generation of cash from operating activities amounting to €64.6 million, including €11 million from the disposal of Gameloft shares and €31 million from disposal of subsidies due,
- loss carryback refund claims amounting to €22 million,
- investment in property, plant and equipment and intangible assets of €22 million,

1.2.8 ASSET FINANCING POLICY

The Company does not use securitization agreements, Dailly Act assignment of receivables or repurchase agreements, but it does use discounting and factoring, mostly in Germany and the United Kingdom.

The factoring position is as follows:

(in millions of euros)	31/03/11	31/03/10	31/03/09
United Kingdom	15.8	22	22,5
Germany	12.6	21.9	15.9
Total	28.4	43.9	38.4

The Company finances its peak cash requirements using confirmed credit facilities of €280 million, including a syndicated loan of €180 million as well as €100 million in bilateral credit facilities.

1.3 CASH AND CAPITAL

1.3.1 CHANGES IN EQUITY

The video games business line calls for investments in development of around 35% of revenue. This capital expenditure takes place over average periods of between 24 and 36 months, which publishers must be able to finance out of their own resources. Furthermore, publishers are required to launch new releases on a regular basis, and their level of success cannot be guaranteed.

For these reasons, significant capitalization is essential to guarantee the continuous financing of capital expenditure and to deal with contingencies stemming from the success or failure of a particular title without endangering the future of the Company.

With equity of €714 million, down €47 million, Ubisoft easily finances its capital investments in games, which amount to €339 million.

1.3.2 CASH FLOW

Video game publishers have two kinds of cash flows:

- Cash flows for financing development costs are spread evenly over a period of 24 to 36 months, given that each project progressively scales up but that teams work on a number of projects. They represented over €400 million in 2010/2011;
- Cash flows linked to the marketing of games, which are highly seasonal in nature (25% of sales are made in the first half of the year and 75% over the second half), and the lag between production costs and cash inflows. This is because the Company must first finance product manufacturing, which accounts for 35% of sales and is payable at 30 days on average, and also finance marketing costs (around 15% of sales) before cash flows in at an average of 46 days after the games hit the shelves. For this reason, the Company must finance significant cash peaks around Christmas time before seeing its cash climb back up during February and March. This timing may be different if Q4 of the financial year is very strong, because in this case, working capital requirements may be higher.

Accordingly, in the financial year 2010/2011, the Company's net cash varied between €41 million and €99 million, with debt peaking from October to December.

1.3.3 BORROWING TERMS AND FINANCING STRUCTURE

In 2010/2011, most of the financing used came from a medium-term loan of €20 million from the syndicated loan of €180 million agreed in May 2008 and from bilateral credit facilities.

The average cost of borrowing was under 2% for the financial year 2010/2011.

The covenants with which the Company must comply in relation to the syndicated loan as well as those for the €90 million bilateral credit facilities are as follows:

	2010/2011
Net debt restated for assigned receivables/equity restated for goodwill <	0.8
Net debt restated for assigned receivables/Ebitda <	1.5

Furthermore, in 2006/2007, the Company contracted a €10 million credit line, which is subject to the same covenants but uses 0.9 for the net debt/equity ratio.

For the financial year 2011/2012, and unless the Company makes a major acquisition, Ubisoft should be able to finance its operations from cash and the various facilities made available to it, including €280 million in confirmed bilateral credit facilities (including €180 million from the Syndicated Loan signed in 2008) and €74.5 million from short-term facilities.

1.4 SUSTAINABLE DEVELOPMENT

1.4.1 HUMAN RESOURCES

Ubisoft key figures as at March 31, 2011

	As at 03/31/11	As at 03/31/10	As at 03/31/09
Number of employees	6,331	6,402	5,765
Average headcount	6,289	6,144	5,076
Number of countries	28	28	28
Average age	32.1 years	31.9 years	31.2 years
Average seniority	4.9 years	4.1 years	3.6 years

Breakdown of headcount by region

ACTIVITIES	Headcount as at 03/31/11	%	Headcount as at 03/31/10	%	Headcount as at 03/31/09	%
Production	5,318	84%	5,347	84%	4,790	83%
Business	1,013	16%	1,055	16%	975	17%
Total	6,331		6,402		5,765	

Breakdown of headcount by region

COUNTRY	Headcount as at 03/31/11	Headcount as at 03/31/10	Headcount as at 03/31/09
North America	2,939	2,885	2,609
Europe + North Africa	2,515	2,630	2,297
Asia-Pacific	877	887	859
Total	6,331	6,402	5,765

1.4.1.1 PROMOTING INNOVATION AND QUALITY

A POWERFUL FORCE IN-HOUSE DESIGN TEAM

The current economic environment presents a large number of challenges but, equally, numerous opportunities stemming either from technological changes, the release of new consoles or the opening of new markets. It is therefore essential for the Group to continue its efforts and its investments in the future in order to be in a position to seize promptly any opportunities that may emerge.

Headcounts have remained stable this year and in terms of internal creative power, Ubisoft holds second place in the industry; a crucial competitive advantage for the Company enabling it to be responsive and innovative. This creative power enabled Ubisoft to be among the first publishers to propose products on Microsoft KINECT and to become the leading third-party publisher of KINECT games at Christmas 2010 in the United States. Ubisoft also put forward 4 games for the new portable Nintendo 3DS™ console at its launch at the end of March 2011.

Moreover, having its own development studios allows Ubisoft to guarantee and manage the quality of its products which is an essential factor in the success of games on a market which is becoming more and more competitive.

RECOGNIZED EXPERTISE

To remain on the cutting edge of innovation, Ubisoft strives to recruit the finest talents. The success of Ubisoft and its products makes the Company particularly attractive, even in the eyes of specialists in the video game industry. As a result, the Group's recruitment site receives over 55,000 visits each month. Furthermore, the Company's international and strategic presence at 24 production sites enables it to attract experts renowned in the industry from the four corners of the globe. And this is why three Ubisoft studios are ranked among the 100 top studios in the world by the magazine *Develop* in its annual ranking for 2010.

Ubisoft has moreover pursued a policy of targeted acquisitions with a view to integrating additional, specialized expertise into the expertise the Group already has. The integration of the teams from Quazal, one of the leaders in the creation of technology solutions in the online field, constitutes a major asset for meeting the Company's objectives in the field of online games. Also, the teams from the Longtail studio who entered the Ubisoft studio in Québec brought in their experience of Microsoft KINECT and contributed to the development of key projects such as the creation of the game, *Michael Jackson The Experience*.

DIVERSIFIED TEAMS

The process of creating a game requires a high level of cooperation among teams, since all technical and artistic areas of expertise interact with one another from start to finish. Ubisoft always bears in mind the need to encourage team diversity, ensuring that differing points of view are taken into consideration in the creation process, thus leading to games of the utmost quality.

The Company's daily life revolves around multiculturalism and open-mindedness:

- There are more than 50 areas of expertise at Ubisoft, from 3D graphic artists to brand managers, not to mention programmers and game designers, all of whom are driven by the same passion and shared goals.
- Ubisoft teams are present in 28 countries, which means there are at least that many different nationalities in the Group.
- As video games continue to primarily appeal to men, Ubisoft teams are composed of 78% men (compared with 22% women). However, it should be noted that women hold 40% of the business-related positions.

A true entertainment Company in the wider sense, Ubisoft is also successfully developing the expertise of its teams in new areas: comic books, book publishing, toys and figurines of our characters. The Ubisoft teams are currently working with the directors and producers, Steven Spielberg and Peter Jackson, to develop a game drawing on the next film "The Adventures of Tintin: the Secret of the Unicorn". A partnership has also been developed with the Aardman animation studio with a view to creating a pilot and short features based on the characters in Raving Rabbids. Links between Ubisoft and related industries (music, film, television, publishing, etc.) are being developed and exchanges with experts in these industries are encouraged.

1.4.1.2 SUPPORTING INDIVIDUAL DEVELOPMENT

PROVIDING A STIMULATING AND INNOVATIVE ENVIRONMENT

Ubisoft makes it a point to maintain a work environment that reflects corporate values and culture and promotes expertise, creativity and innovation.

DIRECT COMMUNICATION THAT INVOLVES EVERY EMPLOYEE IN THE COMPANY'S DAILY OPERATIONS

Teams are regularly informed of the Company's strategy and news through various communication channels: an open Group portal, local intranets, a monthly Group newsletter, internal meetings at all subsidiaries and team seminars.

An internal survey is carried out on average every two years to consult all employees on the Company's major strategic decisions and to get an idea of the level of team satisfaction (78% participation was reported in the most recent survey in June 2009). Actions and programs are

implemented in response to the results of the survey, and employees are given regular progress reports.

A FRIENDLY WORKPLACE

Ubisoft is committed to maintaining close-knit teams by favoring structures built to a human scale wherever possible (85% of sites have fewer than 200 employees): managers are available to their teams and HR managers are in close contact with daily operations. Initiatives have been introduced to facilitate contact between team members, as for example the presentations given by in-house or external experts at information-sharing or experience feedback sessions.

More broadly, the open nature of the work environment remains a cornerstone of the corporate culture, as expressed by over 95% of employees in the most recent internal survey.

AUTONOMY AND INITIATIVE ON A PERSONAL LEVEL

Employees enjoy significant autonomy in their work, as demonstrated by the results of the most recent internal survey in which 92% reported that they are able to take initiative in their daily work. The working methods that Ubisoft has implemented strongly encourage employee involvement. Production methods are constantly evolving and guarantee a work environment that encourages experimentation, innovative ideas and empowerment of teams at all levels.

EMPOWERING EMPLOYEES BY OFFERING A PERSONAL FRAMEWORK

SKILL DEVELOPMENT: A STRATEGIC FOCUS

In a sector where continuous innovation, staying on top of technological advances and developing expertise are key, naturally, all forms of training are a top priority. Video gaming is a relatively new business, and up-to-date and tailored training courses are widespread within the Group, complementing the on-the-job training that all teams receive.

Training is organized primarily at local level. High-level international training courses of the corporate university type are also offered in the Group's key business areas, such as game design and project management.

Excluding on-the-job training, the training programs offered in financial year 2010/2011 can be summarized as follows:

- The budget allocated to training (excluding salaries) amounted to €2,733 thousand over the period.
- 9,738 days of training were provided within the Group
- The majority of this training dealt with the technical skills required for production work (50.3%).

Training also takes place on-the-job through exchanges between teams. The Group is committed to creating an environment that enables and encourages the sharing of skills:

- Open forums and business-specific databases continue to be developed and structured. Their goal is to facilitate collaboration, organization and the sharing of key information related to teams, projects, business lines and sites, etc. The Group Portal is a gateway to business resources and a platform for the exchange of information and best practices with peers.
- A Group training portal with access to e-learning tools allows people to develop their skills and knowledge.
- The use of technologies or applications that facilitate exchanges is promoted, such as instant messaging, web conferencing and the use of video as a communication medium.
- Integration and sponsorship programs for new employees are available at most sites. These allow new recruits to learn about the Group's fundamental business methods from the outset.
- Skill-sharing between sites through personal visits is also commonplace. In 2010/2011, 173 employees traveled on short- and long-term assignments.
- Collaboration between sites is increasing with the shared productions necessitating more and more exchanges between the studios as was the case for *Assassin's Creed Brotherhood* which was the fruit of close collaboration between the Ubisoft studios in Montréal, Singapore, Bucharest, Québec and Annecy.

ENCOURAGING DIVERSE CAREER PATHS

The Group currently offers numerous possibilities for advancement within specific fields and other areas of activity. For Ubisoft, such decisions are based on two key factors: existing opportunities and the desire to offer each person, within a flexible environment, a challenge commensurate with their desires and skills.

As well as local interdepartmental transfers and promotions, the Group's presence in 28 countries offers teams opportunities to work abroad. All international job offers are available in real-time to all employees on the Group portal.

COMPENSATION THAT AIMS TO RECOGNIZE PERFORMANCE AND COMMITMENT

Ubisoft has established a bonus policy that reflects its desire to reward personal and collective performance:

- Production teams receive a bonus calculated according to the profitability of the game on which they worked and their individual contribution.
- Business teams receive a bonus calculated on the basis of achieving quantifiable results set at the beginning of the year.

Employee share ownership is also an excellent way for Ubisoft to let employees participate in the Company's success. Capital increases reserved for employees took place in France, in the United States, Canada and the United Kingdom.

Overall, total registered shares held by employees or indirectly through an FCPE (Company mutual fund) amounted to 1.27% of the capital.

Lastly, stock options are awarded on a discretionary basis to employees who have consistently exceeded performance expectations. All plans combined, as at March 31, 2011 nearly 23% of the Group's employees had received such options.

1.4.1.3 EMPLOYMENT AT UBISOFT IN FRANCE

- Average headcount of 1,171 employees over the financial year,
- 73% men and 27% women,
- 73% on the production side and 27% on the business side,
- Average age of 32.6 years,
- Average seniority of 5.8 years.

WORK ENVIRONMENT AND WORKING CONDITIONS

WORKING TIME:

Full-time work is 35 hours per week. This working time can be spread over five days, or there is the option to work longer with additional time off, depending on the constraints of the activity and the choices expressed by employees.

2.05% of employees work part-time.

Overtime worked during the year was in compliance with legal and contractual provisions.

The rate of absence in 2010/2011 was 1.12%¹ and broke down as follows:

- 81.51% due to illness
- 12.04% due to exceptional leave²
- 6.46% due to accidents at work

¹ The rate of absence does not include maternity and paternity leave.

² Covering notably leave for a birth, marriage, house-move etc.

OUTSOURCING:

From time to time, Ubisoft employs individuals under freelance contracts (particularly for artistic services) and temporary contracts.

Peripheral activities at certain sites (security, cleaning, and computer maintenance) are subcontracted to outside companies.

HEALTH AND SAFETY:

Ubisoft complies with statutory rules on health and safety in France³.

RECREATION:

The recreation department offers discount prices on show tickets (2,576 tickets subsidized 40% by Ubisoft in 2010/2011), reductions on certain cultural and gym memberships, leisurely weekends and various social events.

A media lending library provides staff with video games and consoles.

A sports hall reserved for employees offers fitness activities and group lessons.

SKILL DEVELOPMENT

Ubisoft has integrated France's DIF (Personal Training Right) into its professional training policy. In 2010/2011, the budget allocated to training (excluding salaries) amounted to €1,197 thousand. Ubisoft also took on interns and trainees during the 2010/2011 financial year. Internships often represent pathways to hiring. In France, for example, 35% of the junior employees recruited this year had previously completed an internship at Ubisoft.

EMPLOYMENT AND ANTI-DISCRIMINATION

Information on employment and anti-discrimination in France is as follows:

- 71.34% of Ubisoft's workforce are executives;
- women represent 27% of total employees and 75.6% of women are executives;
- with regard to compensation, professional equality between men and women is respected;
- 80.2% of employees are employed on permanent open-ended contracts.
- staff have representation within Ubisoft in France.
- during the 2010/2011 financial year, Ubisoft employed two disabled workers and contributed €121 thousand to funds for the employment of disabled persons.

COMPENSATION

Compensation in France includes a fixed and a variable portion (see paragraph 1.4.1.2.).

In addition, under Group Savings Plans first implemented in 2001, French employees benefit from a discount on the Company share price on the financial markets.

³ As is the case in all Ubisoft subsidiaries.

1.4.2 SOCIAL PROJECTS

Ubisoft depends on the talent its teams possess and the human factor has remained a central concern in all its operations since the Company's formation. Entertainment, training and development of each individual's potential are central to our mission as a Company.

For seven years now, the Group has been running a sponsorship program entitled Sharing More Than Games providing management and other support for solidarity initiatives, both individual efforts and those that are broader-based, within the Group. The scope of this program aims to coincide with our core business and our values as it ties in initiatives promoting access to education, culture and leisure for children, teenagers and young adults from deprived backgrounds or who are ill.

There is a wide variety of different initiatives conducted under this program: financial aid, partnership with an association, gift of games or sponsoring skills and these initiatives may be extended to an individual or locally or even on an international scale.

Some initiatives become ongoing actions such as the U.Care program, initiated in 2009 by Ubisoft Shanghai and Ubisoft Chengdu, in response to the earthquake which hit the area of Sichuan (China). In 2010, the teams' efforts were concentrated on the children of the Gansu province, near the Shanghai studio, and involved gifts of goods, money and skills. As in previous years, Ubisoft is also maintaining its commitment to associations providing support to children. These include the Breakfast Club in Canada which provides a healthy, balanced breakfast for almost 15,000 children each day; the Fondation Théodora in Spain which visits children in hospital; the Toys for Tots association in the United States which collects new toys still in their packaging to distribute to children in need and UNICEF.

There were also some new actions this year such as the organization of an exhibition of artwork produced by mentally- or physically-handicapped youngsters in the Romanian association, I nas ni ima. Ubisoft again combined work with solidarity by taking part in the Extra Life video game marathon in Great Britain, in aid of local children's hospitals, and also by setting up the charity campaign, Experience the Glove, in the United States (coinciding with the release of the video game, *Michael Jackson The Experience*) where American artists, athletes and celebrities wore, signed and then sold a copy of Michael Jackson's famous glove. All the profits went to various associations providing support to deprived children.

Finally, given our teams on site and all our Japanese fans, the Group felt particularly drawn to contribute to the aid provided to the victims of the earthquake followed by tsunami which hit Japan in March 2011. In response to this catastrophe, Ubisoft Japan donated 100,000 dollars to the Japanese Red Cross. Ubisoft Montreal and Ubisoft Chengdu organized a collection among their employees which was also sent to the Japanese Red Cross. The idea conceived by the studio in Chengdu was a system selling goods in the game on the *Castle & Co* social networks and all the money raised was sent to the Japanese Red Cross.

