

Peter S. Partee, Sr.
Michael P. Richman
Andrew Kamensky
Richard P. Norton
Robert A. Rich
HUNTON & WILLIAMS LLP
200 Park Avenue, 53rd Floor
New York, New York 10166-0136
(212) 309-1000

Proposed Attorneys for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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| In re: | } | Chapter 11 |
| ATARI, INC., <i>et al.</i> , | } | Case No. 13-10176 (JMP) |
| Debtors. ¹ | } | Joint Administration Requested |

**DECLARATION OF ROBERT A. MATTES (I) IN SUPPORT OF
CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS AND
(II) PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2**

I, Robert A. Mattes, hereby declare, under penalty of perjury pursuant to 28 U.S.C.

§ 1746, as follows:

1. I serve as Chief Financial Officer of Atari, Inc. (“Atari, Inc.”), Atari Interactive, Inc. (“Atari Interactive”), Humongous, Inc. (“Humongous”) and California U.S. Holdings, Inc. (“CUSH”; and together with Atari, Inc. Atari Interactive and Humongous, the “Debtors”) and have served in that capacity since August 2011. I submit this declaration (the “Declaration”) in accordance with Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”) to assist this Court and parties in interest in understanding the

¹ The other Debtors are Atari Interactive, Inc., Humongous, Inc., and California U.S. Holdings, Inc.

circumstances that compelled the commencement of these chapter 11 cases and in support of (i) the Debtors' petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") filed on the date hereof (the "Petition Date"); and (ii) the emergency relief that the Debtors have requested from the Court pursuant to the motions and applications described herein (collectively, the "First Day Pleadings"). In that capacity, I have personal knowledge of (i) the Debtors' financial condition, businesses, operations, policies and procedures, (ii) the events leading up to these chapter 11 cases, and (iii) other matters set forth herein.

2. The Debtors commenced these chapter 11 cases to (i) obtain sufficient financing to continue operating while a buyer for the Debtors' assets or a plan sponsor can be identified and (ii) either close a sale of all or substantially all of the Debtors' assets or confirm a plan of reorganization that issues shares in the reorganized Debtors to the plan sponsor. Either route will have the effect of ending the Debtors' relationship with its publicly traded French parent, Atari S.A. ("Atari S.A." or the "Parent Company") and eliminating the complex corporate and financial structure that has hampered the Debtors' ability to raise the capital required to monetize fully the iconic Atari brand and historic Atari intellectual property as well as other popular intellectual properties that are owned (i.e. Test Drive Unlimited, Backyard Sports), or licensed (i.e. RollerCoaster Tycoon).

3. The First Day Pleadings seek relief necessary to avoid immediate and irreparable harm to the Debtors as they pursue their overall financial restructuring by allowing them to continue their operations and minimize disruptions to their businesses that could otherwise result from the commencement of the chapter 11 cases. Specifically, the First Day Pleadings seek relief allowing the Debtors to: (i) stabilize and maintain their business operations through,

among other things, the use of post-petition financing, (ii) limit disruption to the Debtors' businesses by continuing the use of their prepetition cash management system, and (iii) establish certain administrative procedures to facilitate an orderly transition into, and uninterrupted operations throughout, the chapter 11 process.

4. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with other employees of the Debtors, my review of relevant documents or my opinion based upon experience, knowledge and information concerning the Debtors' operations and financial affairs. I am authorized to submit this Declaration on behalf of the Debtors. If called to testify, I would testify competently to the facts set forth in this Declaration.

5. To assist the Court in familiarizing itself with the Debtors, their businesses, and the initial relief sought by the Debtors to stabilize operations and facilitate their restructuring, this Declaration is organized into four sections. Section I provides background information with respect to the Debtors' corporate history and their business operations, as well as a summary of the Debtors' prepetition capital structure. Section II describes the circumstances leading to the commencement of the chapter 11 cases. Section III summarizes the relief requested in, and the facts supporting, each of the First Day Pleadings. Section IV provides an overview of the exhibits attached hereto that set forth certain additional information about the Debtors, as required by Local Rule 1007-2.

II. General Background

A. The Debtors' Corporate Structure and Overview of Business Operations

6. Debtors Atari, Inc., Atari Interactive, and Humongous are corporations organized under Delaware law with their principal place of business in New York, New York. Debtor CUSH is a California corporation with its principal place of business in New York, New York.

