



## UPDATE ON CURRENT SITUATION

- **Stabilization of Atari SA's situation in France, business at a standstill**
- **Ongoing Chapter 11 Proceedings of Atari's US Subsidiaries on which Atari SA has only a limited influence**
- **Suspension of trading of Atari shares maintained, pending better visibility over the outcome of the ongoing Proceedings in the US**
- **Modification of the Board**

Paris, France, April 24, 2013 – Atari SA (the “**Company**” or “**Atari**”) is communicating on the latest developments regarding its situation and the progress of the Chapter 11 Proceedings in the US (the “**Proceedings**”) of the US subsidiaries (i.e. Atari Interactive, Inc., California US Holding Inc., Atari Inc. and Humongous Inc.) (the “**US Subsidiaries**”).

Readers are invited to refer to Atari's previous communications on <http://www.atari.com/corporate/financial-and-corporate-news>.

### Recent actions taken by Atari's management in France

Atari's situation in France has been stabilized:

- Atari's business in France is being maintained but at a standstill and consists only in following the Proceedings in the US. The liquidation of Eden Games, started on January 29, 2013, is in process.
- Alden<sup>1</sup> and Ker Ventures have agreed to postpone the payment of any interest due by the Company under the ORANes they hold until the earlier of: September 30, 2013 or a period expiring thirty (30) days after the termination of the Chapter 11 Proceedings in the US. The coupons have been paid to the other ORANes bondholders in accordance with the stated contractual maturity date.
- Negotiations with Alden have also been made, permitting the extension of the maturity date of the EUR 21.4 million credit facility (the “**Credit Facility**”) and the corresponding interest to July 25, 2013, which is also the maturity date of the \$5 million DIP financing granted by Alden to the US subsidiaries.

The cash position of Atari SA as at March 31, 2013 is about EUR 1.5 million, which should be sufficient for the Company to cover its financial obligations until July 25, 2013 (excluding repayment of the Credit facility) and therefore follow the US Proceedings over the period.

In order to enable Atari to repay its Credit Facility and maintain (if possible) its operations after July 25, 2013, sales of assets in accordance with the Chapter 11 Proceedings in the US are necessary. The scope of such sales and their prices will be determined in the course of the Proceedings and under the final control of the US bankruptcy judge, as further detailed below. The outcome of the Proceedings,

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<sup>1</sup> Alden Global Capital on behalf of Alden Global Value Recovery Master Fund, L.P. (hereafter “**Alden**”)

which will also need to be approved by the US creditors, will be of particular importance for Atari and its shareholders. The possible options for continuing operating will be assessed at this point, depending on the remaining assets, as the case may be, their potential and financing available.

## **Progress on Chapter 11 Proceedings in the United States**

The Chapter 11 Proceedings with the Bankruptcy Court in New York, handling the case submitted by the US subsidiaries on January 21, 2013 (the “**Court**”), are still pending. The various stages in the Proceedings and the main documents and motions are being published directly by the Court as they progress. They may be consulted online at the following link:

<http://www.bmcgroup.com/restructuring/Docket.aspx?ClientID=316>.

As at January 21, 2013, the US Subsidiaries did not have sufficient resources to compensate the US creditors repay the abovementioned loan and finance a reorganization of its business. Today, the situation remains unchanged. Therefore, the option chosen by the US Subsidiaries during the Proceedings has been to solicit offers from third parties as part of a sale process (the “**Sale Process**”) for all or part of the US assets, in accordance with section 363(c) of the US Bankruptcy Code. These assets form the bulk of the Atari Group’s assets.

As indicated in the Company's press release of February 5, 2013, in the context of the Chapter 11 Proceedings, Alden made available a maximum USD 5 million debtor-in-possession (DIP) cash financing to the US Subsidiaries, enabling them to keep operating. The creditors’ committee has also been created.

The Court entered an order establishing April 30, 2013 as the deadline for filing proofs of claims by parties who may hold claims against the Debtors that arose prior to the date of filing for bankruptcy.

Regarding the offer submission process, the next step will be for third parties to submit binding offers. Atari SA will have no authority to accept or reject them. Indeed, due to the US bankruptcy law, the independence of the parties in the Proceedings and the powers granted to the Court, Atari SA has limited influence over the decisions taken in connection with the restructuring of its subsidiaries and the progress schedule.