All in all, this year, over 50 initiatives and different projects were organized throughout the Group thanks to the efforts of almost one employee out of three.

1.4.3 ENVIRONMENTAL DATA

Data on the Group's environmental impact solely covers its direct video game production and publishing activities. To the extent that the Company does not manufacture the video games it publishes and distributes, its direct impact on the environment is very low, whether in terms of air emissions, water effluent or soil pollution or with regard to noise pollution or foul odors. Ubisoft's water consumption is not significant.

The Group nonetheless takes the issues of respect for and protection of the environment very seriously. The Company's approach focuses on three main areas:

1) Finding the best drivers for reducing its carbon footprint and greenhouse gas emissions

- Reducing the Group's energy consumption:
 - Improving the energy efficiency of information systems (Green IT)
 - Reducing the energy consumption of buildings
- Promoting videoconferencing tools and business travel policy

2) Identifying short-, medium- and long-term opportunities to reduce its environmental impact and manage resources sustainably (excluding greenhouse gas emissions)

- For recycling:
 - Life-cycle management and recycling of computer equipment
 - Reduction of consumption and recycling of consumables
 - Processing and recycling unmarketable products
 - Processing waste
- For operations:
 - Developing a responsible and sustainable procurement policy
 - Involving suppliers in a responsible, environmentally friendly approach

3) Raising awareness of environmental issues among staff and the general public

- Identifying sound environmental practices suited to our sector of activity, and applying them at Company level;
- Promoting internal initiatives to help protect the environment and introducing them at other subsidiaries of the Group;
- Identifying key changes in employees' behavior and encouraging change using innovative communication tools;
 - Raising awareness among the general public regarding environmental problems through the products that it markets.

An internal survey is carried out every year at subsidiaries to evaluate environmental policies, programs and indicators.

Each subsidiary manages its own action in accordance with the country's regulations and depending on the wishes and involvement of its staff.

The subsidiary in Montreal is a good example, as it has formalized its commitment through an Environmental Policy that has been adopted by the management of the studio. This policy is the result of an environmental impact assessment in the first half of 2008 and establishes short- and medium-term action plans to minimize the subsidiary's impact on the environment.

1.4.3.1 CARBON FOOTPRINT AND GREENHOUSE GAS EMISSIONS

Energy consumption

In the financial year 2010/2011, the Group managed to maintain its total electricity consumption at the previous year's level (20 million kWh).

The countries with the highest electricity consumption at the Group were:

	CANADA	FRANCE	ROMANIA	UNITED STATES	CHINA	OTHER COUNTRIES
Consumption in KWh (in thousands) in FY 2010/2011	10,327	3,684	1,733	1,172	987	2,213
Consumption in KWh (in thousands) in FY 2009/2010	8,865	4,053	1,300	1,123	1,247	3,412
Change by country	+ 16%	- 9%	+ 33%	+ 4,3%	- 20%	-35%

The significant increases in consumption in Canada and Romania were due to the opening of a new subsidiary (Toronto, Canada which should create 800 jobs within 10 years) and by headcount increases in these subsidiaries in 2010/2011.

In 2011, the Group continued to encourage measures to reduce overall energy consumption.

The Group is also striving to bring lower-energy light bulbs into general use. Almost 80% of our subsidiaries currently use this type of light bulb, (Canada, Romania, Denmark, China, the Netherlands, India and Singapore. And almost half of our studios and subsidiaries are equipped with timers or switches with movement detectors in meeting rooms and rest rooms.

Many subsidiaries have introduced good practices to limit consumption of air-conditioning and heating systems, which are mostly shut down at weekends (server rooms being an exception). In 2010, Ubisoft Sofia upgraded the air-conditioning system and promoted the switching off of electronic devices not in use which achieved energy savings of almost 30% over the year. In Japan, premises are equipped with a system which automatically shuts off the heating, air-conditioning and lighting when the main door is locked.

Ubisoft Montreal, which accounts for more than one-fifth of the total staff of Ubisoft, has formed a partnership with the electricity supplier, Hydro-Québec, 98% of whose production comes from hydroelectric dams.

Some studios plan to set energy-saving objectives following the initiative of Ubisoft Chengdu, which has planned a 5% reduction in energy consumption per year and per employee. The studio in Vancouver would like to renovate a section of the offices building in order to optimize natural lighting.

Finally, campaigns to provide information on and to raise awareness of energy saving have been organized at Group level. Last year, in line with its fitness brand, *Your Shape: Fitness Evolved*, the Group organized a poster campaign in all its studios and subsidiaries to encourage employees to use the stairs rather than the elevator.

Subsidiaries and studios regularly receive local messages by email informing them of good practices related to energy saving (electricity or water). Japan, Canada, France and Romania are all examples of this.

GREENHOUSE GAS EMISSIONS (GHGE)

CARBON FOOTPRINT

To the extent that the Company does not manufacture the video games it publishes and distributes, the Group's carbon footprint remains very low resulting solely from employee travel and events organized by the Group.

The Group nonetheless takes the issues of respect for and protection of the environment very seriously and makes every effort to reduce its carbon footprint as far as possible.

At the studio in Montreal, the two major events (the internal meeting and the Christmas Party) are carbon-neutral being entirely offset by carbon credits purchased from the organization, Planetair.

PROMOTING VIDEOCONFERENCING TOOLS AND BUSINESS TRAVEL POLICY

Due to the Group's international scale, employees frequently have to travel to other sites. Group policy seeks to limit the environmental impact of these business trips and minimize the consequences of travel wherever possible.

The following measures are favored:

- efficient management of employees' appointments so that their travel is limited to the absolute minimum;
- choosing the least expensive but at the same time most environmentally friendly means of transport;
- videoconferencing (Breeze), conference calls (Communicator) and other collaborative means.

Most of the Group's subsidiaries have dedicated videoconferencing rooms and those that do not have these yet (such as Ukraine and Chengdu in China) expect to have them within two years. The majority of the subsidiaries have also implemented a specific policy aiming to reduce business travel.

The Group is also aiming to make the use of web conferencing widespread, by systematically equipping new work stations with webcams and microphones.

1.4.3.2 ECOLOGICAL IMPACT AND SUSTAINABLE MANAGEMENT OF RESOURCES USED (EXCLUDING GREENHOUSE GAS EMISSIONS)

In some countries, recycling complies with strict environmental regulations: in Germany, Ubisoft holds a "Green License" in connection with the European directive on packaging.

In order to obtain the Green Dot label on its cardboard packaging, Ubisoft participates in the Eco-packaging contribution scheme and similar schemes at its French, Spanish and Italian subsidiaries.

Consumption of paper

All subsidiaries are made aware of the ecological impact of paper consumption; they take advantage of municipal or government programs to recycle their paper through waste sorting at their premises or collection areas such as in Germany, Australia, Korea, Italy, Switzerland and the United Kingdom. Many subsidiaries use outside specialists as in Canada, the United States and France.

As at March 31, 2011, more than four out of every five subsidiaries had introduced a paper recycling process, while nearly half used recycled paper for some or all of their supplies.

In order to reduce their paper consumption, French and Italian subsidiaries, for example, have opted for a paperless pay slip management policy as of June 2010 (Novapost). The Italian subsidiary estimates that this enables an annual saving of 20,000 sheets of paper and the French subsidiary more than 30,000 sheets.

Finally, Ubisoft announced plans in April 2010 to digitize its games manuals for all of its PlayStation®3, PC, and XBOX 360™ titles.

The production of one ton of paper used for games manuals consumes on average two tons of wood, for which 13 trees must be cut down, with net energy consumption of 28 million BTU (the equivalent of the average energy used by one household per year), the equivalent of almost 3 tons of CO2 and almost 6,000 liters of wastewater.

Consumption of water

Even if Ubisoft's water consumption is not significant, in view of its activities, measures have been put in place to raise employees' awareness of their consumption.

Many subsidiaries are using low-consumption taps or taps with automatic shut-off and low-consumption toilets, as in Italy, Germany, Sweden, United Kingdom, Australia and Shanghai (China).

Some subsidiaries have implemented simple measures to encourage employees to limit their water consumption, for example in India, where notices have been placed next to each water outlet.

PROCESSING AND RECYCLING UNMARKETABLE PRODUCTS

Subsidiaries are directly responsible for scrapping at distribution platforms. This is organized by suppliers or subsidiaries' warehouse managers.

The various destruction tasks (grinding or compacting), carried out under the supervision of official bodies, were outsourced to external companies for:

- burning (in Japan, Belgium, the Netherlands and the United Kingdom for whatever cannot be recovered), or
- burial (Italy and Switzerland), or
- recycling (United Kingdom, United States, Germany, Australia, Canada, France, Japan, and Romania).

For half of the subsidiaries, products are destroyed under the supervision of a government body. The destruction of products in France is carried out by a company specializing in recycling CDs, DVDs, computer disks and all types of plastic electronic media. The products are first ground down and sorted before being transformed into fine particles and resold to the plastic processing sector.

LIFE-CYCLE MANAGEMENT AND RECYCLING OF COMPUTER EQUIPMENT

For over half of our studios and subsidiaries, the IT and electronic equipment is purchased in accordance with energy-consumption standards (Energy Star standard). This is the case in, for example, Canada, Bulgaria, Spain, Germany, Australia and, as far as possible, in Chengdu and Seoul.

Ubisoft takes an active part in the recycling of its used IT, electric and electronic equipment. Except in a few countries where services of this kind are not available (Morocco), the vast majority of subsidiaries manage the disposal of their computer equipment by calling on external service providers, specialist organizations or companies.

Depending on the case, equipment disposed of by the Group is reused by schools or charities, which may be chosen by local authorities. IT equipment that has reached the end of its life is sometimes sold directly to employees (whereby the proceeds are given directly to charities or schools).

In France, Ubisoft has its computer equipment recycled by companies specializing in the dismantling of such equipment, with which a recovery, disassembly and recycling contract has been signed. These activities involving the processing of electrical and electronic waste and the cleanup of monitors are carried out in compliance with the applicable laws and standards. This year, the French subsidiaries recycled around 9.5 tons of computer equipment.

Foreign subsidiaries are also carefully recycling their computer equipment in collaboration with specialist companies.

For example, the National Computer Recycling company processes IT hardware reaching the end of its life at the Newcastle studio. It is recycled, donated or destroyed in compliance with relevant European standards.

The subsidiary in Montreal donates some of its used equipment to a social enterprise operating in the IT sector, which runs work and job-finding schemes for young adults with difficulties. This enterprise takes on the task of recycling and reconditioning the equipment and selling it on to welfare organizations.

In Romania, recycling of PCs, batteries, printer cartridges and electronic components is entrusted to a specialist external company (3r Green SRL). The studio has recycled 1,480kg of equipment in 10 months by this method.

PROCESSING AND RECYCLING OF CONSUMABLES

INK CARTRIDGES

Most of the Group's subsidiaries reuse ink cartridges by refilling them several times. Otherwise, any ink cartridges that are not reused are systematically recycled or returned to the supplier for recycling.

BATTERIES

In 90% of the subsidiaries, batteries are collected and recycled at collection points located at strategic points on the premises (reception, the entrance to each floor etc.). The Hong Kong office has opted for rechargeable batteries.

OTHER CONSUMABLES

Numerous initiatives have been taken in France and at international subsidiaries to reduce the ecological impact of resources consumed by the Group in the course of its business.

For example, many sites have sought to reduce or stop the procurement of consumables. In Shanghai, Switzerland and the US offices, for example, disposable plastic cups have given way to glasses or personalized mugs made of bamboo fiber (70% biodegradable)

The subsidiaries are also seeking to minimize the ecological footprint of these consumables. For example, fruit available in the cafeterias of the sites in Montreuil (France) and Montreal is certified organic, and plates and cutlery in Montreal are made from 100 % biodegradable reconstituted potato starch. Ubisoft France includes recycled office supplies in its ordering catalogue.

In Annecy – and since April 2010, in Montreuil - coffee capsules are collected and recycled.

PROCESSING WASTE

Many subsidiaries have already introduced sorting systems, often in partnership with local authorities.

The studio in Montreal, for example, has removed all individual waste baskets in favor of shared recycling bins in order to improve the sorting of waste and minimize the burying of non-recyclable waste. This studio has also implemented a pilot composting project next to the cafeteria. Since March 2010, Montreal is the holder of the “*Ici, on recycle*” level 2 certification for its efforts related to the processing and recycling of waste.

The Japanese subsidiaries have collection bins in communal areas where paper, bottles and other recyclable materials can be sorted as well as flammable and non-flammable waste.

Head Office has installed compactors at the three Montreuil sites (France) for recycling cans. 15,867 cans were recycled in 2010/2011 which equates to 24 bikes.

INVOLVING SUPPLIERS IN A RESPONSIBLE, ENVIRONMENTALLY FRIENDLY APPROACH

Ubisoft uses environmentally concerned suppliers.

The main production facilities of Ubisoft's assemblers in the EMEA zone are ISO 9001 certified, which means that they comply with the “Safety and quality” process. Two thirds of them also have ISO 14001 certification, which specifically relates to the environment. This standard promotes the Company's efforts to:

- minimize the harmful effects of its activities on the environment,
- continually improve its environmental performance.

On top of these efforts to reduce the use of paper in packaging for its games, Ubisoft has teamed up with Technimark, Inc. to produce more environmentally friendly DVD cases for all its future PC games in North America.

The new case, which is made of 100 % recycled polypropylene and is called “ecoTech”, was launched with *Tom Clancy's Splinter Cell Conviction*™ for PCs in April 2010.

1.4.3.3 RAISING AWARENESS AND SHARING SOUND ENVIRONMENTAL PRACTICES

APPLYING SOUND ECOLOGICAL PRACTICES AT GROUP LEVEL

At a Group level, Ubisoft identifies ecological initiatives that follow the objectives of its environmental policy. These sound practices may be inspired by initiatives already implemented at subsidiaries or other companies with exemplary environmental behavior.

The Group favors initiatives that offer a pragmatic response to environmental challenges, have proved their effectiveness and help to streamline operations and investment.

These sound practices will then be highlighted in a dedicated section on our intranet so that all the subsidiaries can benefit from the know-how at Group level.

In the years to come, the Group also plans to set up a Committee to handle environmental questions at a global level. The task of this Committee will be to identify areas for improvement within the Group and to communicate guidelines and proposed actions to the subsidiaries.

PROMOTING INITIATIVES

Alongside the actions it takes to minimize its impact on the environment, the Group considers it equally important to encourage individual changes in behavior. Many subsidiaries implement local awareness campaigns to steer employees towards sound environmental practices.

In 2009/2010, Ubisoft Sofia for example launched the “Reduce, Reuse, Recycle” program. The campaign’s objective was to raise the teams’ awareness of recycling options and procedures available at the studio: recycling paper, plastic and damaged electronic equipment as well as the use of recycled materials and promoting energy savings. As a result of this initiative, the quantity of paper used by the studio was reduced by half and 150 kg of plastic were recycled.

Ubisoft Chengdu has undertaken to reduce its carbon footprint with the launch of the “To live a low carbon life, I’m in!” program in 2009/2010. A collection of clothes, shoes and books was organized at the studio. The items were then redistributed to a charity organization thus enabling a saving on the carbon generated in manufacture.

In 2010/2011, Ubisoft Shanghai implemented an internal communications campaign entitled “Green Rabbit Action” with the aim of raising employee awareness of wasting energy. Without informing employees, during the night the communications team at the studio put green rabbit stickers on the screens of computers that had been left switched on. The following day, employees at the studio received an email reminding them to switch off their PCs and electronic equipment at night. The same procedure was repeated three times and on the third occasion, the number of PCs and items of electronic equipment left switched on was noticeably lower.

Several subsidiaries have set up an Environment Committee with the aim of raising awareness locally among the teams, to recommend concrete actions encouraging the preservation and respect of the environment and the assessment of progress made. This is the case in Montreal, Quebec, Vancouver, Mexico, San Francisco, Sofia, Barcelona and Malmö (Sweden) for example.

Last year, the Environment Committee in Montreal supervised measures to optimize the recycling of paper and used batteries, in addition to the sorting of glass and metal.

The studio also worked on the implementation of basic projects such as the creation of a software program for car pooling, the use of a policy to automatically switch computers to stand-by when not in use, and the widespread use of recycled paper in printers.

This year, the Montreal committee has introduced an awareness campaign related to the use of paper cups, a partnership with an organic farm (distribution of seasonal organic vegetable boxes) and contributed to the setting up of a terrace on the studio roof (selection of plants and planting).

In Montreal, employees also have access to a blog where information and practical advice related to the environment is posted regularly by members of the “Environment Committee”.

The Environment Committees of the various subsidiaries are also keen to establish contact with users and enter into partnerships with external organizations. This is the case with the San Francisco studio, which worked in 2009 with Urban Forest to develop green spaces and plant trees in the area around the studio.

RAISING AWARENESS OF ENVIRONMENTAL ISSUES AMONG THE GENERAL PUBLIC

The Group also helps to make the general public aware of environmental issues through its games. For example, the Planet Rescue product range spreads a message of ecological responsibility and provides a recreational environment in which players can learn sound practices in matters of sustainable development.

The themes of protection of nature and fauna are also presented in recent games such as *Shawn White Skateboarding*, *From Dust*, *Child of Eden* and even *Anno 2070*.

