Atari publishes its 1st half 2009/2010 earnings

- **Revenues at €68.5 million, up 25.7% at current exchange rate and up 16.7% at constant exchange rate, driven by the launch of 3 major releases: *Ghostbusters: The Video Game*, *Champions Online*, and *The Chronicles of Riddick: Assault on Dark Athena***
- **Positive impact of the transformation plan resulting in significant reduction in operating expenses, especially in general and administrative expenses**
- **€7.0 million improvement in current operating losses to -€19.9 million**
- **Due to revenue recognition on MMO games and other factors, the company now expects current operating income to be neutral or slightly negative in the second half of 2009/2010, excluding non-recurring items**

Lyon, France, november 12, 2009 - Atari announces its first half earnings for fiscal year 2009/2010 (ended September 30, 2009) with a 25.7% revenue growth at €68.5 million (or 16.7% growth at constant exchange rate) and reduced current operating losses by 7.0 million at -€19.9 million.

1ST HALF EARNINGS ANALYSIS

Revenue

Revenue breakdown by segment was as follows:

In € million	**Actual 1H 09/10**		**Actual 1H 08/09**		% change at current exchange rate	% change at constant exchange rate
US operations	55,0	*80,3%*	36,3	*66,6%*	51,5%	38,0%
European operations	13,5	*19,7%*	18,2	*33,5%*	-25,8%	-25,8%
Other	-	*na*	-	*na*	na	na
Total	**68,5**	*100,0%*	**54,5**	*100,0%*	**25,7%**	**16,7%**

(1) 2008/2009 and 2009/2010 figures are under IFRS and have been restated under IFRS 5. The net revenue of Namco Bandai Partners business, disposed as of July 7, 2009 is accounted for discontinued operations and is not included in revenues.

US operations, primarily consisting of Atari, Inc., represented 80.3% of the consolidated revenues, and drove the growth with a 51.5% increase to €55.0 million (+38.0% at constant exchange rate).

Revenue growth was driven by *Ghostbusters: The Video Game*, which sold 1 million units in the month of its launch in the US as well as by the sales of *The Chronicles of Riddick: Assault on Dark Athena* and *Champions Online*.

In addition, US good performance was driven by the improvement of third-party distribution revenues, which represented approximately 30% of US operations revenues (when compared to 3% for the same period last year), resulted from the development of local distribution deals. Finally, US operations revenue benefited from licensing operations, for instance the deal signed with Sony Europe to launch *Ghostbusters: The Video Game* exclusively on PlayStation in Europe.

European operations and other, representing 19.7% of the consolidated revenues with a lower number of new releases during the period (*The Chronicles of Riddick: Assault on Dark Athena* and *Champions Online).*

The second quarter revenue increased by 11.1% to €14.0 million. Revenues for this period included only a portion of *Champions Online* packaged goods revenue as it is recognized over the estimated lifetime of a subscriber.

Operating income

Atari's current operating losses improved by €7.0 million to -€19.9 million, compared to -€26.9 million in the first half of 2008/2009. This improvement was mainly driven by:

i. significant revenue growth,
ii. reduction in operating expenses, especially a €5.0 million (or 40.0%) reduction in general and administrative expenses resulting from the positive impact of the transformation plan and cost control, and
iii. reduced share-based non cash incentives.

These positive effects were partially offset by €14.2 million of research and development write-offs recorded on numerous properties, including *Champions Online* and *TDU2*.

Operating losses were reduced by €11.8 million to -€21.9 million, versus -€33.7 million in the first half of 2008/2009, mainly resulting from the significant improvement in current operating income and lower restructuring expenses.

Net income / (losses)

Atari's net losses for the first half of 2009/2010 improved by €27.4 million to -€23.2 million, versus -€50.6 million for the comparable period last year. This significant progress was due to:

i. significantly reduced operating losses,
ii. profit from discontinued operations of €1.9 million, versus a loss of -€11.7 million in the first half of 2008/2009,
iii. positive impact of minority interest mainly resulting from the reversal of the Namco Bandai Games Europe's share of Namco Bandai Partners first quarter losses.

Cash and Balance sheet

Cash flow from operations, before interests and taxes, was positive at €4.3 million, due to the first effects of the cost reduction plans and the new publishing strategy announced in May 2009.

