



HEARD IN THE JUNGLE

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CONCERNED ABOUT HEART HEALTH?

I bet you are surprised to see this headline in video game retailer newsletter. It is just another extension of the broad reach of the video game industry. The Associated Press reported last week that the AHA and Nintendo Co. are teaming up to promote the popular Wii video game console, as the health advocacy group concedes that its campaign for traditional exercise isn't working. Nintendo will be able to brand its Wii products with the AHA's iconic heart logo to let consumers know that the organization considers the items a healthy choice. Nintendo will donate \$1.5 million to the AHA.

Just last week I was making my 6 mo. visit to my doctor and he was telling me how glad he was that I had lost 1 pound since my last visit. The discussion continued and I gave him some information on Nintendo Wii Fit. He was genuinely intrigued and said he was going to prescribe it for a couple of his patients. I asked him to get it approved for healthcare benefit plans, he laughed.

It's another case of the impact Nintendo Wii has had on the video game industry and the entertainment industry. They have changed gaming into a family activity and incorporated physical activity as well. There are mental challenges too and all of this is driving the other platforms to follow suit and introduce their interactive products.

Sony and Microsoft will both release their interactive gaming this fall and the race will be on for market share and the inclusion of gamers who have avoided the Wii will drive another large growth period for us.

GAMERS TAKE A BREAK: This headline appeared in the Nashville newspaper today.

Few new video games went on sale in April. That's one reason sales dropped 26 percent.

In addition, the Easter holiday fell in March, which contributed to sales in that month but kept them from April. Market researcher NPD Group said overall video game hardware, software and accessory sales fell to \$766.2 million in April from \$1.03 billion a year earlier.

Software sales dropped 22 % to 398.5 million. That hurt video game companies including Electronic Arts, Activision Blizzard and Take-Two Interactive Software.

The nos. were "significantly weaker than we and most investors anticipated," Broadpoint AmTech analyst Ben Schachter wrote in a note to investors.

Relief could come later this year. Jim Yin, an analyst with Standard and Poor's Equity Research, said part of the decline "could be attributed to consumers delaying purchases in anticipation of the next generation of handheld devices and console games, which should be launched in the fall."

Remember when you read this information it never includes the sales of used games and consoles. The demand and sales of these items is still very strong and in most cases is only limited by availability. They are also the most profitable segment of our model.

We are also seeing the play in the "Cage" at the stores that have them continue to grow. We are anxious to go through our first extended period of time in which schools are not in session since the pay-to-play areas are frequently busier when school is out.

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Gaming Industry Stock Watch

Company	Symbol	5/14/2010	4/23/2010	52 Week High	52 Week low	% Change
Dow Index	IND	\$10,620.16	\$11,204.28	\$11,258.01	\$8,087.19	-5.21%
Game Producers:						
Majesco Entertainment Co., Inc	COOL	\$0.84	\$0.84	\$2.39	\$0.75	0.00%
Electric Arts Entertainment, Inc.	ERTS	\$17.42	\$19.97	\$23.76	\$15.70	-12.77%
Ubisoft Entertainment SA	UBSFF	\$11.45	\$13.50	\$24.75	\$10.95	-15.19%
Konami Deposit Receipt	KNM	\$17.40	\$19.73	\$21.98	\$16.17	-11.81%
Activision Blizzard, Inc	ATVI	\$10.69	\$11.60	\$13.14	\$9.93	-7.84%
Netease.com, Inc.	NTES	\$33.25	\$36.98	\$48.50	\$25.23	-10.09%
THQ, Inc.	THQI	\$6.33	\$8.12	\$9.03	\$4.12	-22.04%
Take Two Interactive Software, Inc.	TTWO	\$11.07	\$11.21	\$12.57	\$7.00	-1.25%
Retailers:						
GameStop	GME	\$21.85	\$25.22	\$28.62	\$17.12	-13.36%
Hollywood Video/Game Crazy		N/A	N/A	N/A	N/A	N/A
Consoles and Components:						
Immersion Corp.	IMMR	\$5.17	\$6.02	\$6.18	\$3.41	-14.12%
Microsoft, Inc	MSFT	\$28.93	\$30.96	\$31.58	\$19.45	-6.56%
Nintendo Deposit Receipt	NTDOY	\$35.80	\$41.73	\$43.95	\$28.26	-14.21%
Sony	SNE	\$31.19	\$34.98	\$40.45	\$23.60	-10.83%
Accessories:						
Mad Catz Interactive, inc.	MCZ	\$0.41	\$0.49	\$0.57	\$0.22	-16.33%
Game Index		\$231.80	\$261.35	\$307.47	\$181.91	-11.31%

Note: Some of these companies are heavily involved in products other than game related ones.