In *Shawn White Skateboarding*, the player has to transform his play area using his skateboard and bring back colors and nature to the urban landscape. The mechanics of the game, *From Dust*, are based entirely on awareness of the fragility of nature. The player adopts the role of a god who can modify the natural elements as he wants (water, earth, plants, fire etc.), fatally modifying the ecological landscape. In *Child of Eden*, the player finds himself immersed in a sensory experience in which he has to save the world of Eden peopled with organic creatures from an unknown virus. Finally, *Anno 2070* transports the player to a time in the near future where ecological and environmental changes, such as the rising of water levels and the reduction of hospitable land, have forced humans to adapt their way of life. Players are required to face numerous ecological challenges in order to build their empire.

1.5 SUBSIDIARIES AND EQUITY INVESTMENTS

1.5.1 INVESTMENTS DURING THE FINANCIAL YEAR

Creation of new companies:

- April 2010 creation of the subsidiary Ubisoft Services SARL in France
- April 2010 creation of the subsidiary Ubisoft Learning & Development SARL in France
- January 2011: creation of the subsidiary Ubisoft Motion Pictures SARL in France

Acquisitions:

- October 2010: Acquisition of Quazal Technologies Inc.
On 29 October 2010, Ubisoft acquired Quazal Technologies, a leader in the creation of online technology solutions for video game developers.

1.5.2 BUSINESS ACTIVITIES OF THE SUBSIDIARIES

Production subsidiaries:

These are responsible for the design and development of the software.

In order to align itself with major changes in the industry, the Company has reorganized the roles and operations at its studios, which has resulted in reductions in staffing levels and the withdrawal of some projects.

Sales and marketing subsidiaries:

The sales and marketing subsidiaries are responsible for distributing Ubisoft products throughout the world.

During the second half of the year, the Merchandising activity was abandoned in the EMEA zone. This decision resulted in depreciation of the stocks of these products and a reduction in staffing levels.

Relations between the parent Company and subsidiaries:

The relationship between the parent Company and the subsidiaries involves:

- Production subsidiaries billing the parent Company for development costs based on the progress of their projects. These costs are capitalized at the parent Company and amortized from the commercial launch date.
- The parent Company invoices distribution subsidiaries for a contribution to development costs.

The parent Company also centralizes a certain number of costs that it then allocates to its subsidiaries, in particular:

- The purchase of computer equipment,
- General and administrative expenses,
- Interest expenses related to the cash management agreement, guarantees and loans

Main subsidiaries:

Subsidiary (in thousands of euros)	31/03/11			31/03/10			31/03/09		
	Sales	Operating profit (loss)	Earnings	Sales	Operating profit (loss)	Earnings	Sales	Operating profit (loss)	Earnings
Ubisoft Inc. (United States)	513,284	12,063	6,971	342,647	8,192	4,694	396,794	15,873	11,901
Ubisoft Ltd (United Kingdom)	159,274	2,196	1,319	122,647	1,337	1,064	175,528	4,388	3,406
Ubisoft GmbH (Germany)	75,922	2,880	2,106	85,781	1,793	1,244	107,753	3,394	2,326
Ubisoft France SAS	71,911	972	891	61,706	664	165	123,454	3,087	2,650

1.5.3 UBISOFT ENTERTAINMENT SA SUBSIDIARIES AND EQUITY INVESTMENTS ⁽¹⁾

1. PRODUCTION

FRANCE

Ludi Factory SAS
 Nadéo SAS
 Tiwak SAS
 Ubisoft Art SARL
 Ubisoft Castelnau SARL
 Ubisoft Créa SARL
 Ubisoft Computing SARL
 Ubisoft Design SAS
 Ubisoft Design Montpellier SARL
 Ubisoft Editorial SARL
 Ubisoft Gameplay SARL
 Ubisoft Graphics SAS
 Ubisoft Innovation SARL
 Ubisoft Marketing International SARL
 Ubisoft Paris Studio SARL
 Ubisoft Pictures SAS
 Ubisoft Production Annecy SARL
 Ubisoft Production Internationale SARL
 Ubisoft Productions France SAS
 Ubisoft Production Montpellier SARL
 Ubisoft Simulations SAS
 Ubisoft Studios Montpellier SARL
 Ubisoft Support Studios SARL
 Ubisoft World Studios SAS

GERMANY

Blue Byte GmbH
 Related Designs Software GmbH ⁽²⁾

BULGARIA

Ubisoft EooD

CANADA

Ubisoft divertissement Inc (Montreal)
 Ubisoft Divertissements Inc. (Quebec) ⁽⁴⁾
 Ubisoft Music Inc
 Ubisoft Music Publishing Inc
 Ubisoft Toronto Inc.
 Ubisoft Vancouver Inc.
 Quazel Technologies Inc.

CHINA

Chengdu Ubi Computer Software Co. Ltd
 Shanghai Ubi Computer Software Co. Ltd

SPAIN

Ubi Studios SL

UNITED STATES

Red Storm Entertainment Inc.

INDIA

Ubisoft Entertainment India Private Ltd

ITALY

Ubisoft Studios Srl

JAPAN

Ubisoft Osaka KK

MOROCCO

Ubisoft Sarl

ROMANIA

Ubisoft Srl

UNITED KINGDOM

Ubisoft Entertainment Ltd

SINGAPORE

Ubisoft Singapore Pte Ltd

SWEDEN

Ubisoft Entertainment Sweden AB

UKRAINE

Ubisoft Ukraine LLC

POST-PRODUCTION VIDEO

CANADA

Hybride Technologies Inc.

FILM PRODUCTION

FRANCE

Ubisoft Motion Pictures SARL

COMMERCIALISATION

FRANCE

Ubisoft Emea SARL
 Ubisoft France SAS
 Ubisoft Development SARL
 Ubisoft IT Project Management SARL
 Ubisoft Manufacturing & Administration SARL
 Ubisoft Marketing France SARL
 Ubisoft Operational Marketing SARL

GERMANY

Ubisoft GmbH

AUSTRIA

Ubisoft GmbH ⁽³⁾

AUSTRALIA

Ubisoft Pty Ltd

BELGIUM

Ubisoft BV ⁽³⁾

BRAZIL

Ubisoft Entertainment Ltda

CANADA

Ubisoft Canada Inc.

KOREA

Ubisoft Entertainment SA ⁽³⁾

DENMARK

Ubisoft Nordic AS

SPAIN

Ubisoft SA

UNITED STATES

Ubisoft Inc. ⁽¹⁾

HONG KONG

Ubisoft Ltd

ITALY

Ubisoft SpA

JAPAN

Ubisoft KK

MEXICO

Ubisoft Canada Inc. ⁽⁵⁾

NETHERLANDS

Ubisoft BV

POLAND

Ubisoft GmbH ⁽³⁾

UNITED KINGDOM

Ubisoft Ltd

SWEDEN

Ubisoft Sweden AB

SWITZERLAND

Ubisoft Games SA

SUPPORT

FRANCE

Ubisoft Books SAS
 Ubisoft Counsel & Acquisition SARL
 Ubisoft Learning & Development SARL
 Ubisoft Market Research SARL
 Ubisoft Organisation SAS
 Ubisoft Services SARL
 Ubisoft Talent Management SARL
 Ubisoft World SAS

⁽¹⁾ 100% direct or indirect interest

⁽²⁾ 29.95% indirect interest

⁽³⁾ branch

⁽⁴⁾ office opened

⁽⁵⁾ representative office

1.6 GENERAL INFORMATION

1.6.1 CAPITAL EXPENDITURE POLICY

Ubisoft continued its sustained capital expenditure policy, which should enable the Company to gain traction in new platforms, create new licenses in various genres, develop the online activity and more generally increase its market share. Accordingly, in 2010/2011, internal production costs rose 11% from €259 million to €287 million.

	2010/2011	2009/2010	2008/2009
Production-related capex	€287 million	€259 million	€209 million
% of total sales ex-VAT	27.66%	29.70%	19.73%
Capex per member of production staff (average headcount)	€57,003	€50,451	€50,179

1.6.2 RESEARCH AND DEVELOPMENT POLICY

In order to develop exceptional video games, Ubisoft has established a project-led R&D policy for tools and technologies, using the most recent technological advances: the choice of development engines, tools and processes takes place well upstream in a project, because this choice determines the potential for innovation and the necessary investment in terms of time, human resources and financing for the game.

Its close-knit team of engineers who have mastered the best available technologies now enables Ubisoft to take a highly pragmatic approach to its projects: depending on the challenges and expected results on a game, the choice of tools may involve specific internal developments, software already available on the market, or a combination of the two. Research is thus focused on innovation and functionality, using technologies suited to a high-quality product.

Development costs on in-house software are capitalized and amortized over three years, with additional impairment losses recognized to reflect the product life cycle. During the financial year, they were amortized in the amount of €319 million.

The Group does not carry out any fundamental research.

1.6.3 PROPERTY, PLANT AND EQUIPMENT

Ubisoft owns the land and building occupied by its Hybride Technologies Inc. subsidiary in Canada, at 111 Chemin de la gare, Piedmont, Quebec.

1.7 RISK FACTORS

The Company conducted a risk review which may have a significant negative effect on its activity, its financial position and its result (or on its capacity to reach objectives). The Company does not believe that there are any other significant risks than those listed.

Identified risks are categorized by type.

1.7.1 RISKS LINKED TO THE BUSINESS AND THE VIDEO GAMES MARKET

1.7.1.1 RISKS ASSOCIATED WITH PRODUCT STRATEGY, POSITIONING AND BRAND MANAGEMENT

Ubisoft, like all publishers, is dependent on the success of its product catalogue and the suitability of its offering with regard to consumer demand.

In order to meet market demand, Ubisoft takes particular care in building its product catalogue by concentrating on:

- Regularly strengthening its existing franchises in the high-definition segment,
- The launch of innovative products in order to seize opportunities in the Casual segment,
- The development of its online and digital activity.

In order to diversify and enrich its brand portfolio and thus ensure steady income in the long term, Ubisoft favors a strategy of creating its own brands and producing internally, underpinned by a targeted acquisition strategy.

The Company allocates the necessary marketing and sales resources to showcase its products through a distribution network covering over 55 countries. Its position as the third-largest independent publisher in Europe and the United States provides the Group with a high-performance distribution platform for its products.

1.7.1.2 RISKS ASSOCIATED WITH MARKET CHANGES

Ubisoft operates on a market that is becoming increasingly competitive and selective and is subject to concentration and economic fluctuations, and is marked by rapid technological changes requiring significant R&D investment.

Ubisoft also faces new challenges such as the dematerialization of physical media (which is set to gradually replace games boxes at some point in the future), a growing second-hand market, online games and emerging competitors in Asia.

The sector overall, therefore, should be a growing one in 2011, led by the online games sector which is experiencing rapid growth while the consoles market may remain down despite the arrival of the Nintendo 3DS™.

To speed up its development and creativity process, Ubisoft launched *Might & Magic Heroes Kingdoms*™ in February 2010 and *The Settlers Online* in December 2010; the Company's first two online games. This popular market is experiencing strong growth but is also highly competitive.

In order to remain competitive, it is essential for a publisher to choose the development format for a game wisely; an inappropriate choice could have a negative impact on the expected sales and profitability.

While continuing to invest in new technology (for example, 3D camera technology for the launch of KINECT, Ubisoft managed to capitalize on the success of its *Just Dance*[®] franchise although sales on the Wii™ market fell sharply in 2010.

The Company is also striving to promote collaboration between its various development studios in order to ensure the optimization of its development power and to benefit fully from its presence in low-cost zones.

In Canada and in Singapore, Ubisoft depends on substantial grants and any change in government policy could have a significant impact on production costs and the Company's profitability. Ubisoft ensures that it renegotiates these agreements on a regular basis and does not foresee any risk over the next few years.

The current operating income and the generation of cash showed an improvement for the financial year 2011 thanks to the success of *Assassin's Creed*[®] *Brotherhood*, *Just Dance*[®] 2, *Michael Jackson: The Experience* and our games for KINECT. Nevertheless, the uncertain economic situation and the technological changes that are taking place may continue to impact the Company's performance.

1.7.1.3 RISKS OF A DELAY OR POOR START TO THE RELEASE OF A FLAGSHIP GAME

Seasonal trends in the video games business:

Sales/quarter in millions of euros	2010/2011	Breakdown	2009/2010	Breakdown	2008/2009	Breakdown
1 st quarter	161	15%	83	10%	169	16%
2 nd quarter	99	10%	83	10%	175	17%
3 rd quarter	600	58%	495	56%	508	48%
4 th quarter	178	17%	210	24%	206	19%
Consolidated annual sales	1,039	100%	871	100%	1,058	100%

The third quarter of the financial year represents, on average, 54% of annual sales over the last three financial years.

In a very competitive and above all seasonal market, increasingly characterized by the need to release big hits, the announcement of a delay in releasing an expected game may have a negative impact on the Group's income and future results and thus cause a drop in its share price.

A game's launch may be delayed by the difficulty in accurately predicting the time required to develop or test it. For example, in 2010/2011, Ubisoft (like other players in the sector) was obliged to postpone Tom Clancy *Ghost Recon*[®] and *Driver*[®].

The launch of a game below the standard required for it to fully realize its potential can negatively impact the Company's results. This is the case with below-expectation sales of the game *Prince of Persia The Forgotten Sands*[®].

Whether in the organization of its teams or ongoing research into improving development processes, Ubisoft relies on the efficiency of its in-house expertise and synergies between its studios in order to anticipate these risks and alert the management teams as necessary.

As part of tax assessment at Ubisoft Divertissements Inc., (Canada) from 1999 to 2003, and from 2004 to 2008, a bilateral transfer price agreement has been initiated with the tax authorities. Pending the final agreement, the provision of CAD 3 million is maintained unchanged.

1.7.1.4 RISKS ASSOCIATED WITH RECRUITING AND RETAINING TALENTED STAFF

The Group's success largely depends on the talent and skills of its production and marketing teams in a highly competitive international market. If the Group were no longer able to attract and retain new talents, or were no longer capable of retaining or motivating its key employees, the Company's growth prospects and financial position could be affected.

The Company follows an active policy of recruitment, training and retention through the following initiatives in particular:

- Company/university collaboration: strong relationships with the main universities in the various countries where the Group operates,
- The addition of tools and forums to encourage skills sharing,
- Implementation of various high-level training programs for core production activities.

All of the programs established by Human Resources at a local and international level are first and foremost designed to attract, train, retain and motivate employees with strong technical and/or managerial skills: development opportunities, share purchase plans, stock option plans, personal development plans etc.

1.7.1.5 RISKS ASSOCIATED WITH THE ACQUISITION AND INTEGRATION OF NEW ENTITIES

The Company has an international expansion policy, regularly reflected in the opening and acquisition of production studios in new territories. The integration of these studios is critical for the Company's success in order to meet future growth targets.

In order to ensure that these new entities are integrated successfully, the Company has put in place a number of solutions to support the teams. Similarly, the Company continues to develop the skills of its administrative teams in order to limit financial, tax or legal risks.

A sound financial structure for the target Company (net financial surplus and the available equity) is expected to minimize these risks.

Nevertheless, the following risks could arise:

- dilution of the current shareholder structure as a result of an acquisition paid in shares;
- creation of significant long-term debt;
- potential losses that could have a negative impact on profitability;
- provisioning for goodwill or other intangible assets.

The potential loss of key employees at the target Company could have a negative impact on financial performance. However, to date, Ubisoft has always proven capable of integrating acquired companies into the Group.

1.7.2 LEGAL RISKS

1.7.2.1 LAWSUITS – LEGAL PROCEEDINGS AND ARBITRATION

There are no government, legal or arbitration proceedings pending that are likely to have or that over the past 12 months have had a material impact on the financial position or profitability of the Company and/or the Group.

The Group is subject to regular tax inspections in the countries where it is present.

1.7.2.2 REGULATORY ENVIRONMENT

The Company has developed tools and implemented the requisite procedures to comply with local laws and regulations relating to consumer protection, covering also information given to consumers on the content of games (in accordance with age-rating classifications of PEGI in Europe and ESRB in the United States); the protection of personal data (by putting in place the systems, so-called “opt in” in Europe or “opt out” in the United States) and the protection of minors (notably by setting up parental consent procedures). The Company has introduced internal control procedures to check compliance to the above.

It is a member of the ESA (Entertainment Software Association) in the United States, the ISFE (Interactive Software Federation of Europe) and the SELL (Syndicat des Éditeurs de Logiciels de Loisirs) in France, and complies with the classification systems PEGI (Europe) and ESRB (United States).

1.7.2.3 RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY RIGHTS

Given the importance and intrinsic value of its brands, the Company has taken the necessary measures to protect its portfolio of commercial brands as well as the other intellectual property rights that it holds:

- Procedure for checking the pre-existence of brands proposed for games at European and international level, registration of brands and domain names of games designed at European and international level;
- Legal monitoring of brands that are similar or identical to those of the Company and that have been registered by third parties at a global level;
- A dedicated anti-pirating team, whose task is to carry out a technology watch, advise development teams and coordinate action between the various internal and external teams;
- Copyright infringement pressing civil claims in criminal proceedings where applicable, or via any other available criminal or civil avenues, and measures against hackers in order to obtain the removal of games illegally put online.

Ubisoft is not dependent on any particular patents.

1.7.2.4 LICENSING AGREEMENT RISKS

Every year, Ubisoft signs a series of partnership agreements with, in particular, prestigious partners such as film studios, music labels etc., enabling it to develop its game catalogue and increase sales. The biggest licensor accounts for nearly 7.6% of sales.

The potential interruption of certain partnerships, for whatever reason, at the behest of Ubisoft or its partners, would likely have a negative impact on the revenue and future performance of the Company as it would not be offset by other new licenses.