Debtors Atari Interactive and CUSH are wholly-owned subsidiaries of Atari S.A., which is a publicly traded French holding company. Debtors Atari Inc. and Humongous are wholly-owned subsidiaries of CUSH. A corporate organizational chart is attached hereto as **Exhibit A**. The Debtors are headquartered in New York City and have additional offices in Los Angeles, San Francisco, and Los Gatos, California.

7. Debtor Atari, Inc. houses all 48 employees and serves as the principal operating company. Much of the critical intellectual property utilized in Atari, Inc.'s operations, however, is owned or licensed by Debtor Atari Interactive. Although the Debtors are four legal entities, they have been operated as one functional unit and moved cash throughout all the Atari entities domestic and foreign, as and where needed.

8. "Atari" is a corporate and brand name owned by several entities since its inception in 1972. The original "Atari" was a pioneer in arcade games, home video consoles, and home computers. The company's products such as "Pong" and the "Atari 2600" helped define the computer entertainment industry from the 1970s to the mid-1980s.

9. Today, the Debtors are a multi-platform, interactive entertainment and licensing company. The Debtors own and/or manage a portfolio of more than 200 games and franchises, including world-renowned brands like Asteroids, Centipede, Missile Command, Pong, Test Drive Unlimited, Backyard Sports, and RollerCoaster Tycoon. The Debtors capitalize on these popular properties by delivering compelling games online (through internet browsers, online networks and digital downloads), and on smartphones, tablets, and other connected devices. The Debtors also develop and distribute interactive entertainment for video game consoles from Microsoft, Nintendo and Sony. As a licensor, the Debtors extend their brand and franchises into other media, merchandising, and publishing categories.

10. Atari S.A. was created in 1983 as Infogrames Entertainment S.A. and began trading shares on the Paris stock market in 1993. In 1999, Infogrames acquired a majority stake in Atari Inc., and the remaining shares were purchased in 2008.

11. Contemporaneously with the Debtors' chapter 11 filings, Atari S.A. is seeking to open "Safeguard" proceedings in France and likely will be commencing a chapter 15 case in the United States.

12. Currently, the Debtors' chief executive officer, James Wilson, also is the chief executive officer of Atari S.A. and its European subsidiaries. Mr. Wilson joined Atari, Inc. in 2008 and has focused on the operational transformation of the business. With the departure of Atari S.A.'s former CEO in December 2010, he was appointed CEO of the Parent Company. Within one week of the opening of Safeguard proceedings for Atari S.A., Mr. Wilson expects to resign as chief executive officer of Atari S.A. and also expects to resign from its board of directors in order to devote his efforts fully to the reorganization of the Debtors. Similarly, although I, as the Debtors' Chief Financial Officer, performed financial services for Atari S.A. and its European subsidiaries prior to the Petition Date, I will not be providing such services after the Petition Date. The same is true for the Debtors' General Counsel, Kristen Keller.

B. Business Segments

13. The Debtors' business operations can be categorized into three different segments: digital, licensing, and retail.

14. The digital segment is the primary focus of the Atari Group's current business strategy because it is the fastest growing sector of the gaming industry. The focus is on digital download, mobile and online games through deployment on all relevant mobile platforms, including smartphones, tablets, and other connected devices, and also online through internet browsers, online networks and digital downloads. The rapid expansion of the latest generations

of mobile devices (smartphones and tablets) has been supplemented by the rise of the “App,” typically a small, specialized program primarily downloaded onto mobile devices. The Debtors’ games are primarily distributed through the leading App portals which are Apple’s App store and the Android App market.

15. The Debtors are developing new games or platforms for existing games with third party studios and are working to develop higher-margin revenue streams in the mobile and online segments via (i) “freemium” monetization functionalities where games are provided free of charge and consumers pay for advanced features and additional game levels; (ii) digital distribution revenues through the Atari.com digital store as well as on other third-party digital distribution platforms; and (iii) revenues generated through advertising.

16. The second business segment involves the licensing of the Company’s unique portfolio of intellectual property and brands through games, merchandising and other media. An example in its last fiscal year is the launch of the Atari Arcade gaming controller for the iPad. This launch (with partner Discovery Bay Games) enabled the Company to leverage its brand notoriety and enhance the game play experience on the Apple iPad.