Potential buyers (the “**Potential Buyers**”) include both financial and strategic buyers, the latter category consisting of both gaming and non-gaming companies. They have executed non-disclosure agreements to gain access to a virtual data room established by the US Subsidiaries to assist them with their due diligence regarding the assets. The discussions and negotiations between the US Subsidiaries and the Potential Buyers are still ongoing. The US Subsidiaries anticipate that, in the coming weeks, these negotiations will culminate in the submission of binding offers by the Potential Buyers. Following the submission of such offers, the Debtors will seek the Court’s approval of bid procedures, which will set forth the next steps in the Sale Process as well as the procedures for the selection of higher and better offers and a potential auction.

For this auction phase, the US Proceedings may include the mechanism of “stalking horse” offers. Under this mechanism, certain offers may be accepted in advance (i.e. stalking horse offers). If such an offer is accepted, this offer will be the subject of a motion to the Court, notice to creditors and other interested parties, in order to seek authorization to proceed with such offer in accordance with its terms unless a higher offer is submitted.

Therefore, the prospects of Atari SA and its shareholders will depend on the outcome of such Proceedings and the proceeds received from the sale of all or part of the assets, net of all legal and transactional costs, staff costs and other operating costs approved by the Court in the context of the Proceedings and after distributions to creditors, including repayment of the DIP financing of \$5 million maximum and the Euro 21.4 million Credit Facility.

## **Suspension of trading maintained**

Considering the complexity and uncertainties of the US Proceedings, the Company is not at this stage in a position to request the resumption of trading of Atari shares on the NYSE Euronext Paris market.

The Board of Directors expects the Sale Process to be complex. It therefore believes that it is preferable to be in a position to provide shareholders with details of the offers received before considering a resumption of trading of Atari's shares. Details of the offers will be released by US Subsidiaries in the course of the Proceedings and Atari will seek to ensure prompt communication of the information.

At this stage, no guarantees can be given concerning the potential recovery for existing shareholders. The market and the shareholders will be informed with 48 hour prior notice if trading is to resume.

## **Changes at the Board of Directors**

Alyssa Padia Walles, president of Amplitude Consulting, has joined the Board, effective April 4, 2013, replacing Alexandra Fichelson. Ms Walles has extensive experience in media start-ups to multinational companies.

Alyssa Walles has a wide expertise, notably in the development and management of companies, sales, brand promotion as well as international marketing in the interactive business (video games, apps, on-line games, etc.).

She had high management positions in companies such as Sony Computer Entertainment Europe where she contributed to the PlayStation launch. She knows Atari well, as she was Senior Vice President, Corporate Evolution of Infogrames / Atari from 2000 to 2003 and played an important role in the integration of GT Interactive and Hasbro Interactive and handled the marketing initiative to enhance the Atari brand.

As a strategy consultant, Alyssa Walles has worked on brands like Fisher-Price, Nimbus Games, Leapfrog, Nutri-Ventures, Integrity Media, Sony Pictures Home Entertainment and Backyard Sports, in particular as co-president of Humongous, Inc.

Alyssa Walles holds a degree in "Cinema" from University of Southern California and is also a mentor at the USC Marshall School of Business, a founding member of the Long Beach TEC (a multimedia incubateur) and a consultative member of the [a]list games.

According to French regulations, the Board of Atari has reviewed on April 4, 2013 the composition and independence of its directors. As of today, the Board of Atari is the following:

- Frédéric Chesnais - Président Directeur Général (CEO)
- Frank Dangeard – Independent Director, Chair of the audit committee
- Tom Virden - Independent Director, Chair of the recruiting and compensation committee

- Erik Euvrard - Independent Director
- Alyssa Padia Walles - Independent Director

Alexandra Fichelson has resigned from the Board for personal reasons. The ratification of the cooptation of Ms Walles, following the recruiting and compensation committee recommendation, shall be submitted to the next shareholders general meeting of Atari.

#### **About Atari, SA**

Atari ([www.atari.com](http://www.atari.com)) is a multi-platform, global interactive entertainment and licensing company. The original innovator of video gaming, founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including world renowned brands like Asteroids®, Centipede®, Missile Command®, Pong®, Test Drive®, Backyard Sports® and RollerCoaster Tycoon®. Atari capitalizes on these powerful properties by delivering compelling games online (i.e. browser, Facebook® and digital download), on smartphones and tablets and other connected devices. The Company also develops and distributes interactive entertainment for video game consoles from Microsoft, Nintendo and Sony. As a licensor, Atari extends its brand and franchises into other media, merchandising and publishing categories. For more information: [www.atari.com](http://www.atari.com)

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