1.7.3 OPERATIONAL RISKS

1.7.3.1 RISK OF DEPENDENCY ON CUSTOMERS

Because it has many large retailer customers in numerous countries, the Company believes it has no significant dependency on any customer that could affect its growth plan.

Share of the main customers in the Group's sales ex-VAT:

Share in %	2010/2011	2009/2010	2008/2009
Top customer	12%	10%	10%
Top 5 customers	41%	32%	33%
Top 10 customers	54%	45%	46%

Moreover, in order to protect itself against the risk of default, the Group's main subsidiaries, which account for approximately 85% of consolidated sales, are all covered by credit insurance.

1.7.3.2 RISK OF DEPENDENCY ON SUPPLIERS AND SUBCONTRACTORS

The Company has no significant financial dependency on subcontractors or suppliers likely to affect its growth plan.

Ubisoft and its subsidiaries mainly use services or products from suppliers such as systems integrators (printers to produce manuals and product packaging, disk suppliers to subcontract the supply and duplication of CD-ROMs and DVD-ROMs, other systems integrators), technology providers, suppliers of licenses and maintenance in connection with the Company's operations.

However, there is a dependency on manufacturers. Ubisoft, like all console-game publishers, purchases cartridges and gaming media from console manufacturers (Sony, Nintendo and Microsoft). Supply is thus subject to prior approval of the manufacturers, the production of these media in sufficient quantities and the establishment of royalty rates. Any change in the terms of sale by manufacturers could have a material impact on the Company's results. For PC games, there is no specific dependency.

Despite the priority given to games developed internally, which account for 90% of sales, the Company may call on outside studios in the context of its development activities in order to work on traditional subcontracting projects by supplying additional and/or specialized production capacity or to take on original projects in which they have specific expertise. These independent development studios may sometimes have a limited capital base that may put the completion of a project at risk.

To limit such risks, Ubisoft has introduced internal monitoring procedures, limited the number of games entrusted to a single studio, and ensured that it assimilates all or a portion of the technology they use.

Ubisoft Entertainment SA 's terms for trade payables:

Pursuant to the provisions of article L 441-6-1 art.1 of the Commercial Code, please note that the Company's liabilities to suppliers at the close of the last financial year break down by due date as follows:

Liabilities by contractual due date			
Due date	Total trade payables: 1 to 30 days	Total trade payables: 31 to 60 days	TOTAL
As at 03/31/11	€46,426,845	€456,881	€46,883,726

1.7.3.3 FINANCIAL AND ACCOUNTING RISKS

The reliability of financial and accounting information, risk management and the related internal control system are explained in the report by the Chairman of the Board of Directors on the internal control procedures implemented by the Company.

1.7.3.4 CHALLENGES INHERENT IN INFORMATION SECURITY

Like any other international Company with a strong presence on the Internet, Ubisoft is exposed to multiple prerequisites such as changes in regulations and standards related to data protection, management of sensitive data and also faces numerous threats in many areas: mobility solutions, social networking, online services and games, partnerships for development to mention just a few.

Information is a strategic resource that represents considerable value for Ubisoft and must be suitably protected. Hence, Ubisoft's security department is responsible for protecting information from external and internal threats in order to guarantee its confidentiality, integrity and availability, and to ensure business continuity. To achieve this, Ubisoft is investing more and more heavily in specialist resources to reduce current risks and to increase our ability to anticipate future threats.

Efforts have been continued with regard to policies and standards and both technical and human resources dedicated to various initiatives in progress: security relay points are now in place at all the Group's subsidiaries to handle local problems and relay information. A centralized incident management system is in place, a secure and standardized solution for teleworking enabling enhancement of the collaboration within the Group and with our numerous partners. Internal and external audits are conducted regularly for the purposes of validating the various architectures and technological choices within our project portfolio. Ubisoft is clearly adapting and progressing by modifying its approach to risk management in order to meet future challenges in an environment where technologies are constantly evolving.

1.7.4 MARKET RISKS

1.7.4.1 FINANCIAL RISKS:

In the course of its business, the Group is exposed to varying degrees of financial risk (foreign-exchange, financing, liquidity, interest-rate), counterparty risk and equity risk.

Group policy consists of:

- minimizing the impact of its exposure to market risks on both its income and, to a lesser extent, its balance sheet,
- tracking and managing this exposure centrally whenever regulatory and monetary circumstances allow,
- using derivatives for hedging purposes only.

The risk management policy and its organization within the Group – notably through the Treasury Department, attached to the Finance Department – are described in the Chairman's internal audit report.

Additional information and figures on exposure to these different risks are detailed in Note 16 to the consolidated financial statements.

FOREIGN-EXCHANGE RISK

In light of its international presence, the Group may be exposed to exchange-rate fluctuations in the following three cases:

- through its operating activities: sales and operating expenses of Group subsidiaries are largely denominated in local currency. Some transactions, however, such as license agreements and intercompany invoicing are denominated in another currency. The operating margin of the subsidiaries concerned may therefore be exposed to fluctuations in exchange rates involving their operational currency;
- through its financing activities: applying its policy of centralizing risks, the Group has to manage financing and cash in various currencies;
- during the process of translating the accounts of its subsidiaries from foreign currencies into euros: current operating income may be generated in currencies other than the euro. As a result, fluctuations in foreign currency exchange rates against the euro may have an impact on the Group's income statement. These fluctuations also affect the carrying amount of assets and liabilities denominated in foreign currencies and appearing in the consolidated balance sheet.

The Group first uses natural hedges provided by transactions in the other direction (development costs in foreign currency offset by royalties from subsidiaries in the same currency). The parent company uses foreign currency borrowings, forward sales or foreign-exchange options to hedge any residual exposures and non-commercial transactions (such as inter-company loans in foreign currencies).

The sensitivity of Group earnings to changes in the value of its main currencies is described in Note 16 to the consolidated financial statements.

Impact of a +/- 1% variation in the main currencies on revenue and operating income/loss

Currency	Impact on revenue	Impact on operating income/loss ⁽¹⁾
USD	5,082	1,727
GBP	1,577	1,096
CAD	602	853

in thousands of euros

Impact of a variation (+/- 1%) in the main currencies on goodwill and brands

Currency	Impact on equity ⁽¹⁾
USD	591
GBP	116
CAD	19

⁽¹⁾ in thousands of euros

FINANCING AND LIQUIDITY RISK

In the course of its operating activity, the Group has no recurrent or significant debts. Operating cash flows are generally sufficient to finance operating activity and organic growth. However, the Group may need to increase its debt by using credit lines to finance Merger & Acquisition activity. In order to finance temporary needs related to increases in working capital during especially busy periods, the Group has a €180 million syndicated loan, €100 million in confirmed credit facilities and other bank credit facilities totaling €74.5 million at March 31, 2011.

The Group's liquidity risk mainly lies with the maturity of a €20 million debt on which interest is paid, as well as payment flows on derivatives, and this risk is therefore not significant.

INTEREST-RATE RISK

Interest-rate risk is mainly incurred through the Group's interest-bearing debt. This is essentially euro-denominated and centrally managed. Interest-rate risk management is primarily designed to minimize the cost of the Group's borrowings and reduce exposure to this risk. For this purpose, the Group uses primarily fixed-rate loans for its long-term financing needs and variable-rate loans to finance specific needs related to increases in working capital during particularly busy periods.

At March 31, 2011, the Group's net debt included a variable-rate loan and bank overdrafts which, given the Group's positive net cash position, are used essentially to finance the high year-end working capital requirement entailed in the highly seasonal nature of the business.

The sensitivity of debt to a change in interest rates is described in Note 16 to the consolidated financial statements.

1.7.4.2 COUNTERPARTY RISK

The Group is exposed to counterparty risk – mostly banking-related – in the course of its financial management. The aim of the Group's banking policy is to focus on the creditworthiness of its counterparties and thus reduce its risks.

1.7.4.3 SECURITIES RISK

RISK TO THE COMPANY'S SHARES

In accordance with its share buyback policy and within the authorizations granted by the Shareholders' Meeting, the Company may decide to buy back its own shares. The fluctuations in the price of shares bought in this way have no impact on the Group's income.

RISK ON OTHER SECURITIES

The Gameloft shares are covered by an equity swap agreement signed by the Group with CA-CIB (Crédit Agricole Corporate & Investment Bank). For these Shares, a significant and/or prolonged drop in the share price may have an adverse effect on the Group's income.

As of March 31, 2011, the fair value of this receivable with Calyon is reflected in the balance sheet (see Note 9 to the consolidated financial statements and accounting principles).

1.7.5 INDUSTRIAL OR ENVIRONMENT-RELATED RISKS

The Group currently has no knowledge of any industrial or environmental risk.

Ubisoft did not record any provision, purchase any insurance to cover potential environmental risks, or pay any compensation in this regard during the financial year.

Nevertheless, the Company remains alert to regulatory changes in countries where it is present.

Even if the Company has no direct impact on the environment, this issue is an integral part of the Group's policy and has become a subject for discussion. It is presented and discussed in more detail in the "Sustainable development" section of this report.

1.7.6 INSURANCE AND RISK COVERAGE

The policy of insuring the Group aims to protect it against the consequences of certain potential and identified events that could have an adverse effect on it. This policy falls under the general scope of risk management, downstream of prevention plans and business continuity plans.

The following are the principal areas covered by insurance:

- corporate general liability and corporate officers,
- property damage and, where appropriate, trading loss,
- goods in transit,
- vehicles
- employee health risks and employee benefits,
- business travel
- expatriate cover,
- etc.

Most of the policies currently in place are taken out locally at subsidiary level, taking account of the specific nature of that subsidiary's activity and the country in which it is present, using brokers as appropriate. The Group has decided to proceed with an audit of its insurance cover which will be carried out in the first part of the financial year 2012 across all its subsidiaries. In line with the findings of this audit, the Group envisages harmonization of certain policies and the creation of an international program combined with local cover where relevant.

There were no major losses in the financial year 2011.

Total premiums paid on insurance policies valid during the financial year ended March 31, 2011 amounted to €1,159 thousand excluding credit insurance.

1.8 RECENT EVENTS, OUTLOOK AND STRATEGY

1.8.1 RECENT DEVELOPMENTS

Ubisoft has adopted a clear targeted strategy for dealing with recent developments in the market, in the high-definition console games activity, in the casual one and in the online games activity:

- For high-definition games, the Company is focusing its efforts on its strong franchises, in order to increase the quality and regularity of releases,
- For casual games, the launch of new consoles including the KINECT™, Sony Move and 3DS is expected to reward the investment made in technology over the last few years,
- For online games, a market that is expanding rapidly, Ubisoft plans to launch several online games, including *Trackmania*® and *Imagine*® Town. The Company will also continue to develop its online services portal Uplay, which is intended to reinforce direct links with consumers.

In April 2011, a bilateral credit line amounted of €25 million was subscribed for a period of 2 years. Attributed to Canadian studio, Ubisoft Divertissements Inc., this line is secured by Ubisoft Entertainment SA and follows the same covenants as other lines.

In 2011/12, sales between €1,040 million and €1,080 million are expected and current operating income between €40 million and €60 million.

1.8.2 MARKET OUTLOOK

In 2010, the console video games market recorded a 6% drop in Europe and 5% in North America. The sector is expected to experience a decline in 2011 compared with 2010. In return, it is anticipated that the online video games market should experience another year of strong growth enabling growth overall in the gaming market.

2 COMMENTS ON THE CORPORATE FINANCIAL STATEMENTS OF UBISOFT ENTERTAINMENT SA FOR THE YEAR ENDED MARCH 31, 2011

Sales (in thousands of euros)

Revenue basically consists of royalties invoicing to subsidiaries.

€ thousand	March 31, 2011	March 31, 2010
Production/sales	729,169 ⁽¹⁾	558,548
Operating loss (profit)	-116,929	-102,217
Net financial income	-11,077	18,040
Pre-tax loss (profit) from continuing operations	-128,006	-84,177
Non-recurring items	-54,550	-69,675
Earnings	-152,117	-153,066

⁽¹⁾ including capitalized production: €341,589 thousand (internally developed software: €311,150 thousand and externally developed software: €30,439 thousand)

Internal development costs

As at March 31, 2011, internal development costs came to €311 million as compared with €280 million as at March 31, 2010.

Tax consolidation scope:

As at March 31, 2011, the tax group includes all French companies, with the exception of those created during the financial year.

Income statement for the last five years

Financial Year	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Capital stock (€)	7,036,578	7,164,812	7,273,867	7,319,603	7.341.411
Number of ordinary shares	45,397,276 ⁽¹⁾	46,224,592	93,856,346 ⁽²⁾	94,446,494	94.727.890
Number of preference shares	-	-	-	-	-
Maximum number of shares to create	3,020,002	4,164,407	9,976,148	12,860,572	15,590,840
through exercise of stock options	3,020,002	3,808,907	9,509,468	12,003,892	14,473,220
through the allocation of bonus shares.	-	355,500	466,680	856,680	1,117,620
Sales (€ thousand)	435,190	571,034	576,476	558,548	729,169
Earnings before tax, employee profit sharing, depreciation and provisions (€ thousand)	236,943	309,662	326,750	190,346	257,594
Income tax (€ thousand)	- 89	1,961	13,532	-786	-30,439
Employee profit-sharing	-	-	-	-	-
Earnings after tax, employee profit sharing, depreciation and provisions (€ thousand)	16,047	75,212	33,553	-153,066	-152,117
Distributed earnings	-	-	-	-	-
Per share, earnings after tax, before depreciation and provisions (€)	5.22	6.66	3.34	2.02	3.04
Per share, earnings after tax, depreciation and provisions (€)	0.35	1.63	0.36	-1.62	-1.61
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll (€ thousand)	546	546	664*	687*	681*
Social security contributions and employee benefits (€ thousand)	215	204	279	243	239

* The compensation of one corporate officer is booked in subcontracting.

(1) Two-for-one stock split on December 11, 2006

(2) Two-for-one stock split on November 14 2008

Contingent assets and liabilities

To the best of our knowledge, there were no contingent assets or liabilities as at March 31, 2011.

Events after the balance sheet date

April 2011: subscription of a bilateral credit line for a period of 2 years and amounted of €25 million. Attributed to Canadian studio, Ubisoft Divertissements Inc., this line is secured by Ubisoft Entertainment SA and follows the same covenants as other lines.

3 INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

3.1 INFORMATION ABOUT THE COMPANY

CORPORATE NAME	UBISOFT ENTERTAINMENT
REGISTERED OFFICE	107, Avenue Henri Fréville - BP 10704 - RENNES (35207) CEDEX 2
LEGAL FORM	French corporation (Société Anonyme) with a Board of Directors, governed by the French Commercial Code
DATE OF INCORPORATION AND TERM	The Company was incorporated on March 28, 1986 and listed on the Rennes Trade and Companies Register on April 9, 2006, for a term of 99 years unless such term is extended or the Company is dissolved at an earlier date.
TRADE AND COMPANIES REGISTER	335 186 094 RCS RENNES APE industry code: 5821Z
PLACE WHERE LEGAL DOCUMENTS MAY BE CONSULTED	The Company's legal documents may be consulted at its business address at 28, rue Armand Carrel – 93100 MONTREUIL-SOUS-BOIS, France, or at its registered office.
FINANCIAL YEAR	The financial year runs from April 1 to March 31.

3.2 ARTICLES OF ASSOCIATION

Amendments to the Articles of Association are made by decision of the Extraordinary General Meeting.

3.2.1 CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

Ubisoft Entertainment SA has the following purpose, in France and abroad, both directly and indirectly:

- the creation, production, publishing and distribution of all kinds of multimedia, audiovisual and IT products, including videogames, educational and cultural software, cartoons and literary, film and television works on any media, current or future;
- the distribution of all kinds of multimedia and audiovisual products, especially through new communication technologies such as networks and online services;
- the purchase, sale and, in general, all forms of trading, including both import and export, via rental or otherwise, of any computer and word-processing hardware with its accessories, as well as any hardware or products for reproducing sound and images;
- the marketing and management of all data processing and word-processing computer programs;
- consulting, support, assistance and training relating to any of the above-mentioned fields;
- the investment by the company in any operation that may relate to its purpose, by the creation of new companies, the subscription or purchase of securities or corporate rights, by mergers or by other means;
- and in general, any operation related directly or indirectly to the above purpose or similar and related purposes likely to promote the Company's development.

3.2.2 FORM OF SHARES AND IDENTIFICATION OF SHAREHOLDERS (ARTICLE 5 OF THE ARTICLES OF ASSOCIATION)

Fully paid shares may be registered or bearer shares, depending on the preference of the shareholder, subject to applicable legal and regulatory provisions.

The shares of the Company require book-entry under the terms and conditions required by applicable legal and regulatory provisions, and are transferred between accounts by bank transfer.

The Company may at any time, in accordance with legal and regulatory provisions, request information from the French securities clearing organization SICOVAM in order to allow the Company to identify shareholders granted either immediate or future voting rights at Meetings, as well as the number of shares held by any one shareholder and, where applicable, any restrictions to which the shares may be subject.

3.2.3 SIGNIFICANT SHAREHOLDING DISCLOSURE REQUIREMENT (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Without prejudice to the thresholds provided for in Article L 233-7 of the French Commercial Code, any shareholder acting alone or in concert with others who directly or indirectly comes to own at least 4% of the capital or voting rights in the Company or a multiple of this amount less than or equal to 28% is required to inform the Company in writing – by registered letter with acknowledgement of receipt sent to the registered office within the period prescribed in Article L 233-7 of the French Commercial Code – of the total number of shares, voting rights and securities ultimately granting entitlement to the capital of the Company that are held directly or indirectly or in concert.