17. The third and final business segment is the retail market for the Debtors’ intellectual property. Retail distribution consists of selling and delivering products published by the Company or by third parties, and sometimes providing marketing and technical support for them. The Company distributes its retail games in the United States via Atari, Inc. During the last few years, the Company has been producing fewer and fewer retail games and most of its revenues have come from its catalog titles. The retail gaming market continues to suffer from the challenging economic environment, and the Company’s focus on the retail sector has become limited to occasional opportunistic endeavors.

C. The Debtors' Capital Structure

18. The Debtors' French parent company, Atari S.A. ("Atari S.A." or the "Parent"), and certain European subsidiaries entered into a master credit agreement with Banc of America Securities Limited on April 21, 2006 aimed at refinancing all the short and medium term debt of it and most of its subsidiaries. This senior secured credit facility (the "Blue Bay Facility") was later assigned to Blue Bay Value Recovery (Master) Fund Limited ("Blue Bay"), which together with an affiliated fund, The Blue Bay Multi-Strategy (Master) Fund Limited, are the largest shareholders of Atari S.A. Blue Bay also holds a seat on Atari S.A.'s board of directors.

19. Although none of the Debtors is an obligor under the Blue Bay Facility, whether by pledge, guarantee or otherwise, the Blue Bay Facility appears to be secured by a security interest in certain intellectual property owned by Debtor Atari, Inc. pursuant to a UCC-1 statement dated April 24, 2009. That intellectual property, known as the "Test Drive Unlimited" franchise (the "Test Drive IP"), is subject to two exclusive, worldwide licenses (one for trademark and one for all other intellectual property) granted to the Parent in 2007 (the "Test Drive Licenses"). The Test Drive Licenses are for terms expiring in November 2014. On or about March 31, 2008, the Parent assigned all of its rights in the Test Drive Licenses to Debtor Atari Interactive. Any lien asserted by Blue Bay against Atari, Inc. is limited to the reversionary interest after the Test Drive Licenses expire. Furthermore, Blue Bay's lien on Test Drive Unlimited may be avoidable as a constructively fraudulent conveyance based on its "upstream" nature.

20. It is expected that Atari S.A. will assert an approximately \$252 million unsecured claim against Debtor Atari Interactive based solely on an intercompany account reflected on Atari Interactive's books and records. Based on conversations with counsel, the Debtors believe that Atari S.A.'s claim should and likely will be treated as equity.

21. Atari S.A. also filed a financing statement reflecting a putative blanket lien on all assets of Debtor Atari, Inc., except for the Test Drive IP. The Test Drive IP is one of most valuable assets at Atari, Inc. The majority of the remaining valuable assets (including the intellectual property) of the Debtors is held by Atari Interactive and Humongous. Aside from this, it is unclear what, if any, debt is purportedly secured by the Parent's putative lien. Atari Inc.'s books and records reflect intercompany accounts purportedly owed to Atari S.A. and one of its European affiliates in the aggregate amount of approximately \$36 million. The Debtors believe that these claims should and likely will be treated as equity.

22. Aside from the disputed liens asserted by Blue Bay and Atari S.A., the Debtors' assets are unencumbered.²

III. Events Leading to the Chapter 11 Filing

23. Based on the ever-changing video gaming marketplace, the Company during its last fiscal year has been continuing its transition to a new business model, shifting from a primarily retail game model to a model focused on mobile, digital and online games that promotes the Atari brand, Atari's intellectual property and other key franchises. While the Company places a particular emphasis on the quality of its games, it has nevertheless been exposed to risk of dependency from the fact that it releases a small number of games, which account for a large portion of its sales.

24. As a result of the aforementioned transition being slower than predicted, the lack of capital to fully develop and market titles and the corresponding underperformance of key

² Cinram Group, LLC ("Cinram") warehouses all of the Debtors' retail inventory in Tennessee. The Debtors believe that Cinram may assert a lien against inventory under the Uniform Commercial Code to secure its prepetition claim of approximately \$44,000. On the Petition Date, the Debtors filed a motion [Docket No. 9] seeking authority to pay Cinram's claim in full.

releases, the Debtors have eroded their cash position. Over the course of the past two years, therefore, the Debtors have sought new investment, albeit exclusively at the Atari S.A. level through various investment bank run processes to replace its principle creditor and shareholder, Blue Bay, who announced in October 2010 that their funds were closing and wanted to exit the investment with the Parent Company. Despite the exhaustive efforts to find a new investor or obtain additional capital from Blue Bay, the results were unsuccessful due to lack of interest in the associated French stock listing, limited free float, the complicated debt and capital structure, and a difficult economic and sector operating environment. It is worth noting that, Atari S.A. repaid Blue Bay more than \$21 million Euros against its credit line since August 2011.