As of September 30, 2009, **cash and cash equivalent** amounted to €17.5 million, versus €5.9 million at the end of March 31, 2009 for continuing operations. This improvement is explained by the €36.3 million cash received in July 2009 from the divestiture of the 66% in Namco Bandai Partners and cash from operations. Of this amount, the company paid back approximately €25 million of the Banc of America credit facility. The facility remains available in full.

MAIN EVENTS OF THE FIRST HALF OF FISCAL YEAR 2009/2010

Corporate rebranding: In May 2009, the Board decided to change Infogrames Entertainment's name to Atari. This decision enables the Company to make the best use of the Atari brand, capitalizing on the strong worldwide name recognition and affinity, which are key drivers to implement the Company's online, product and licensing strategies.

Publishing strategy: In May 2009, Atari announced its publishing business reorganization plan seeking to maximize IP revenues through monetization of licenses and development of co-publishing deals. In particular, the following took place in the first half of 2009/2010:

- exclusive launch of *Ghostbusters: The Video Game* exclusively on PlayStation in Europe granted to Sony Computer Entertainment Europe,
- exclusive licensing agreement signed with The Weinstein Company to develop and publish a series of video game titles based on Project Runway.

Implementation of cost-cutting plan: In the first quarter of FY 2009/2010, the Company announced the implementation of an additional reorganization plan intended to offset continued potential weakness in consumer demand while making progress in its online operations. This reorganization plan reduces general and administrative expenses as well as working capital requirement. It was carried out mainly through the full divestiture of Namco Bandai Partners in Europe, sharp reductions in general and administrative expenses and a rationalization of the Group's offices worldwide. This additional reorganization plan is expected to be completed before the end of FY 2009/2010.

Closing of the divestiture to Namco Bandai Games Europe of Atari's 66% stake in Namco Bandai Partners: On July 7th, 2009, the closing of the disposal to Namco Bandai Games Europe of its 66% stake in Namco Bandai Partners took place, and Atari received a cash payment of approximately €36.3 million, based on a €60 million enterprise value of Distribution Partners, net of cash, debt and price adjustments. Gain on the divestiture recorded by Atari in the first half of FY 2009/2010 amounted to approximately €13.2 million. With this transaction, Atari exited a fragmented distribution business in Europe and Asia/Pacific, which is no longer part of the Company's strategic focus.

Change in senior management team: In May 2009, the Company announced changes in its management team, with Phil Harrison leaving its President function and Jeff Lapin joining as COO. In addition, in September 2009, Atari indicated that Michel Combes was leaving his Director functions as of October 1st, 2009, due to other commitments. The board is now comprised of:

- Frank E. Dangeard, Chairman,
- Dominique D'Hinnin, Vice-Chairman (independent director),
- Pascal Cagni (independent director),
- David Gardner, director and Chief Executive Officer,
- Gina Germano, director,
- Phil Harrison, director,
- Didier Lamouche (independent director),
- The BlueBay Value Recovery (Master) Fund Limited, represented by Jeff Lapin, Chief Operating Officer.

OUTLOOK FOR 2009/2010

The company has elected to recognize over the estimated subscription period a material portion of the Massively Multiplayer Online (MMO) product revenue, rather than at the time of sale. This revenue recognition decision and other factors have led the company to now expect current operating income to be neutral or slightly negative in the second half of this fiscal year, rather than previously expected at or above breakeven, excluding non-recurring items in both cases.

In addition, indicative expected releases later this fiscal year / early next year:

- *Backyard Football* '10 (on Wii, PS2, X-Box 360 released in October)
- *Photo sauce,* the first social network application from the London Studio released in October
- *Ghostbusters: The Video Game* (in Europe on PC, X-Box360, Wii, DS) and PSP version in November 2009
- *Puzzler World* (on DS in the US, downloadable on Atari.com for PC to be released in December 2009)
- *Star Trek Online,* PC to be released on February 2, 2010 in the US and shortly thereafter worldwide
- *Champions Online,* to be released on console in 2010
- *Project Runway*, based on TV's Top Rated Reality Series, to be released on Wii in Spring 2010
- *Atari.com,* re-launched in November with games and other new features.