The disclosure upon crossing any threshold equaling a multiple of 4% of the capital or voting rights provided for in the above paragraph should also be made when the interest in the capital or voting rights falls below one of the aforementioned thresholds.

Non-compliance with disclosure of the crossing of the thresholds specified in the Articles of Association shall result in a loss of entitlement to voting rights in the manner provided for in Article L 233-14 of the French Commercial Code on a request, recorded in the minutes of the Shareholders' General Meeting, by one or more shareholders together owning at least 5% of the capital or voting rights in the Company.

3.2.4 RIGHTS AND DUTIES ATTACHED TO SHARES (ARTICLES 7 AND 8 OF THE ARTICLES OF ASSOCIATION)

Each share shall give rights to ownership of the corporate assets and the liquidating dividend equal to the proportion of the share capital that it represents.

Whenever it is necessary to own several shares in order to exercise a right of any kind, especially in the event of the exchange, consolidation or allocation of shares, or following a capital increase or reduction of whatever form, regardless of the terms and conditions thereof or subsequent to a merger or any other transaction, shareholders having fewer than the required number of shares may only exercise their rights on condition they make it their own business to group together and, if applicable, purchase or sell the required number of shares or fractionable shares or rights.

A double voting right, over that granted to other shares having regard to the proportion of the share capital they represent, is granted to all fully paid-up shares that can be shown to have been registered in the name of the same shareholder for at least two years.

This right is also granted from issue to registered shares granted free to a shareholder by virtue of existing shares for which the shareholder already has this right in the case of capital increases via the capitalization of reserves, earnings or issue premiums.

It should be noted that Article L 225-124 of the French Commercial Code provides that this double voting right is automatically revoked for any share that has been converted to bearer form or for which ownership is transferred, excluding any transfer of ownership between registered accounts as a result of inheritance or family gift or liquidation of marital property.

3.2.5 GENERAL MEETINGS (ARTICLE 14 OF THE ARTICLES OF ASSOCIATION)

General Meetings shall consist of all the shareholders of Ubisoft Entertainment SA, with the exception of the Company itself. They represent the totality of shareholders.

They shall be convened and deliberate under the conditions prescribed by the French Commercial Code. General Meetings shall be held at the registered office or at any other place indicated in the meeting notice. They shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Director appointed for this purpose by the Meeting.

The right to participate in meetings is subject to fulfillment of the formalities provided for under applicable regulations. Shareholders may vote by correspondence or by proxy subject to the requirements of legal and regulatory provisions.

Shareholders may participate in meetings (via videoconference or vote by any means of telecommunication or remote transmission, including internet), under the conditions prescribed by the applicable regulations, provided that a decision to this effect by the Board of Directors is published in the convening notice and/or the meeting notice.

Where a decision to the following effect is reached by the Board of Directors, shareholders may send their voting or proxy arrangements by correspondence, whether in paper form or via telecommunications or remote transmission, in line with the time frames set out by the applicable laws and regulations. If remote transmission (including electronic means) is the selected arrangement, the electronic signature may take the form of a process meeting the requirements defined in the first sentence of the second paragraph of Article 1316-4 of the Civil Code.

3.2.6 DISTRIBUTION OF EARNINGS (ARTICLE 17 OF THE ARTICLES OF ASSOCIATION)

The income from the financial year after deduction of operating expenses, allowances for depreciation, amortization and provisions constitutes the earnings. From earnings from the financial year after deduction of losses carried forward from previous years where appropriate, the following items are deducted:

- the sums to be allocated to reserves in accordance with the law and the Articles of Association and, in particular, at least 5% to make up the legal reserve. This allocation is no longer required when the reserve reaches one tenth of the share capital. It is once again required when, for any reason, the legal reserve falls below this percentage; and
- any amounts which the Annual General Meeting, on a proposal from the Board of Directors, deems appropriate to allocate to any extraordinary or special reserves or to carry forward as retained earnings.

The balance shall be distributed to the shareholders. However, except in the event of capital reductions, no distribution may be made to shareholders where the shareholders' equity is, or would be if such distribution were to take place, less than the amount of the capital plus reserves that are non-distributable under the law or the Articles of Association.

In accordance with Article L 232-18 of the French Commercial Code, the Annual General Meeting may grant each shareholder the option between payment in cash or in shares for all or part of the interim or final dividend.

3.3 INFORMATION ABOUT THE CAPITAL

3.3.1 SHARE CAPITAL

As of March 31, 2011, the share capital totaled €7,341,411.48 divided into 94,727,890 fully paid-up shares with a nominal value of €0.0775 each.

The following table outlines the number of shares created between April 1, 2010 and March 31, 2011:

As at April 1, 2010	94,446,494 shares
Exercise of subscription options	176,234 shares
Reserved capital increase	105,162 shares
As at March 31, 2011	94,727,890 shares

3.3.2 AUTHORIZED UNISSUED CAPITAL

3.3.2.1 STATUS OF CAPITAL INCREASE AUTHORIZATIONS IN FORCE GRANTED TO THE BOARD OF DIRECTORS

In accordance with Article L 225-100, paragraph 7 of the French Commercial Code, the table below summarizes current authorizations granted by the Shareholders' Meeting to the Board of Directors, and the use made of these authorizations during the year.

Type	Date of Meeting - Resolution -	Term Expiry at	Maximum use	Use	Creation Allocation
Share buyback	07/02/10 7 th resolution	18 months 01/01/12	10% of the capital Maximum purchase price: €60	see 3.3.4.1	
Capital reduction by cancelation of own shares	07/02/10 9 th resolution	18 months 01/01/12	10% of the capital	N/A	N/A
Capital increase by capitalization of reserves, earnings, premiums or other	07/02/10 10 th resolution	26 months 09/01/12	€10 million	N/A	N/A
Capital increase with preferential subscription rights preserved	07/02/10 11 th resolution ⁽²⁾	26 months 09/01/12	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a public offering	07/02/10 12 th resolution ^{(2) (3)}	26 months 09/01/12	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a private placement	07/02/10 13 th resolution ^{(2) (3)}	26 months 09/01/12	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Setting the issue price for capital increases with waiving of preferential rights (public offering or private placement) within an annual limit of 10%	07/02/10 14 th resolution ^{(2) (3)}	26 months 09/01/12	€734 thousand	N/A	N/A
Capital increase as consideration for contributions in kind	07/02/10 15 th resolution ⁽²⁾	26 months 09/01/12	10% of Company capital on the date of the meeting	-	-
Capital increase for the benefit of employees subscribing to the Group savings plan	07/10/09 10 th resolution ^{(1) (4)} 07/02/10 16 th resolution ⁽²⁾	26 months 09/09/11 26 months 09/01/12	0.2% of the capital on the date of use by the Board	03/11/10 see 3.3.2.5	0
Allotment of stock purchase or subscription options	07/10/09 11 th resolution ^{(1) (4)} 07/02/10 17 th resolution ⁽²⁾	38 months 09/09/12 38 months 09/01/13	3.4% of the number of shares outstanding on the date of allocation by the Board	12/15/09 04/29/10 06/30/10 -	4,500 119,000 3,088,758 -
Capital increase reserved for employees of Company subsidiaries (outside France)	07/10/09 12 th resolution ⁽⁴⁾	18 months 01/09/11	0.4% of the capital on the date of the Board's decision	12/07/10	105,162
Bonus share grants	09/22/08 12 th resolution ⁽⁵⁾	38 months 11/21/11	1% of the capital on the date of the Board's decision	06/30/10 11/15/10	173,020 215,000

(1) The unused portion of these authorizations was canceled by the Meeting of July 2, 2010, which approved similar resolutions.

(2) Charged against the overall limit of €4 million set by the Meeting of July 2, 2010 (18th resolution)

(3) Charged against the limits of €1,450 thousand of capital and €400 million of debt securities (without preferential subscription rights) set by the Meeting of July 2, 2010 (12th, 13th, 14th resolutions)

(4) Charged against the overall limit of €4 million authorized by the Meeting of July 10, 2009 (13th resolution)

(5) Charged against the overall limit of €4 million authorized by the Meeting of September 22, 2008 (16th resolution)

3.3.2.2 SECURITIES GRANTING ENTITLEMENT TO THE CAPITAL OF THE COMPANY/POTENTIAL CAPITAL AS AT MARCH 31, 2011

As at March 31, 2011:

- the number of subscription options open but not yet exercised was 14,473,220:
 - taking into consideration only those options considered “in the market” (plans 7,11, 12 and 23: see paragraph 3.3.2.4), there would be dilution of 4.15%, since the options relating to the other plans (plans 13, 14, 15, 16, 17,18, 19, 20, 21, 22: see paragraph 3.3.2.4) have a strike price greater than the share price on March 31, 2011 (€7.209)
 - if all of the options, regardless of the strike price at which they were allocated (i.e. whether greater or less than the share price), were exercised on March 31, 2011, dilution would be 13.25%.
- the number of bonus shares granted was 1,117,620, representing a potential dilution of 1.17%.

3.3.2.3 BONUS SHARE GRANTS (plans open as at March 31, 2011)

Date of General Meeting Date of Board Meeting	Number of beneficiaries of grants	Number of shares granted	Of which corporate officers	Of which top 10 employee beneficiaries	Number of shares canceled (2)	Balance as at 03/31/11	Date of acquisition Date of transfer	Performance conditions
04/04/07 10/02/07	69	233,500 ⁽¹⁾	0	82,000 ⁽¹⁾	65,000 ⁽¹⁾	168,500 ⁽¹⁾	10/02/11 10/03/11	Yes ⁽⁴⁾
04/04/07 03/17/08	12	122,000 ⁽¹⁾	0	110,000 ⁽¹⁾	6,000	116,000 ⁽¹⁾	03/16/12 03/17/12 03/17/14 ⁽³⁾	Yes ⁽⁴⁾
04/04/07 06/13/08	5	30,600 ⁽¹⁾	0	30,600 ⁽¹⁾	2,000	28,600 ⁽¹⁾	06/12/12 06/13/12 06/13/14 ⁽³⁾	Yes ⁽⁴⁾
04/04/07 09/15/08	21	80,580 ⁽¹⁾	0	61,000 ⁽¹⁾	12,580	68,000 ⁽¹⁾	09/14/12 09/15/12	Yes ⁽⁴⁾
09/22/08 04/09/09	17	45,500	0	34,000	1,500	44,000	04/08/13 04/09/13	Yes ⁽⁴⁾
09/22/08 11/17/09	2	15,000	0	15,000	-	15,000	11/16/13 11/17/13	Yes ⁽⁴⁾
09/22/08 12/15/09	42	355,000	0	152,000	55,000	300,000	12/14/13 12/15/13 12/15/15 ⁽³⁾	Yes ⁽⁴⁾
09/22/08 06/30/10	1,252	12,520	0	100	0	12,520	06/29/12 06/30/14 ⁽³⁾	No ⁽⁵⁾
09/22/08 06/30/10	26	160,500	0	105,000	8,500	152,000	06/29/14 06/30/14 06/30/16 ⁽³⁾	Yes ⁽⁴⁾
09/22/08 11/15/10	38	215,000	0	112,000	2,000	213,000	11/14/14 11/15/14 11/15/16 ⁽³⁾	Yes ⁽⁴⁾
TOTAL		1,270,200	0	701,600	152,580	1,117,620		

⁽¹⁾ Two-for-one stock split taking effect November 14, 2008.

⁽²⁾ Cancellations between grant date and March 31, 2011.

⁽³⁾ Two-year lock-in for French beneficiaries

⁽⁴⁾ Individual performance targets linked to the beneficiary's job

⁽⁵⁾ Granted to employees of French subsidiaries (Article L 225-186-1 of the French Commercial Code)

3.3.2.4 STOCK OPTIONS

Date of General Meeting Date of Board Meeting	Plan number	Options granted (1) (2)	Of which to officers (2)	Conditions			03/31/11		
				Period	Terms and conditions	Price (1) (2)	Exercised (1) (2)	Canceled (1) (2)	To be exercised (1) (2)
10/19/01 ----- 08/16/02	7	1,556,260	-	from 01/19/05 to 08/15/12	50% at 01/19/05 75% at 08/16/05 100% at 08/16/06	€3.21	-	-	28,250
07/23/04 ----- 10/14/04	11	1,552,600	-	from 10/14/05 to 10/13/14	24% after one year then 2% per month	€3.88	18,874	1,712	327,889
07/23/04 ----- 11/17/04	12	1,485,000	-	from 11/17/05 to 11/16/14	24% after one year then 2% per month	€3.68 (France) €3.87 (Italy)	53,490	3,200	715,209
09/21/05 ----- 02/23/06	13	2,711,784	-	from 02/23/07 to 02/22/13 (3)	25% per year from 02/23/07	€7.91	103,870	39,504	1,722,683
09/25/06 ----- 04/26/07	14	3,154,800	150,000	from 04/26/08 to 04/25/12	25% per year from 04/26/08	€17.65	-	126,954	2,575,018
09/25/06 ----- 06/22/07	15	24,072	-	from 06/22/08 to 06/21/12	25% per year from 06/22/08	€18.77	-	876	18,898
07/04/07 ----- 06/13/08	16	1,804,100	-	from 06/13/09 to 06/12/13	25% per year from 06/13/09	€27.75	-	133,000	1,548,100
07/04/07 ----- 06/27/08	17	1,362,500	138,000	from 06/27/09 to 06/26/13	25% per year from 06/27/09	€27.66	-	40,700	1,291,400
07/04/07 ----- 09/15/08	18	100,160	-	from 09/15/09 to 09/14/13	25% per year from 09/15/09	€29.30 (France) €28.13 (world)	-	4,900	92,360
09/22/08 ----- 05/12/09	19	3,073,400	124,000	from 05/12/10 to 05/11/14	25% per year from 05/12/10	€14.92 (France) €14.40 (world)	-	147,450	2,893,450
09/22/08 ----- 06/18/09	20	119,755	-	from 06/18/10 to 06/17/14	25% per year from 06/18/10	€15.60 (France) €16.90 (world)	-	4,400	107,205
07/10/09 ----- 12/15/09	21	4,500	-	from 12/15/10 to 12/14/14	25% per year from 12/15/10	€10.04	-	-	4,500
07/10/09 ----- 04/29/10	22	119,000	119,000	from 04/29/11 to 04/28/15	25% per year from 04/29/11	€10.02	-	-	119,000
07/10/09 ----- 06/30/10	23	3,088,758	-	from 06/30/11 to 06/29/15	25% per year from 06/30/11	€7.10 (France) €6.386 (world)	-	59,500	3,029,258
TOTAL		20,156,689	531,000				176,234	562,196	14,473,220

(1) Two-for-one stock split taking effect December 11, 2006: plans concerned - numbers 7, 11, 12, 13

(2) Two-for-one stock split taking effect November 14, 2008: plans concerned – numbers 7, 11, 12, 13, 14, 15, 16, 17, 18

(3) Two-year extension following Board of Directors' decision of January 10, 2011

STOCK OPTIONS GRANTED AND EXERCISED AS OF MARCH 31, 2011
SUBSCRIPTION OPTIONS GRANTED BY THE COMPANY AND EXERCISED
DURING THE FINANCIAL YEAR ENDED MARCH 31, 2011

CORPORATE OFFICERS ⁽¹⁾

Subscription options granted during the financial year ended March 31, 2011

Corporate officer	Number of subscription options granted	Strike price	Plan number and expiry date
Yves Guillemot	75,000		
Claude Guillemot	11,000		Plan 22
Michel Guillemot	11,000	€10.02	Expiry 04/28/15
Christian Guillemot	11,000		
G�rard Guillemot	11,000		

Options exercised during the financial year ended March 31, 2011

N/A

TEN EMPLOYEES (NOT CORPORATE OFFICERS)

Subscription options granted during the financial year ended March 31, 2011

	Number of subscription options granted to the 10 main beneficiaries	Average weighted price	Plan number Expiry date
Complete information, all Group companies combined	443,000	�6.92	Plan 23 Expiry 06/29/15

Options exercised during the financial year ended March 31, 2011

	Number of options exercised by the 10 employees exercising the highest number	Average weighted price	Plan number Expiry date
Complete information, all Group companies combined	101,840	�6.03	Plan 11 Expiry 10/13/14 Plan 12 Expiry 11/16/14 Plan 13 Expiry 02/22/13 ⁽²⁾

⁽¹⁾ Performance and lock-in conditions attached to this plan are laid out in section 4.5.3.

⁽²⁾ Two-year extension following Board of Directors' decision of January 10, 2011

3.3.2.5 EMPLOYEE SHAREHOLDING UNDER THE FCPE (COMPANY MUTUAL FUND)

As of March 31, 2011, employees held 748,587 shares, or 0.79% of the share capital, via the "FCPE Ubi actions" fund.

The extraordinary part of the Combined General Meeting of July 2, 2010 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of July 10, 2009, giving the Board entire discretion to perform a capital increase reserved for subscribers to a savings plan of the Group, an associated company and/or companies within the meaning of Article L 225-180 of the French Commercial Code, within the limit of 0.2% of the total amount of shares comprising the share capital at the time of its use by the Board of Directors, in particular via a company mutual fund.

Within the scope of this delegation of authority, the Board of Directors resolved on February 8, 2011 to increase the capital of the Company within a limit of 189,423 shares. The Board of Directors resolved to authorize the Chief Executive Officer to fix both the period and price of subscription (the average opening price of Ubisoft Entertainment SA shares over the 20 trading days prior to the date of the decision setting the start date for subscriptions, with a discount of 15%).