25. Additionally, the Parent Company solicited indications of interest from strategic buyers for its intellectual property and business. None of those efforts came to fruition, though many strategic buyers indicated an interest in buying the assets and operations of the Debtors once separated from its French parent.

26. Until early December 2012, the Debtors, Atari S.A. and Atari S.A.'s European subsidiaries transferred cash among themselves as and where needed and accounted for it accordingly as intercompany transactions. In early December 2012, however, each of the Atari entities began to project serious liquidity issues commencing sometime in mid-January 2013. As a result, management of each of the Atari entities concluded that it was no longer prudent to move cash amongst and between Atari affiliates and "froze" their respective cash positions. Having exhausted all efforts at obtaining further investment at the Atari S.A. level and their liquidity having become critically low, the Debtors have filed these chapter 11 cases in an attempt to continue in business long enough to capitalize on the prior indications of interest received from strategic buyers.

IV. First Day Pleadings

27. To enable the Debtors to minimize the adverse effects of the commencement of these chapter 11 cases on their ongoing business operations and promote a smooth transition to chapter 11, the Debtors have requested various relief in their First Day Pleadings. I believe that the relief requested in the First Day Pleadings is necessary to allow the Debtors to operate with minimal disruption during the pendency of the chapter 11 cases. A description of the relief requested and the facts supporting each of the Debtors' First Day Pleadings is set forth below.

28. It is my understanding that Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") provides that "except to the extent that relief is necessary to avoid immediate and irreparable harm," the Court shall not consider motions to pay prepetition claims during the first twenty one (21) days following the filing of a chapter 11 petition. Accordingly, as set forth below, the Debtors have narrowly tailored their requests for authority to pay any prepetition claims to those circumstances where failure to pay such claims would cause immediate and irreparable harm to the Debtors and their estates.

A. Motion of the Debtors and Debtors-in-Possession for Entry of an Order (I) Directing Joint Administration of the Chapter 11 Cases Under Fed. R. Bankr. P. 1015(b), (II) Waiving Requirements of 11 U.S.C. § 342(c)(1), Fed. R. Bankr. P. 1005 and Fed. R. Bankr. P. 2002(n), and (III) Authorizing the Debtors to File Monthly Operating Reports on a Consolidated Basis (the "Joint Administration Motion")

29. The Debtors request entry of an order directing the joint administration of these chapter 11 cases, for procedural purposes only. The Debtors believe that many, if not most, of the motions, applications, and other pleadings filed in these chapter 11 cases will relate to relief sought jointly by all of the Debtors. For example, virtually all of the relief sought by the Debtors in the First Day Pleadings is sought on behalf of all Debtors. Joint administration of the Debtors' chapter 11 cases, for procedural purposes only, under a single docket entry, will also ease the

administrative burdens on the Court by allowing the Debtors' cases to be administered as a single joint proceeding instead of four independent chapter 11 cases.

30. By the Joint Administration Motion, the Debtors are also seeking a waiver of the requirements imposed by section 342(c)(1) of the Bankruptcy Code and Bankruptcy Rules 1005 and 2002(n) that the Debtors' caption and other notices mailed in these chapter 11 cases include the Debtors' tax identification numbers and other information relating to the Debtors. Inclusion of the Debtors' tax identification numbers, other names used by the Debtors during the eight years prior to filing the bankruptcy petitions, and addresses on each caption is cumbersome, and may be confusing to parties in interest. More importantly, a waiver of these information requirements is purely procedural in nature and will not affect the substantive rights of parties in interest. As an alternative to including each Debtor's address and tax identification number in the caption, the Debtors propose to use a consolidated caption to indicate that any filed pleading relates to the jointly administered bankruptcy cases of the Debtors, and to list the names of all of the Debtors in a footnote to each pleading filed and each notice mailed by the Debtors in these chapter 11 cases. I believe that the use of this simplified caption, without reference to any other names used by the Debtors during the past eight years and tax identification numbers for each individual debtor, will eliminate cumbersome and confusing procedures and ensure a uniformity of pleading identification.