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Forward looking statements:
This press release contains forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Atari. Although Atari believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Atari's control, and notably some risks described in the 2008/2009 Document de référence of the group filed by Atari with the Autorité des marchés financiers (French securities regulator) under number D.09-0600 and which is also available in English on Atari's corporate web site (http://corporate.atari.com). The present forward-looking statements are made as of the date of the present press release and Atari disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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About Atari, S.A.
Atari group is a global creator, producer and publisher of interactive entertainment for interactive game platforms that include PC, online, consoles from Microsoft, Nintendo and Sony and advanced smart phones (i.e. iphone). Divisions of Atari, S.A. include Cryptic Studios, Atari London Studio, Eden Studios, Atari Interactive, Inc. and Atari, Inc.
Atari benefits from its global brand and an extensive catalogue of popular games based on classic owned game franchises (Asteroids, Centipede, Missile Command, Lunar Lander), original owned franchises (Test Drive, Backyard Sports, Deer Hunter), MMO games from

Cryptic Studios (Star Trek Online, Champions Online) and third party franchises (Ghostbusters, Project Runway, Dungeons and Dragons).

For more information please visit www.atari.com *and* http://corporate.atari.com
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Preliminary note to the appendix

Note to the readers:

2008/2009 and 2009/2010 figures are under IFRS and have been restated where applicable under IFRS 5.

The net income of Namco Bandai Partners business, disposed as of July 7, 2009, is reported on the line "discontinued operations" as of April 1, 2007. 2008/2009 and 2009/2010 Group sales and current operating income exclude Namco Bandai Partners business.

APPENDIX I

Segment details

(as restated by IFRS 5, unaudited data)

Breakdown of revenues by quarter

in € million	Actual 1H 09/10	Actual 1H 08/09
1st Quarter (April - June)	54,5	41,9
2nd Quarter (July - Sept.)	14,0	12,6
TOTAL	**68,5**	**54,5**

Breakdown of revenues and gross margin by segment

In € million	Actual 1H 09/10	*% total revenues*	Actual 1H 08/09		% change at current exchange rate	% change at constant exchange rate
Revenues						
US operations*	55,0	*80,3%*	36,3	*66,6%*	51,5%	38,0%
European operations	13,5	*19,7%*	18,2	*33,5%*	-25,8%	-25,8%
Other	-	*na*	-	*na*	na	na
Total revenues	**68,5**	*100,0%*	**54,5**	*100,0%*	**25,7%**	**16,7%**
Gross margin						
US operations*	27,4	*40,0%*	18,0	*33,0%*	52,2%	38,9%
European operations	8,4	*12,3%*	11,4	*21,0%*	-26,3%	-26,3%
Other	-	*na*	-	*na*	na	na
Total gross margin	**35,8**	*52,3%*	**28,9**	*53,0%*	**23,9%**	**15,6%**

** Primarily Atari Inc*

Breakdown of revenues by platform

	Actual 1H 09/10	Actual 1H 08/09
PS3	19%	14%
Xbox 360	30%	31%
NDS	8%	7%
Wii	9%	13%
PC	15%	16%
PS2	4%	14%
PSP	0%	5%
Other	15%	0%

APPENDIX II

Statement of Income

(as restated by IFRS 5, unaudited data)

in €m - IFRS 5 (1)	Actual - Atari 1H 2009/2010	Actual - Atari 1H 2008/2009	Change in €m	Change in %
Revenues, net	68,5	54,5	14,0	25,7%
Cost of Goods Sold	(32,7)	(25,5)	(7,2)	28,2%
Gross Margin	**35,8**	**29,0**	**6,8**	**23,4%**
% margin	*52%*	*53%*	*-1%pt*	
Research & development expenses	(35,9)	(29,7)	(6,2)	20,9%
Marketing & selling expenses	(10,1)	(9,0)	(1,1)	12,2%
General & administrative expenses	(7,5)	(12,5)	5,0	-40,0%
Share based non cash incentive	(2,2)	(4,7)	2,5	-53,2%
Current Operating Income (loss)	**(19,9)**	**(26,9)**	**7,0**	**-26,0%**
Restructuring expenses	(2,0)	(6,8)	4,8	-70,6%
Operating Income (loss)	**(21,9)**	**(33,7)**	**11,8**	**-35,0%**
Cost of debt	(4,8)	(2,8)	(2,0)	71,4%
Other financial income (expenses)	(2,3)	(3,0)	0,7	-23,3%
Income tax	0,1	(0,1)	0,2	-200,0%
Profit (loss) from continued operations	**(28,9)**	**(39,6)**	**10,7**	**-27,0%**
Profit (loss) from discontinued operations	1,9	(11,7)	13,6	-116,2%
Consolidated Net Income (loss)	**(27,0)**	**(51,3)**	**24,3**	**-47,4%**
Minority Interests	3,8	0,7	3,1	442,9%
Net income (loss)	**(23,2)**	**(50,6)**	**27,4**	**-54,2%**