3.3.2.6 SECURITIES NOT REPRESENTING CAPITAL

There are currently no securities issued by the Company that do not represent capital.

3.3.3 CHANGE IN COMPANY CAPITAL OVER THE PAST THREE FINANCIAL YEARS

Date of Board decision	Type of transaction	Number of securities issued	Amount (in cash)	Premiums	Cumulative number of shares	Amount of share capital
After two-for-one stock split on December 11, 2006 (Board Meeting of December 5, 2006) Par value after split €0.155						
04/10/08	Exercise of subscription options from 10/01/07 to 03/31/08	215,357	€1,789,697.45	€1,756,317.11	46,224,592	€7,164,811.76
06/30/08	Exercise of subscription options from 04/01/08 to 06/30/08 and capital increase (Group savings plan)	306,385	€6,682,515.91	€6,635,026.23	46,530,977	€7,212,301.44
09/10/08	Exercise of subscription options from 07/01/08 to 08/31/08 and capital increase (for the benefit of employees of certain foreign subsidiaries)	137,050	€3,955,110.43	€3,933,867.67	46,668,027	€7,233,544.19
11/12/08	Exercise of subscription options from 09/01/08 to 11/07/08	33,928	€500,483.09	€495,224.26	46,701,955	€7,238,803.03
After two-for-one stock split on November 14, 2008 (Board Meeting of November 12, 2008) Par value after split €0.0775						
04/09/09	Exercise of subscription options from 11/14/08 to 03/31/09	452,436	€1,660,687.10	€1,625,623.31	93,856,346	€7,273,866.82
07/01/09	Exercise of subscription options from 14/01/09 to 06/30/09 and capital increases (for the benefit of employees of certain foreign subsidiaries/Group savings plan)	375,826	€3,820,575.56	€3,791,449.05	94,232,172	€7,302,993.33
04/22/10	Exercise of subscription options from 07/01/09 to 03/31/10	214,322	€1,212,081.36	€1,195,471.41	94,446,494	€7,319,603.29
12/17/10	Exercise of subscription options from 04/01/10 to 11/30/10 and capital increases (for the benefit of employees of certain foreign subsidiaries)	223,178	€1,401,659.69	€1,384,363.40	94,669,672	€7,336,899.58
04/15/11	Exercise of subscription options from 12/01/10 to 03/31/11	58,218	€369,688.34	€365,176.44	94,727,890	€7,341,411.48

3.3.4 SHARE BUYBACK PROGRAM

3.3.4.1 AUTHORIZATION IN PLACE AT THE TIME OF THIS REPORT

LEGAL FRAMEWORK

The Combined General Meeting of July 2, 2010 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of July 10, 2009, allowing the company to buy

back its own shares in accordance with Article L 225-209 *et seq.* of the French Commercial Code (hereafter the “Buyback Program”).

BALANCE AS OF MARCH 31, 2011

Percentage of own shares held directly and indirectly	0.151%
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio ^(a)	143,295
Portfolio carrying amount	€1,119,896.28
Portfolio market value ^(b)	€1,033,013.66

^(a) All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.

^(b) Closing price on March 31, 2011: €7.209

BREAKDOWN OF OWN-SHARE PURCHASES AND SALES OVER THE YEAR

(Article L 225-211 of the French Commercial Code)

Number of shares held in the Company's name as of March 31, 2010	94,318
Number of shares acquired over the year	1,559,161
Average price on acquisition	€8.21
Number of shares sold over the year	1,510,184
Average price on sale	€8.20
Number of shares canceled over the year	N/A
Execution fees	N/A
Number of shares held in the Company's name as of March 31, 2011	143,295
Value of shares held in the Company's name as of March 31, 2011 ^(a)	€1,119,896.28
Par value of shares held in the Company's name as of March 31, 2011 ^(b)	€11,105.36
Number of shares used over the year	1,510,184
Reallocation taking place over the year	N/A
Percentage of capital held as treasury stock as of March 31, 2011	0.151%

^(a) Measured at purchase price.

^(b) Liquidity agreement with Exane BNP PARIBAS.

ALLOCATION OF TREASURY STOCK BY OBJECTIVE

The own shares held by the Company were all purchased under the liquidity agreement with Exane BNP PARIBAS acting to ensure trading liquidity and stability of the share price, as well as to avoid price lags unjustified by market trends.

3.3.4.2 LIQUIDITY AGREEMENTS

Since January 2, 2006, the Company has set Exane BNP PARIBAS the task of implementing a liquidity agreement in line with the code of ethics of the AMAFI recognized by the French Securities and Exchange Commission (AMF), hereafter the “Agreement”, with a one-year term that is tacitly renewable. The Company allocated €1.5 million for the implementation of this agreement over the last financial year.

By virtue of an amendment to the Agreement dated April 5, 2011, the total figure allocated to the Agreement was increased to €1.7 million.

3.3.4.3 DESCRIPTION OF THE SHARE BUYBACK PROGRAM SUBMITTED FOR THE APPROVAL OF THE COMBINED GENERAL MEETING OF JUNE 30, 2011

Pursuant to Articles 241-2 and 241-3 of the AMF's general regulations, and to European regulation 2273/2003 of December 22, 2003, the Company describes below the share buyback program that will be submitted for the approval of the Combined General Meeting of June 30, 2011.

Shares concerned: ordinary shares in Ubisoft Entertainment SA, listed on Euronext Paris, division A, ISIN code FR0000054470

Maximum percentage of capital: 10% of the total number of shares making up the capital on the buyback date, in other words – and based for guidance on the number of shares in circulation at April 30, 2011 (94,732,106), taking into account the number of shares held at May 12, 2011 – 148,815 shares representing 0.155% of the capital: 9,326,395 or 9.845%

Maximum purchase price: a maximum of €284,196,300 based on the share capital as at April 30, 2011

Objectives:

- To ensure liquidity and market-making for the Ubisoft Entertainment SA stock via an investment service provider acting independently in accordance with the code of ethics recognized by the AMF;
- To hand over shares upon the exercise of rights attached to securities giving entitlement by any means, whether immediately or over time, to the Company's share capital;
- Granting shares to employees and corporate officers of the Ubisoft Group under any arrangement authorized by law and, in particular, via a company profit-sharing scheme, any company savings scheme, any bonus share grant plan, or any stock option plan for some or all of the Group's employees or corporate officers;
- To retain shares for delivery at a later date in exchange or as payment for future acquisitions, up to a limit of 5% of the existing capital;
- To cancel shares on the condition that the Shareholders' Meeting of June 30, 2011 adopts the corresponding resolution;
- Implementing any market practice that is or may come to be recognized by law or the AMF.

Duration of authorization: 18 months from the Shareholders' Meeting of June 30, 2011.

Summary statements of transactions completed from July 3, 2010 ^(*) to May 12, 2011, the date of this report

Percentage of own shares held directly and indirectly	0.155%
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio ⁽¹⁾	146,815
Portfolio carrying amount	€1,032,943.14
Portfolio market value ⁽²⁾	€975,585,68

⁽¹⁾ All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.

⁽²⁾ Closing price on May 12, 2011: €6.645

^(*) In accordance with the provisions of AMF directive 2005-06, the period concerned starts on the day following the date on which the statement of the previous program was drawn up.

	Total flows ^(*)		Positions open as of May 12, 2011			
	Purchases	Sales Transfers	Open buy positions		Open sell positions	
			Call options bought	Forward purchases	Call options sold	Forward sales
Number of shares ⁽¹⁾	1,190,563	1,186,455				
Average maximum term ⁽²⁾						N/A
Average transaction price	€7.87	€7.87				
Strike price (average)	-	-				
Amounts	9,370,463	9,340,053				

⁽¹⁾ All shares were purchased under the liquidity agreement with Exane BNP PARIBAS.

⁽²⁾ Validity of the authorization granted by the Shareholders' Meeting of July 2, 2010: January 1, 2012 or by early termination if the Shareholders' Meeting approves a similar resolution before then.

^(*) Total gross flows include spot buying and selling as well as transactions on options, exercised or fallen.

3.3.5 MARKET IN COMPANY SHARES

3.3.5.1 UBISOFT SHARE IDENTIFICATION SHEET

ISIN code	FR0000054470
Place listed	Euronext Paris – Division A
Par value	€0.0775
Number of shares in circulation as of March 31, 2011	94,727,890
Closing price on March 31, 2011	€7.209
Market capitalization as of March 31, 2011	€682,893.36
Flotation price on July 1, 1996	€38.11
Five-for-one stock split on November 11, 2000	€7.62
Two-for-one stock split on December 11, 2006	€3.81
Two-for-one stock split on November 14, 2008	€1.90

3.3.5.2 CHANGE IN THE SHARE PRICE OVER THE LAST 18 MONTHS

Month	Highest price (in €)	Lowest price (in €)	Volume traded (in shares)
2009			
November 2009	11.55	9.711	23,350,442
December 2009	10.935	9.456	22,927,186
2010			
January 2010	11.29	9.10	34,094,513
February 2010	10.69	8.855	19,401,168
March 2010	10.54	8.54	22,267,375
April 2010	11.255	9.50	18,305,395
May 2010	9.86	7.34	20,178,977
June 2010	8.21	6.19	23,723,693
July 2010	7.49	6.074	28,120,286
August 2010	7.88	6.65	12,255,204
September 2010	8.49	6.75	15,836,726
October 2010	9.449	8.022	12,992,351
November 2010	10.075	7.181	30,330,989
December 2010	8.199	7.384	13,226,907
2011			
January 2011	8.734	7.893	11,111,281
February 2011	9.431	7.78	15,541,669
March 2011	8.069	6.858	10,580,994
April 2011	7.80	6.663	10,965,983

(Source: Euronext)

3.3.5.3 ENTITY PROVIDING SECURITIES SERVICES

BNP PARIBAS Grands Moulins de Pantin
Shareholder relations
9, rue du Débarcadère - 93761 PANTIN CEDEX

3.3.6 BREAKDOWN OF THE CAPITAL AND THE VOTING RIGHTS

3.3.6.1 CHANGE OVER THE LAST THREE YEARS

	03/31/11		03/31/10		03/31/09	
	Number of shares %	Number of voting rights ⁽²⁾ %	Number of shares %	Number of voting rights ⁽²⁾ %	Number of shares %	Number of voting rights ⁽²⁾ %
Guillemot Brothers SA	6,803,580 7.182%	13,607,160 12.779%	6,803,580 7.204%	13,607,160 12.835%	7,003,580 7.462%	14,007,160 11.765%
Claude Guillemot	725,244 0.766%	1,410,488 1.325%	685,244 0.726%	1,370,488 1.293%	685,244 0.73%	1,251,096 1.051%
Yves Guillemot	836,608 0.883%	1,673,216 1.571%	836,608 0.886%	1,673,216 1.578%	836,608 0.891%	1,403,796 1.179%
Michel Guillemot	499,984 0.528%	999,968 0.939%	499,984 0.529%	999,968 0.943%	499,984 0.533%	943,444 0.792%
Gérard Guillemot	520,428 0.549%	1,040,856 0.978%	520,428 0.551%	1,040,856 0.982%	520,428 0.554%	1,040,856 0.874%
Christian Guillemot	276,788 0.292%	553,576 0.52%	316,788 0.335%	633,576 0.598%	456,788 0.487%	863,576 0.725%
Other members of the Guillemot family	109,148 0.115%	218,296 0.205%	109,148 0.115%	218,296 0.205%	109,148 0.116%	176,648 0.148%
Guillemot Corporation SA	863,874 0.912%	1,727,748 1.623%	863,874 0.915%	1,727,748 1.630%	863,874 0.920%	1,727,748 1.451%
Concert ⁽¹⁾	10,635,654 11.228%	21,231,308 19.940%	10,635,654 11.261%	21,271,308 20.064%	10,975,654 11.694%	21,414,324 17.986%
Ubisoft Entertainment SA	143,295 0.151%	-	94,318 0.100%	-	80,914 0.086%	-
FCPE Ubi Actions	748,587 0.79%	1,497,174 1.406%	748,587 0.793%	1,417,504 1.337%	770,610 0.821%	1,421,693 1.194%
Public	83,200,354 87.831%	83,748,865 78.654%	82,967,935 87.846%	83,326,709 78.599%	82,029,168 87.399%	96,221,776 80.819%
TOTAL	94,727,890 100%	106,477,347 100%	94,446,494 100%	106,015,521 100%	93,856,346 100%	119,057,793 100%

(1) The concert — consisting of Guillemot Brothers SA, Guillemot Corporation SA and the Guillemot family — held 10,635,654 shares, which are all granted double voting rights, as of March 31, 2011.

(2) In accordance with the Company's Articles of Association, a double voting right is conferred on shares that have been registered for at least two years.

3.3.6.2 BREAKDOWN OF CAPITAL AND VOTING RIGHTS AS OF APRIL 30, 2011

	Capital		Voting rights	
	Number of securities	%	Number	%
Guillemot Brothers SA ⁽¹⁾	6,803,580	7.182%	13,607,160	12.779%
Claude Guillemot	725,244	0.766%	1,410,488	1.325%
Yves Guillemot	836,608	0.883%	1,673,216	1.571%
Michel Guillemot	499,984	0.528%	999,968	0.939%
Gérard Guillemot	520,428	0.549%	1,040,856	0.977%
Christian Guillemot	276,788	0.292%	553,576	0.520%
Other members of the Guillemot family	109,148	0.115%	218,296	0.205%
Guillemot Corporation SA	863,874	0.912%	1,727,748	1.623%
Concert	10,635,654	11.227%	21,231,308	19.939%
Ubisoft Entertainment SA	143,060	0.151%	-	-
FCPE Ubi Actions	748,587	0.790%	1,497,174	1.406%
Public	83,204,805	87.832%	83,754,716	78.655%
TOTAL	94,732,106	100%	106,483,198	100%

(1) This company is wholly owned by the Guillemot family

3.3.6.3 SHAREHOLDERS OWNING MORE THAN 5% OF THE SHARE CAPITAL AS OF MARCH 31, 2011 ⁽¹⁾

Shareholder	% capital	% voting rights
Invesco Ltd.	10.042% ⁽²⁾	8.934% ⁽²⁾
Harbinger Capital Partners LLC	8.980% ⁽²⁾	7.989% ⁽²⁾
FMR LLC ⁽³⁾	6.873%	6.115%
Altrinsic Global Advisors ⁽⁴⁾	6.406%	5.699%

(1) Information provided on the basis of statements made to the Company and/or AMF and summarized hereafter.

(2) Declaration of downward crossing of the threshold subsequent to closing (see 3.3.6.4 below)

(3) FMR LLC is a holding company of an independent group of portfolio management companies, commonly referred to as Fidelity Investments.

(4) Investment service provider acting in accordance with a discretionary mandate.

3.3.6.4 CROSSING OF THRESHOLDS

During the financial year ended March 31, 2011, and up to the date of issue of the Company's reference document, the following crossings of legal thresholds were declared:

Name of Shareholder	Date	Threshold crossed		Type	Interest after crossing of threshold (%)	
		Capital	Voting rights		Capital	Voting rights
Electronic Arts Inc. ⁽¹⁾	07/16/10	10% 5%	10% 5%	Decline due to an off-market sale	0%	0%
Harbinger Capital Partners LLC ⁽²⁾	07/16/10	5%	5%	Up due to an off-market acquisition	9%	8.01%
	04/14/11	5%	5%	Decline due to a sale on the market	4.98%	4.43%
Goldman Sachs Group Inc. ⁽³⁾	07/21/10	5%	5%	Up due to an off-market acquisition	7.34%	6.53%
	07/22/10	5%	5%	Decline due to a return of collateral	4.48%	3.99%
Invesco Ltd ⁽²⁾	11/29/10	10% 5%	5%	Up due to an acquisition on the market	10.06%	8.94%
	04/04/11	10%	-	Decline due to a sale on the market	9.99%	8.87%
Guillemot concert ⁽⁴⁾	12/08/10	-	20%	Increase in the total number of shares and voting rights	11.25%	19.99%

(1) Directly and indirectly via its wholly-owned subsidiary EA International (Studio and Publishing) Ltd.

(2) Acting on behalf of the fund under its management.

(3) Directly and indirectly via its subsidiaries Goldman Sachs International, Goldman Sachs & Co. and Goldman Sachs Funds Management

(4) Consists of Guillemot Brothers SA (wholly owned by the members of the Guillemot family), Guillemot Corporation SA and the members of the Guillemot family in their own names (see paragraph 3.3.6.2)

3.3.6.5 CHANGE OF CONTROL

To the best of the Company's knowledge:

- there are no agreements between shareholders that could lead to restrictions on the transfer of shares or the exercise of voting rights;
- there are certain agreements reached by the Company that would be amended or terminated in the event of a change in control at the Company, but for reasons of confidentiality it seems unwise to specify the nature of these contracts;
- there are no measures that could delay, postpone or prevent a change of control.

3.3.6.6 SHAREHOLDERS' PACT

To the best of the Company's knowledge there are no disclosed or undisclosed shareholder agreements concerning Ubisoft stock.