31. Finally, the Debtors seek authority to file the monthly operating reports required by the Operating Guidelines promulgated by the Office of the United States Trustee ("U.S. Trustee") on a consolidated basis if the Debtors determine, after consultation with the U.S. Trustee, that consolidated reports would further administrative economy and efficiency in these chapter 11 cases without prejudice to any party in interest and that the reports would accurately

reflect the Debtors' consolidated business operations and financial affairs. Notwithstanding the foregoing, each of the Debtors are proposing to file separate monthly reports of disbursements on an individual basis.

32. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Motion of the Debtors and Debtors-in-Possession for Entry of an Order Establishing Notice and Service Procedures (the "Notice Procedures Motion")

33. I expect that there will be numerous parties in interest in these chapter 11 cases and anticipate that a significant number of parties will file requests for service of filings. I also expect that numerous motions and applications will be filed in these cases. The costs and burdens that might arise absent adoption of the proposed procedures – such as, for example those costs associated with copying, mailing, delivering, or otherwise serving paper copies of all such documents – could impose significant economic and administrative burdens on the Debtors' estates and the Court.

34. Given the size and scope of the chapter 11 cases, the Debtors believe that the procedures set forth in the Notice Procedures Motion will facilitate proper notice and service of court papers in a manner that will be less burdensome and costly than serving such pleadings on every potentially interested party, which, in turn will maximize the efficiency and orderly administration of the chapter 11 cases.

35. I believe that the relief requested in the Notice Procedures Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable

the Debtors to continue to operate their businesses in chapter 11 with minimal disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Notice Procedures Motion should be approved.

C. Motion of Debtors and Debtors-in-Possession for an Order (I) Approving the Form and Manner of Notice of the Commencement of Their Chapter 11 Cases, (II) Authorizing the Debtors to Prepare an Electronic List of Creditors in Lieu of a Mailing Matrix, and (III) Authorizing the Debtors to File a Consolidated List of Top 30 Unsecured Creditors (the “Creditor List Motion”)

36. The Debtors request entry of an order (i) approving a form and manner of notice of the commencement of the Debtors’ chapter 11 cases, (ii) authorizing the Debtors to prepare an electronic list of creditors in lieu of submitting and filing a formatted mailing matrix, and (iii) authorizing the Debtors to file a consolidated list of the Debtors’ 30 largest unsecured creditors.

37. In a separate motion, the Debtors plan to request authorization to retain and employ BMC Group, Inc. as noticing and claims agent in connection with the Debtors’ chapter 11 cases to assist the Debtors in preparing creditor lists and mailing initial notices. The Debtors propose that, as soon as practicable after the Petition Date, the Debtors furnish their list of creditors to the proposed noticing and claims agent so that it may assist with the consolidation of the creditor database and complete the mailing of notices to the parties in such database. Because the noticing agent will receive the consolidated list of creditors and mail the notice of commencement to the parties identified thereon, the Debtors believe it will maximize efficiency and accuracy and reduce costs to maintain electronic-format lists of creditors rather than preparing and filing separate matrices.

38. The Debtors propose that having the noticing agent mail the Notice of Commencement relieves the Clerk of the Court of the administrative burden of providing notice to the Debtors’ creditors. The Debtors also propose to publish, as soon as practicable, the Notice

of Commencement once in the national edition of *The Wall Street Journal*. It is my belief that publication of the Notice of Commencement is the most practical method by which to notify creditors and other parties in interest who do not receive the Notice of Commencement by mail of the commencement of these chapter 11 cases. I believe that the proposed notice procedures will ensure that parties in interest receive prompt notice of the commencement of these chapter 11 cases. Moreover, the proposed notice procedures are beneficial to the Debtors' estates and to the Debtors' creditors because they provide actual notice to all creditors and parties in interest in an efficient and cost-effective matter.

39. I believe that the relief requested in the Creditor List Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 with minimal disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Creditor Matrix Motion should be approved.