Actual net income to Adjusted net income reconciliation

Atari considers Adjusted net income, a non-GAAP measure, as a relevant indicator of the Group's operating and financial performance. Atari's Management uses Adjusted net income, because it provides a better illustration of the performance from continuing operations, especially for the second half of FY 08/09 (which is the most relevant comparative period accounting for most of the cost related to the transformation) by excluding most non-recurring and non-operating items related to costs of transformation.

Adjusted net income/loss should be considered in addition to, and not as a substitute for, other IFRS/GAAP measures.

	1H 2009/2010	**1H 2008/2009**
Actual net income / (loss)	**(23,2)**	**(50,6)**
Adjustments		
Restructuring expenses	2,0	6,8
Profit (loss) from discontinued operation	(1,9)	11,7
Minority interest related to NBP	(3,8)	-
Adjusted net income / (loss)	**(26,9)**	**(32,1)**

APPENDIX III

Balance sheet

(unaudited data)

in €m	**Atari September 30, 2009**	**Atari March 31, 2009**	**Change over the period**
Goodwill	22,6	34,9	(12,3)
Intangible assets	29,7	44,6	(14,9)
Tangible assets	4,1	4,9	(0,8)
Other non current assets	2,5	3,5	(1,0)
Non current assets	**58,9**	**87,9**	**(29,0)**
Inventories	2,9	3,0	(0,1)
Trade receivable	8,1	19,1	(11,0)
Other current assets	7,3	8,7	(1,4)
Cash and cash equivalents	17,5	5,9	11,6
Current assets classified as held for sale	-	85,3	(85,3)
Current assets	**35,8**	**122,0**	**(86,2)**
Total Assets	**94,7**	**209,9**	**(115,2)**
Shareholders' equity attributable to the Group	**(42,6)**	**(17,5)**	**(25,1)**
Minority interest	0,1	(8,8)	8,9
Total shareholders' equity	**(42,5)**	**(26,3)**	**(16,2)**
Provision, non-current	0,1	0,2	(0,1)
Borrowings, non-current	11,1	11,2	(0,1)
Other non-current liabilities	18,0	26,9	(8,9)
Non current liabilities	**29,2**	**38,3**	**(9,1)**
Provision, current	10,9	8,0	2,9
Borrowings, current	47,7	51,1	(3,4)
Trade payables	32,6	49,2	(16,6)
Other current liabilities	16,8	21,8	(5,0)
Liabilities classified as held for sale	-	67,8	(67,8)
Current liabilities	**108,0**	**197,9**	**(89,9)**
Total equity and liabilities	**94,7**	**209,9**	**(115,2)**

APPENDIX IV

Cash flow statement

(unaudited data)

in €m	**1H 09/10**	**1H 08/09**
Consolidated net income (loss)	(27,0)	**(51,3)**
Discountinued operations	(1,9)	12,7
Non-cash expenses and revenues	28,5	31,9
Cost of debt	4,8	2,7
Taxes (deferred and payable)	(0,1)	0,1
Cash Flow before net cost of debt servicing and taxes	**4,3**	**(3,9)**
Change in working capital	26,9	(31,4)
Net cash flow from (used for) operations - continued	**31,2**	**(35,3)**
Net cash flow from (used for) operations- discontinued	**(32,5)**	**1,8**
Disbursements for purchases of non-current asset	(12,5)	(15,7)
Proceeds from disposals of non-current assets	1,7	-
Net cash flow from (used for) investing - continued	**(10,8)**	**(15,7)**
Net cash flow from (used for) investing- discontinued	**22,0**	**(0,1)**
Net funds raised by		
Equity	-	0,1
Debt	19,6	0,4
Net funds disbursed for		
Net interest and fee expenses	(0,8)	(1,1)
Debt payment	(27,0)	(2,8)
Net cash flow from (used for) financing - continued	**(8,2)**	**(3,4)**
Net cash flow from (used for) financing- discontinued	**(5,3)**	**0,4**
Effect of exchange rate	(0,1)	0,9
Change in net cash	**(3,7)**	**(51,4)**