3.3.6.7 CONDITIONS REGARDING ALL VESTING RIGHTS OR REQUIREMENTS ASSOCIATED WITH SUBSCRIBED CAPITAL NOT PAID UP

N/A

3.3.6.8 SHARE CAPITAL OF UBISOFT GROUP COMPANIES SUBJECT TO AN OPTION OR IN RESPECT OF WHICH AN AGREEMENT HAS BEEN MADE THAT PROVIDES FOR PLACING SUCH SHARE CAPITAL SUBJECT TO AN OPTION

N/A

3.3.6.9 CLAUSE REQUIRING FORMAL APPROVAL

N/A

4 CORPORATE GOVERNANCE

4.1 CORPORATE GOVERNANCE CODE

The Company referred to the corporate governance code for listed companies published in December 2008 (the "AFEP-MEDEF Code"), particularly in preparing the report required by Article L 225-37 of the French Commercial Code.

The AFEP-MEDEF Code is available on the MEDEF website (www.medef.fr);

The conditions in which the Board's work is prepared and organized, the Company's internal control procedures, the recommendations of the AFEP-MEDEF Code that have been put aside and the reasons for which this was the case are mentioned in the Chairman of the Board of Directors' report.

4.2 MEMBERSHIP AND FUNCTIONING OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

4.2.1 MEMBERSHIP OF THE BOARD OF DIRECTORS

Name Position in the Company	Date of birth	Date of taking office	Expiry at which AGM approving financial statements for FY ended	Number of shares at 03.31.11
Yves Guillemot Director Chief Executive Officer	07/21/60	02/28/88	03/31/12	836,608
Claude Guillemot Director Executive Vice President, Operations	10/30/56	02/28/88	03/31/13	725,244
Michel Guillemot Director Executive Vice President, Development, Strategy and Finance	01/15/59	02/28/88	03/31/13	499,984
G�rard Guillemot Director Executive Vice President, Publishing & Marketing	07/14/61	02/28/88	03/31/12	520,428
Christian Guillemot Director Executive Vice President, Administration	02/10/66	02/28/88	03/31/13	276,788
Marc Fiorentino Director	12/08/59	07/10/06	03/31/12	4

⁽¹⁾ The offices and positions held in all companies by each of the Directors are set out in 4.4.

The other offices held by directors currently or over the last five years appear in 4.4. below.

4.2.2 GROUP MANAGEMENT

Executive Director, EMEA TERRITORIES	Alain Corre
Executive Director, North America	Laurent Detoc
Chief Financial Officer	Alain Martinez
Executive Director, Worldwide Production	Christine Burgess-Quemard
Chief Creative Officer	Serge Hascoet

4.2.3 RULES APPLICABLE TO THE APPOINTMENT AND SUBSTITUTION OF MEMBERS OF THE BOARD OF DIRECTORS

Following the recommendations of the AFEP-MEDEF Code, the General Shareholders' Meeting of July 10, 2009 resolved to amend Article 9 of the Company's Articles of Association and to reduce the term of office for directors from six years to four years, while introducing a system of staggered renewals to ensure a smooth transition and avoid an ad hoc replacement.

Over the life of the Company, Directors are appointed or reappointed by the Ordinary Shareholders' General Meeting. However, in the event of a merger or demerger, the appointment may be made by the Extraordinary Shareholders' General Meeting held to deliberate on the operation concerned.

Between two Meetings and in the event of a vacancy due to death or resignation, appointments may be made on a provisional basis by the Board of Directors. They are subject to ratification at the following Shareholders' Meeting.

Pursuant to applicable legislative and regulatory provisions, if a Director is appointed to replace another, he or she shall only hold this position for the remainder of his or her predecessor's term.

The term of office of directors ends following the Ordinary Shareholders' General Meeting called to approve the financial statements for the previous financial year and held in the year in which their term of office expires.

4.2.4 FUNCTIONING OF THE BOARD OF DIRECTORS / SENIOR MANAGEMENT

The Board of Directors has the broadest possible powers to determine business policies and ensure their implementation within the limits of the corporate objects and the powers expressly granted by law to the Shareholders' General Meeting.

Pursuant to Article L 225-51 of the French Commercial Code, the Board of Directors, at its meeting of October 22, 2001, decided on the manner in which the Company's senior management functions would be exercised. It decided not to separate the positions of Chairman of the Board of Directors and of Chief Executive Officer, mainly to encourage close relations between managers and shareholders, in the tradition of Ubisoft Entertainment SA.

As a result, Yves Guillemot, as Chairman of the Board of Directors, is legally responsible for representing the Company's Board of Directors, organizing its work and reporting on it to the Shareholders' General Meeting, overseeing the smooth operation of the Company's corporate bodies and ensuring in particular that the Directors are capable of carrying out their responsibilities. With regard to the position of Chief Executive Officer, and subject to the powers legally attributed to the Shareholders' General Meetings and the Board of Directors, he has the broadest authority to act in all circumstances on behalf of the Company and to represent it in its relations with third parties.

At its meeting of March 14, 2011, the Board of Directors updated its by-laws. The by-laws provide the opportunity for directors to participate in the board's deliberations via videoconference or telecommunications which enable them to be identified and which guarantee their effective participation, under the conditions determined by the regulations in force.

The by-laws provide the operating rules for the permanent committees set up within the Board of Directors.

4.2.5 NO CONVICTION FOR FRAUD, INVOLVEMENT IN A BANKRUPTCY AND/OR OFFICIAL REPRIMAND OR CHARGES

To the best of the Company's knowledge, over the past five years:

- no member of the Board of Directors has been found guilty of fraud;
- no member of the Board of Directors has been involved in a bankruptcy, impoundment or liquidation as a member of an administrative, management or supervisory body;
- no official reprimand and/or charges have been made against any member of the Board of Directors other than warnings and/or financial penalties from the AMF enforcement committee on February 28, 2008 (AMF press release of June 9, 2008), April 3, 2008 (AMF press release of June 6, 2008) and January 8, 2009 (AMF press release of February 27, 2009) for – directly or indirectly – Mr Marc Fiorentino, in his capacity as Chief Executive Officer of Euroland Finance,
- no member of the Board of Directors or Executive Committee has been disqualified by a court from serving as a member of an administrative, management or supervisory body of an issuer, or from participating in the management or conduct of the business of an issuer in the last five years.

4.2.6 LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS

The Company has not granted any loans or guarantees to any member of the Board of Directors.

4.2.7 ABSENCE OF POTENTIAL CONFLICTS OF INTEREST RELATING TO THE MEMBERS OF THE BOARD OF DIRECTORS

To the best of the Company's knowledge, there are no potential conflicts of interest between members of the Board of Directors regarding either their Company duties or their personal interests.

Michel, Claude, Yves, Gérard and Christian Guillemot are brothers and are members of Management and Board of Directors of Gameloft SA and Ubisoft Entertainment SA. In this respect, there may be potential conflicts of interest when these two companies collaborate on certain projects.

The two companies are linked in particular by a brand licensing agreement according to which Ubisoft Entertainment SA grants Gameloft SA a license for the use of brands belonging to it or for which it has been granted an operating license. The brand license was agreed to in return for the payment of a license fee proportionate to the sales achieved by Gameloft SA. This agreement is one of Gameloft SA's related-party agreements.

4.2.8 SERVICE PROVISION AGREEMENTS WITH THE ISSUER AND ITS SUBSIDIARIES

There are no service agreements linking members of the Board of Directors to the issuer or any Group subsidiary, the terms of which provide for the granting of benefits.

4.3 MEMBERSHIP, ROLE AND DUTIES OF BOARD COMMITTEES

4.3.1 COMMITTEE MEMBERSHIP

In November 2007, the Board of Directors set up two specialist committees to help it examine specific issues.

STRATEGY AND DEVELOPMENT COMMITTEE	COMPENSATION COMMITTEE
Yves Guillemot, Chairman	Yves Guillemot, Chairman
Claude Guillemot, Secretary	Christian Guillemot, Secretary
G�rard Guillemot	Marc Fiorentino
Michel Guillemot	
Christian Guillemot	

4.3.2 ROLE AND DUTIES OF BOARD COMMITTEES

The role and duties of Board Committees are described below, as well as in the Chairman's Report, in accordance with Article L 225-37 of the French Commercial Code.

In its by-laws, the Board of Directors has set out the responsibilities and powers of its various permanent committees, these being:

- the Strategy and Development Committee
- the Compensation Committee.

The Committees meet at the behest of their Chairman and may be called by any means. The Committees may meet at any place and in any way, including by videoconferencing and teleconferencing. They may only meet validly if at least half their members are present. The Strategy and Development Committee meets at least twice annually and the Compensation Committee at least once a year.

The agenda of the meetings is set by their Chairman. The Committees report on their work to the subsequent Board Meeting in the form of oral statements, opinions, proposed recommendations or written reports.

The Committees may not unilaterally decide to discuss issues overstepping their terms of reference. They have no decision-making power but only that of making recommendations to the Board of Directors.

The main responsibilities of the Strategy and Development Committee and the Compensation Committee are summarized below:

STRATEGY AND DEVELOPMENT COMMITTEE	COMPENSATION COMMITTEE
Consideration and examination of all decisions relating to the major strategic, economic, employment, financial and technological policies of the Company and Group	Examination, analysis and comparison with market practices: <ul style="list-style-type: none"> • examining and submitting proposals on the compensation of corporate officers (fixed and variable portions) • giving opinions on the general stock option allocation policy and more specifically the percentage allocated to managers • proposing an overall amount of directors' fees • approving information given to shareholders in the annual report on the compensation of managers

4.4 OTHER OFFICES HELD BY DIRECTORS

Yves GUILLEMOT

- ✓ Director since February 28, 1988
- ✓ Expiry of term of office March 31, 2012
- ✓ Main position in the Company: Chief Executive Officer
- ✓ Main position held outside the company: Executive vice president and director of Guillemot Brothers SA

OTHER POSITIONS WITHIN THE GROUP AS AT MARCH 31, 2011

FRANCE

- **CHAIRMAN** of Ludi Factory SAS, Ubisoft Books & Records SAS, Ubisoft Design SAS, Ubisoft France SAS, Ubisoft Graphics SAS, Ubisoft Manufacturing & Administration SAS, Ubisoft Organisation SAS, Ubisoft Pictures SAS, Ubisoft Productions France SAS, Ubisoft Simulations SAS, Ubisoft World SAS, Ubisoft World Studios SAS, Tiwak SAS, Nadéo SAS
- **MANAGER** of Ubisoft Art SARL, Ubisoft Castelnau SARL, Ubisoft Computing SARL, Ubisoft Counsel & Acquisitions SARL, Ubisoft Development SARL, Ubisoft Editorial SARL, Ubisoft Emea SARL, Ubisoft Gameplay SARL, Ubisoft Marketing International SARL, Ubisoft Market Research SARL, Ubisoft Marketing France SARL, Ubisoft Operational Marketing SARL, Ubisoft Paris Studios SARL, Ubisoft Production Internationale SARL, Ubisoft Production Annecy SARL, Ubisoft Production Montpellier SARL, Ubisoft Support Studios SARL, Ubisoft Design Montpellier SARL, Ubisoft Talent Management SARL, Ubisoft IT Project Management SARL, Ubisoft Innovation SARL, Ubisoft Services SARL, Ubisoft Créa SARL, Ubisoft Studios Montpellier SARL, Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL

ABROAD

- **MANAGER** of Ubisoft GmbH (Germany), Blue Byte GmbH (Germany), Sunflowers Interactive Entertainment Software GmbH (Germany), Spieleentwicklungskombinat GmbH (Germany), Max Design Entertainment Software Entwicklungs GmbH (Austria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco), Ubisoft BV (Netherlands)
- **CHAIRMAN AND DIRECTOR** of Ubisoft Divertissements Inc. (Canada), Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada), Ubisoft Digital Arts Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Vancouver Inc. (Canada), Ubisoft Toronto Inc. (Canada), Quazal Technologies Inc (Canada), Chengdu Ubi Computer Software Co. Ltd (China), Ubisoft Nordic A/S (Denmark), Ubisoft Holdings Inc. (United States), Red Storm Entertainment Inc. (United States), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland)
- **VICE-PRESIDENT AND DIRECTOR** of Ubisoft Inc. (United States)
- **EXECUTIVE DIRECTOR** of Shanghai Ubi Computer Software Co. Ltd (China)
- **DIRECTOR** of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft Ltd (Ireland), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), Ubisoft Sweden A/B (Sweden)

SOLE MEMBER OF THE LIQUIDATION COMMITTEE AND CHAIRMAN of Ubisoft Norway A/S (Norway)

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **EXECUTIVE VICE PRESIDENT AND DIRECTOR** of Gameloft SA and Guillemot Corporation SA

ABROAD

- **DIRECTOR** of Gameloft Inc. (Canada), Guillemot Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)
- **DIRECTOR** of Advanced Mobile Applications Ltd (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (last 5 financial years)

FRANCE

- **CO-MANAGER** of Ludi Factory SARL
- **MANAGER** of Ubisoft Graphics SARL, Ubisoft Organisation SARL, Ubisoft Simulations SARL, Ubisoft Books & Records SARL, Ubisoft Manufacturing & Administration SARL, Ubisoft Pictures SARL, Ubisoft Design SARL, Ubisoft Productions France SARL

ABROAD

- **CHAIRMAN AND DIRECTOR** of Ubi Computer Software Beijing Company Ltd (China)
- **CHAIRMAN** of Ubisoft Finland OY (Finland)
- **MANAGER** of Ubisoft SprL (Belgium), Ubisoft Warenhandels GmbH (Austria)
- **DIRECTOR** of Ubisoft Norway A/S (Norway)
- **LIQUIDATOR** of Ubisoft Warenhandels GmbH (Austria)

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

DIRECTOR of Jeuxvidéo.com SA

ABROAD

DIRECTOR of Gameloft Inc (United States)

Claude GUILLEMOT

- ✓ Director since February 28, 1988
- ✓ Expiry of term of office March 31, 2012
- ✓ Main position in the Company: Executive Vice President and Director
- ✓ Main position held outside the company: Chief Executive Officer of Guillemot Corporation SA

OTHER POSITIONS WITHIN THE GROUP AS AT MARCH 31, 2011

ABROAD

- **DIRECTOR** of Ubisoft Sweden A/B (Sweden), Ubisoft Nordic AS (Denmark)
- **ALTERNATE DIRECTOR** of Ubisoft Entertainment Sweden A/B (Sweden)
- **ALTERNATE MEMBER OF THE LIQUIDATION COMMITTEE** of Ubisoft Norway A/S (Norway)

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **CHAIRMAN** of Hercules Thrustmaster SAS

- **EXECUTIVE VICE PRESIDENT AND DIRECTOR** of Gameloft SA and Guillemot Brothers SA

ABROAD

- **CHAIRMAN AND DIRECTOR** of Guillemot Inc. (Canada), Guillemot Recherche et Développement Inc. (Canada), Guillemot Inc. (United States)
- **DIRECTOR** of Guillemot SA (Belgium), Gameloft Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Gameloft Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Srl (Italie), Guillemot Romania Srl (Romania)
- **DIRECTOR** of Advanced Mobile Applications Ltd (United Kingdom)
- **MANAGER** of Guillemot GmbH (Germany)

EXPIRED POSITIONS WITHIN THE GROUP (last 5 financial years)

ABROAD

- **VICE-PRESIDENT AND DIRECTOR** of Ubisoft Divertissements Inc. (Canada)
- **VICE-PRESIDENT** of Ubisoft Digital Arts Inc. (Canada)
- **DIRECTOR** of Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada), Shanghai Ubi Computer Software Co. Ltd (China), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Ltd (Ireland), Ubisoft Ltd (Hong Kong)
- **ALTERNATE DIRECTOR** of Ubisoft Norway A/S (Norway)

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

- **DIRECTOR** of Jeuxvidéo.com SA

ABROAD

- **DIRECTOR** of Gameloft.com España (Spain), Guillemot SA (Spain)

Gérard GUILLEMOT

- ✓ Director since February 28, 1988
- ✓ Expiry of term of office March 31, 2012
- ✓ Main position in the company: Executive Vice President and Director
- ✓ Main position held outside the company: Chairman of Longtail Studios Inc.