D. Motion of the Debtors and Debtors-in-Possession for Entry of an Order Granting the Debtors Additional Time Within Which to File Schedules and Statements (the "Schedules Extension Motion")

40. The Debtors request an additional 30 days to file their schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the "Schedules and Statements"), without prejudice to the Debtors' ability to request additional time, should it become necessary. The requested extension would give the Debtors a total of 45 days from the Petition Date to file their Schedules and Statements.

41. To prepare their Schedules and Statements, the Debtors will have to compile information from books, records, and documents relating to claims, assets, and contracts from each Debtor entity. The collection of necessary information will require a significant expenditure of time and effort on the part of the Debtors and their employees, and the Debtors

anticipate that they will be unable to complete their Schedules and Statements in the 14 days provided under Bankruptcy Rule 1007(c). As certain invoices related to prepetition goods or services have not yet been received and entered into the Debtors' accounting system, it may be some time before the Debtors have access to all of the required information to prepare the Schedules and Statements. This task is further complicated by the fact that the Debtors must continue to operate while responding to the demands of the bankruptcy cases.

42. I believe that the relief requested in the Schedules Extension Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 with minimal disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Schedules Extension Motion should be approved.

E. Motion of the Debtors and Debtors-in-Possession for Entry of an Order (I) Authorizing, But Not Directing, the Debtors to Pay Prepetition Wages, Salaries and Benefits, (II) Authorizing, But Not Directing, the Debtors to Pay Prepetition Payroll Taxes, Withholdings and Reimbursable Expenses; (III) Authorizing, But Not Directing, the Debtors to Continue Employee Benefit Programs on a Postpetition Basis; and (IV) Authorizing All Financial Institutions to Honor All Related Checks and Electronic Payment Requests (the "Employee Motion")

43. The Debtors seek authority to pay and honor, in their sole discretion, certain prepetition claims and obligations related thereto for, among other things, wages, salaries, payroll services, federal, state and local withholding taxes, and other amounts withheld (including Employees' share of insurance premiums, taxes, and 401(k) contributions), health insurance, workers' compensation benefits, vacation time and other paid time off, short- and long-term disability, and all other benefits that the Debtors have historically provided to the Employees in the ordinary course of business (collectively, the "Employee Obligations"), to pay all costs incident to the Employee Obligations, and to continue to pay and honor the Employee

Obligations in the ordinary course of business on a postpetition basis. I am familiar with the Employee Obligations.

44. As of the Petition Date, Atari, Inc. has forty-eight (48) employees, including 47 full-time employees and 1 part-time employee (collectively, the “Employees”). The other Debtors do not have any employees. The Debtors also work directly with two individuals working as independent contractors. Of the Employees, 44 are paid salary and 4 are paid on an hourly basis. No Employee is represented by a union or covered by a collective bargaining agreement. The Employees perform a variety of critical functions, including sales, accounting, administration, finance, management and other tasks. The Employees’ highly specialized skills, knowledge and understanding of the Debtors’ business and operations are essential to the effective reorganization of the Debtors’ business. To maintain morale and stability of the Employees during this critical time, the Debtors seek authority to pay and continue to honor the Employee Obligations.

45. I believe that, without the requested relief being granted by this Court, it is a great likelihood that some of the Employees would seek alternative employment opportunities. Such a development would deplete the Debtors’ workforce, hindering the Debtors’ ability to successfully reorganize and maximize value for all of their stakeholders. The loss of valuable Employees and the resulting recruiting of new employees that would be necessary to find replacements would be distracting and costly at this critical time when the Debtors are seeking to maximize the value of their estates. Further, if the Debtors lose Employees they will incur recruiting expenses in locating replacement employees if, under the Debtors’ circumstances, replacement employees could be recruited at all. Accordingly, I believe that approving the

Debtors' request to pay or otherwise honor the Employee Obligations is imperative to the Debtors' ability to maximize the value of their assets for the benefit of their stakeholders.

46. Finally, to effectuate the payment of the Employee Obligations, the Debtors request that the Court enter an order authorizing all banks and financial institutions to honor all prepetition checks for payment of prepetition wages and benefits and prohibiting all banks from placing any holds on, or attempting to reserve, any automatic transfers to the Employees' accounts for prepetition wages and benefits.

47. I believe that the relief requested in the Employee Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 with minimal disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Employee Motion should be approved.