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **EXECUTIVE VICE PRESIDENT AND DIRECTOR** of Guillemot Corporation SA, Guillemot Brothers SA, Gameloft SA

ABROAD

- **CHAIRMAN** of Longtail Studios Halifax Inc (Canada), Longtail Studios PEI Inc (Canada), Studios Longtail Quebec Inc (Canada)
- **DIRECTOR** of Gameloft Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (Canada), Gameloft Inc. (United States), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)
- **DIRECTOR** of Advanced Mobile Applications Ltd (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (last 5 financial years)

FRANCE

CO-MANAGER of Ludi Factory SARL

ABROAD

- **CHAIRMAN AND DIRECTOR** of Ubisoft Music Inc. (Canada), Ubisoft Music Publishing Inc. (Canada)
- **DIRECTOR** Ubisoft Divertissements Inc. (Canada), Shanghai Ubi Computer Software Co. Ltd (China), Ubisoft SA (Spain), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Ltd (Hong Kong), Ubisoft KK (Japan)

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

- **EXECUTIVE VICE PRESIDENT** of Gameloft SA
- **DIRECTOR** of Jeuxvideo.com S.A. (France)

ABROAD

- **CHAIRMAN AND DIRECTOR** of Gameloft.com España (Spain)
- **CHAIRMAN** of Gameloft AG (Germany)
- **DIRECTOR** of Gameloft.com Pty Ltd (Australia)

Michel GUILLEMOT

- ✓ Director since February 28, 1988
- ✓ Expiry of term of office March 31, 2012
- ✓ Main position in the Company: Executive Vice President and Director
- ✓ Main position held outside the company: Chief Executive Officer of Gameloft SA

OTHER POSITIONS WITHIN THE GROUP AS AT MARCH 31, 2011

ABROAD

- **DIRECTOR** of Chengdu Ubi Computer Software Co. Ltd (China)

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **CHAIRMAN** of Ludigames SAS, Gameloft Partnerships SAS, Gameloft Live SAS
- **MANAGER** of Gameloft Rich Games Production France SARL
- **EXECUTIVE VICE PRESIDENT AND DIRECTOR** of Guillemot Corporation SA, Guillemot Brothers SA

ABROAD

- **CHAIRMAN** of Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Shanghai) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), GameloftSoftware (Shenzhen) Company Ltd (China), Gameloft Srl (Romania)
- **CHAIRMAN AND DIRECTOR** of Gameloft Argentina S.A. (Argentina), Gameloft Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Co. Ltd. (Korea), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), PT Gameloft Indonesia (Indonesia) Gameloft Ltd (United Kingdom), Gameloft Ltd (Hong Kong), Gameloft KK (Japan), Gameloft Philippines Inc. (Philippines), Gameloft Pte Ltd (Singapore), Gameloft Company Ltd (Vietnam), Gameloft Private India Ltd (Inde)
- **MANAGER** of Gameloft GmbH (Germany), Gameloft S.P.R.L. (Belgium), Gameloft EOOD (Bulgaria), Gameloft Srl (Italy), Gameloft S. de R.L. de C.V. (Mexico), Gameloft S.r.o. (Czech Republic)

- **DIRECTOR** of Gameloft Australia Pty Ltd (Australia), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Inc. (United States), Gameloft Ltd (Malta), Guillemot Ltd (United Kingdom), Gameloft de Venezuela SA (Venezuela)

- **DIRECTOR** of Advanced Mobile Applications Ltd (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (last 5 financial years)

FRANCE

- **VICE-PRESIDENT AND DIRECTOR** of Ubisoft Divertissements Inc. (Canada)
- **DIRECTOR** of Ubisoft Canada Inc. (Canada), Ubi Computer Software Beijing Company Ltd (China), Shanghai Ubi Computer Software Co. Ltd (China), Ubisoft SA (Spain), Ubisoft Inc. (United States), Ubisoft Holdings Inc. (United States), Ubisoft Ltd (Hong Kong), Ubisoft KK (Japan)
- **MANAGER** of Ubi Studios SL (Spain), Ubisoft Studios Srl (Italy)

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

- **DIRECTOR** of Jeuxvidéo.com SA
- **MANAGER** of L'Odyssee Interactive Games SARL

ABROAD

MANAGER of Ludigames Srl (Italy)

Christian GUILLEMOT

- ✓ Director since February 28, 1988
- ✓ Expiry of term of office March 31, 2013
- ✓ Main position in the Company: Executive Vice President and Director
- ✓ Main position held outside the company: Chief Executive Officer of Guillemot Brothers SA and Chairman and Director of Advanced Mobile Applications Ltd.

OTHER POSITIONS WITHIN THE GROUP AS AT MARCH 31, 2011

ABROAD

- **VICE-PRESIDENT** of Ubisoft Holdings Inc. (United States)
- **DIRECTOR** of Ubisoft Nordic A/S (Denmark), Ubisoft Sweden A/B (Sweden)

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **MANAGER** of Guillemot Administration et Logistique SARL
- **EXECUTIVE VICE PRESIDENT AND DIRECTOR** of Gameloft SA and Guillemot Corporation SA

ABROAD

- **DIRECTOR** of Gameloft Live Développements Inc. (Canada), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Recherche et Développement Inc. (Canada), Gameloft Inc. (Canada), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom), Gameloft Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong)

EXPIRED POSITIONS WITHIN THE GROUP (last 5 financial years)

ABROAD

- **DIRECTOR** of Ubisoft Divertissements Inc. (Canada), Ubisoft Canada Inc. (Canada), Ubisoft Music Inc. (Canada), Shanghai Ubi Computer Software Co. Ltd (China), Ubisoft Holdings Inc. (United States), Ubisoft Inc. (United States), Ubisoft Ltd (Hong Kong), Ubisoft KK (United Kingdom)

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

- **DIRECTOR** of Jeuxvidéo.com SA

ABROAD

- **DIRECTOR** of Gameloft AG (Germany), Gameloft.com España (Spain), Gameloft.com Pty Ltd (Australia)

Marc Fiorentino

- ✓ Director since October 7, 2006
- ✓ Expiry of term of office March 31, 2012
- ✓ Main position in the company: director
- ✓ Main position held outside the Company: Chief Executive Officer of Euroland Finance SA

OTHER POSITIONS OUTSIDE THE GROUP AS AT MARCH 31, 2011

FRANCE

- **DIRECTOR** of ISFPME SA, Allo Finance SA
- **MANAGER** of Nextvision SARL

EXPIRED POSITIONS OUTSIDE THE GROUP (last 5 financial years)

FRANCE

- **CHAIRMAN** of TFJ
- **MANAGER** of V-Prod, Allo Finance
- **DIRECTOR** of Prosodie, Groupe de l'Olivier, Allo Finance SA

4.5 COMPENSATION OF MANAGERS

In accordance with Article L 225-102-1, paragraphs 1 and 2 of the French Commercial Code, a breakdown of the total compensation and benefits of any kind paid to corporate officers over the financial year appears below.

This chapter includes all information required by the French Commercial Code, along with the tables recommended by the AFEP-MEDEF Code – or by the AMF on December 22, 2008 – giving the information on compensation of corporate officers that should appear in registration documents.

4.5.1 MANAGEMENT AND CORPORATE OFFICER COMPENSATION

The compensation policy for Company corporate officers aims as far as possible to comply with the AFEP/MEDEF recommendations, including those published on October 6, 2008.

Compensation granted to the Chief Executive Officer, and to the executive vice presidents, is set by the Board of Directors following a proposal by the compensation committee, which bases its judgment on comparative studies of large firms and/or companies operating in the same business sector.

Messrs Guillemot are remunerated for their positions as CEO and Executive Vice Presidents. This represents a fixed portion of compensation.

In consideration – albeit very partial – of the responsibilities assumed and also the time spent in preparing board meetings and actively participating therein, the General Meeting of September 25, 2006 authorized the Company to pay directors' fees amounting to a maximum of €250,000 per annum. The Board of Directors, exercising this authorization, established a fixed portion and a variable portion setting out new requirements.

4.5.2 SUMMARY TABLES OF COMPENSATION

The tables below combine the compensations and benefits of any kind due and/or paid to corporate officer by (i) the company and (ii) the companies controlled by the company in which the position is held, in the meaning of Article L. 233-16 of the French Commercial Code; it being specified that the company is not controlled by any other company in the meaning of Article L. 233-16.

The total gross compensation paid by the company to corporate officers during the financial year amounted to €842 thousand.

During the 2010/2011 financial year, members of the Board of Directors received €150 thousand in directors' fees.

No commitments have been made by the Company in favor of its corporate officers related to their termination or change in responsibilities.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

Table 1 SUMMARY OF COMPENSATION, STOCK OPTIONS AND SHARES FOR EACH MANAGER AND CORPORATE OFFICER									
Name of the director	Compensation due for the financial year (see breakdown in Table 2)			Valuation of options granted during the financial year ⁽¹⁾ (see breakdown in Table 4)			Valuation of performance shares granted during the financial year ⁽²⁾		
	Ubisoft	Other companies		Ubisoft	Other companies	03/ 31/ 10	Ubisoft	Other companies	03/ 31/ 10
Yves Guillemot	500,004		500,004	283,200	-	283,200	-	-	-
Claude Guillemot	62,496		62,496	38,940	-	38,940	-	-	-
Michel Guillemot	62,496		62,496	38,940	-	38,940	-	-	-
G�rard Guillemot	178,408		178,408	38,940	-	38,940	-	-	-
Christian Guillemot	62,496		62,496	38,940	-	38,940	-	-	-
TOTAL	865,900		865,900	438,960	-	438,960	-	-	-

Name of the director	Compensation due for the financial year (see breakdown in Table 2)			Valuation of options granted during the financial year ⁽¹⁾ (see breakdown in Table 4)			Valuation of performance shares granted during the financial year ⁽²⁾		
	Ubisoft	Other companies	03/ 31/ 11	Ubisoft	Other companies	03/ 31/ 11	Ubisoft	Other companies	03/ 31/ 11
Yves Guillemot	500,004		500,004	184,500	-	184,500	-	-	-
Claude Guillemot	62,496		62,496	27,060	-	27,060	-	-	-
Michel Guillemot	56,080		56,080	27,060	-	27,060	-	-	-
G�rard Guillemot	161,373		161,373	27,060	-	27,060	-	-	-
Christian Guillemot	62,496		62,496	27,060	-	27,060	-	-	-
TOTAL	842,449		842,449	292,740	-	292,740	-	-	-

(1) This is the IFRS fair value on the grant date, i.e. €3.54 per option for options granted for the year ended March 31, 2010, and €2.46 per option for options granted for the year ended March 31, 2011.

(2) No performance shares were granted to the directors holding corporate office by the Company.

Table 2 SUMMARY OF THE COMPENSATION OF MANAGERS HOLDING CORPORATE OFFICES PAID BY THE ISSUER AND BY ANY COMPANY (Article L. 233-16 of the French Commercial Code)					
Yves Guillemot Chief Executive Officer		03/ 31/ 10		03/ 31/ 11	
		Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾
Gross fixed compensation before tax		500,004	500,004	500,004	500,004
Variable compensation		-	-	-	-
Extraordinary compensation		-	-	-	-
Ubisoft directors' fees	Fixed portion ⁽³⁾	15,000	15,000	15,000	15,000
	Variable portion ⁽⁴⁾	15,000	15,000	15,000	15,000
Benefits in kind		-	-	-	-
TOTAL		530,004	530,004	530,004	530,004

Claude Guillemot Executive Vice President		03/ 31/ 10		03/ 31/ 11	
		Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾
Gross fixed compensation before tax		62,496	62,496	62,496	62,496
Variable compensation		-	-	-	-
Extraordinary compensation		-	-	-	-
Ubisoft directors' fees	Fixed portion ⁽³⁾	15,000	15,000	15,000	15,000
	Variable portion ⁽⁴⁾	7,500	7,500	15,000	15,000
Benefits in kind		-	-	-	-
TOTAL		84,996	84,996	92,496	92,496

Table 2 SUMMARY OF THE COMPENSATION OF MANAGERS HOLDING CORPORATE OFFICES PAID BY THE ISSUER AND BY ANY COMPANY (Article L. 233-16 of the French Commercial Code)

Michel Guillemot Executive Vice President	03/ 31/ 10		03/ 31/ 11	
	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾
Gross fixed compensation before tax	62,496	62,496	56,080	56,080
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees	15,000	15,000	15,000	15,000
: Fixed portion ⁽³⁾	15,000	15,000	15,000	15,000
: Variable portion ⁽⁴⁾	7,500	7,500	-	-
Benefits in kind	-	-	-	-
TOTAL	84,996	84,996	71,080	71,080
Gérard Guillemot Executive Vice President	03/ 31/ 10		03/ 31/ 11	
	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾
Gross fixed compensation before tax	178,408	178,408	161,373	161,373
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees	15,000	15,000	15,000	15,000
: Fixed portion ⁽³⁾	15,000	15,000	15,000	15,000
: Variable portion ⁽⁴⁾	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	193,408	193,408	176,373	176,373
Christian Guillemot Executive Vice President	03/ 31/ 10		03/ 31/ 11	
	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾	Amounts paid in € ⁽¹⁾	Amounts due in € ⁽²⁾
Gross fixed compensation before tax	62,496	62,496	62,496	62,496
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Ubisoft directors' fees	15,000	15,000	15,000	15,000
: Fixed portion ⁽³⁾	15,000	15,000	15,000	15,000
: Variable portion ⁽⁴⁾	15,000	15,000	15,000	15,000
Benefits in kind	-	-	-	-
TOTAL	92,496	92,496	92,496	92,496

(1) All compensation paid to managers holding corporate offices for their duties over the year.

(2) Compensation awarded to managers holding corporate offices for their duties over the year, whatever the date of payment.

(3) Half of the fixed portion of directors' fees is paid in January (for the period January to June) and the other half in July (for the period July to December).

(4) The variable portion is paid in July and is contingent on Board members attending meetings held between July 1 and June 30 of the previous year.

Table 3 TABLE OF DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE DIRECTORS

Name of the director	03/ 31/ 10		03/ 31/ 11	
	Ubisoft directors' fees	Other compensation	Ubisoft directors' fees	Other compensation
Marc Fiorentino				
Fixed portion ⁽¹⁾	15,000	-	15,000	-
Variable portion ⁽²⁾	15,000	-	15,000	-
TOTAL	30,000	-	30,000	-

(1) Half of the fixed portion of directors' fees is paid in January (for the period January to June) and the other half in July (for the period July to December).

(2) The variable portion is paid in July and is contingent on Board members attending meetings held between July 1 and June 30 of the previous year.

Pursuant to Article L 225-43 of the French Commercial Code, no loans or advances were made to the Company's directors.

4.5.3 SHARE PURCHASE AND SUBSCRIPTION OPTION PLANS

At its meeting of April 29, 2010, the Board of Directors exercised the authorization from the General Shareholders' Meeting of July 10, 2009, allocating share subscription options to corporate officers in the proportions shown below.

Pursuant to the provisions of French Law No. 2006-1770 of December 30, 2006, the Board of Directors set at 5 % the amount of shares that must be kept as registered by corporate officer beneficiaries until such time as they have given up their positions.

Furthermore, the share subscription options granted to corporate officers by virtue of this plan and pursuant to the eleventh resolution decided upon by the Shareholders' Meeting of July 10, 2009, come with performance conditions based on a cumulated objective of sales and profitability.

The stock options thereby granted are exercisable by instalments of 25% over four years from April 20, 2010.

Table 4 SHARE PURCHASE AND SUBSCRIPTION OPTIONS AWARDED TO EACH CORPORATE OFFICER BY THE ISSUER OR ANY COMPANY DURING THE YEAR (Article L. 233-16 of the French Commercial Code)							
Identity of the director	Company granting the options	Plan number and date	Type of option	Valuation of options according to the method used for the consolidated financial statements ⁽¹⁾	Number of options awarded during the financial year	Strike price	Period of the financial year
Yves Guillemot	Ubisoft Entertainment SA	Plan 22 04/ 29/10	Subscription options	€2.46	75,000	€10.02	25 % per year from 04/ 29/ 2011 to 04/28/ 2015
Claude Guillemot	Ubisoft Entertainment SA	Plan 22 04/ 29/10	Subscription options	€2.46	11,000	€10.02	25 % per year from 04/ 29/ 2011 to 04/28/ 2015
Michel Guillemot	Ubisoft Entertainment SA	Plan 22 04/ 29/10	Subscription options	€2.46	11,000	€10.02	25 % per year from 04/ 29/ 2011 to 04 28/ 2015
G�rard Guillemot	Ubisoft Entertainment SA	Plan 22 04/ 29/10	Subscription options	€2.46	11,000	€10.02	25 % per year from 04/ 29/ 2011 to 04/28/ 2015
Christian Guillemot	Ubisoft Entertainment SA	Plan 22 04/ 29/10	Subscription options	€2.46	11,000	€10.02	25 % per year from 04/ 29/ 2011 to 04/28/ 2015
TOTAL ALLOCATIONS BY UBISOFT ENTERTAINMENT SA					119,000		

⁽¹⁾ This corresponds to the value of options and financial instruments when granted, as per IFRS 2, after taking into account any discount linked to performance criteria and the likelihood of presence at the company at the end of the vesting period, but before the effect of spreading expenses over the vesting period as permissible under IFRS 2.

Table 5 SHARE PURCHASE OR SUBSCRIPTION OPTIONS EXERCISED DURING THE YEAR BY EACH CORPORATE OFFICER			
Identity of director	Plan number and date	Number of options exercised during the period	Strike price
N/A			

Past share purchase and subscription option grants, and the status of share purchase and subscription options granted to the 10 leading employees not classed as corporate officers, and the options exercised by these individuals over the year, appear in Section 3.2.2.6.

4.5.4 BONUS SHARE GRANTS

The Company did not grant any bonus shares to corporate officers in the last financial year or in previous years.

4.5.5 COMPENSATION AND BENEFITS OWED DUE TO THE CORPORATE OFFICERS LEAVING THEIR POSITION

Name	Corporate office combined with employment contract		Top-up pension scheme		Compensation or benefits due or likely to be due as a result of individuals leaving or changing positions		Compensation relating to an anti-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
	Yves GUILLEMOT Chief Executive Officer		X		X		X	
Claude GUILLEMOT Executive Vice President		X		X		X		X
Michel GUILLEMOT Executive Vice President		X		X		X		X
G�rard GUILLEMOT Executive Vice President		X		X		X		X
Christian GUILLEMOT Executive Vice President		X		X		X		X

4.6 TRANSACTIONS COVERED BY ARTICLE L 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE AND ARTICLE 222-15-3 OF THE AMF’S GENERAL REGULATIONS

TRANSACTIONS INVOLVING SECURITIES AND/OR FINANCIAL INSTRUMENTS						
Name, First name, Position at the date of the transaction	Type of transaction	Date of the transaction	Number of securities	Unit price	Total amount of the transaction	
Securities transactions by managers						
Christian GUILLEMOT Executive Vice President	Disposal	02/ 18/ 11	40,000	�8.513	�340,520	
Claude GUILLEMOT Executive Vice President	Acquisition	08/ 24/ 10	40,000	�6.99	�279,600	

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Ubisoft Entertainment

French Corporation (Société Anonyme) with a Board of Directors

with capital of €7,341,411.48

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