F. Motion of the Debtors and Debtors-in-Possession for Interim and Final Orders (I) Authorizing Continued Use of Existing Cash Management System, (II) Waiving the Investment and Deposit Requirements of Section 345 of The Bankruptcy Code, (III) Authorizing Continued Use of Existing Business Forms, (IV) According Administrative Expense Status for Intercompany Receivables, and (V) Granting Certain Related Relief (the "Cash Management Motion")

48. By motion filed concurrently herewith, the Debtors are requesting that the Court enter interim and final orders (i) authorizing the Debtors' continued use of their existing cash management system (the "Cash Management System"), (ii) according administrative expense status to intercompany receivables generated by the use of the cash management system, (iii) authorizing the continued maintenance of existing business forms, (v) waiving the investment and deposit requirements of section 345(b) of the United States Bankruptcy Code for cause, and (vi) granting certain related relief.

49. As of the Petition Date, the Debtors maintain twelve (12) bank accounts (the “Accounts”) in the ordinary course of their business, including eight accounts held by Atari, Inc. and two accounts each held by Atari Interactive and Humongous.

50. The Cash Management System serves as a conduit for revenue obtained from business operations for distribution to employees, vendors and other creditors. The Debtors use the Cash Management System to meet their operating needs, enable them to centrally control and monitor corporate funds, ensure cash availability and liquidity, reduce administrative expenses by facilitating the efficient movement of funds, and enhance the development of accurate account balances. The Cash Management System further provides the Debtors with the ability to quickly create status reports on the location and amount of funds, thereby allowing management to track and control such funds. I believe that any disruption of the Cash Management System could have a severe and adverse impact on the Debtors’ reorganization efforts and would jeopardize the underlying value of the Debtors’ assets.

51. Additionally, in the ordinary course of business, the Debtors use a variety of checks and business forms (collectively, the “Business Forms”). To minimize expenses to their estates and avoid unnecessarily confusing their employees, customers, and suppliers, I believe it is appropriate to continue to use all such Business Forms as they existed immediately prior to the Petition Date – without reference to the Debtors’ status as debtors in possession – rather than requiring the Debtors to incur the expense and delay of ordering entirely new business forms.

52. In the Cash Management Motion, the Debtors seek a waiver of the U.S. Trustee requirement that the Accounts be closed and that new postpetition accounts be opened, to avoid delays in payment to administrative creditors. The closing of the Accounts, even if for a brief period of time, would cause great harm to the Debtors’ business operations and would hamper

the ability of the Debtors to collect and disburse funds in the ordinary course of business. To ensure as smooth a transition into chapter 11 as possible, and to aid in the Debtors' efforts to complete these chapter 11 cases successfully and without delay, it is important that the Debtors be permitted to continue to maintain the Accounts.

53. The Debtors, through the Cash Management Motion, also seek a waiver of the investment and deposit guidelines of section 345 of the Bankruptcy Code. Funds are moved periodically into money market accounts to maximize income, which movement is an integral component of the Cash Management System. The Debtors primary goal is to protect principal with the secondary goal of maximizing yield and liquidity before the Petition Date.

54. The operation of the Debtors' business requires that the Cash Management System continue to be implemented during the pendency of these chapter 11 cases. I believe the Debtors' continued use of the Cash Management System will greatly facilitate their transition into the chapter 11 cases by, among other things, avoiding administrative inefficiencies and expenses and minimizing delays in the payment of postpetition debts. Indeed, the inability to maintain an integrated Cash Management System would interfere with the Debtors' performance and unnecessarily disrupt their business operations. Consequently, continuation of the Cash Management System, except as permitted in the order approving the Cash Management Motion, is not only essential but in the best interests of all creditors and other parties in interest.

G. Motion of the Debtors and Debtors-In-Possession for Entry of an Order (I) Prohibiting Utility Companies From Altering, Refusing or Discontinuing Services to, or Discriminating Against, the Debtors on Account of Prepetition Invoices; and (II) Determining That the Utility Companies are Adequately Assured of Postpetition Payment (the "Utility Motion")

55. In connection with the operation of their businesses, the Debtors obtain certain data, voice, internet and other communications services (collectively, the "Utility Services") from seventeen (17) service providers (collectively, the "Utility Companies"). The Debtors are

seeking an order of this Court prohibiting the Utility Companies from altering or discontinuing services and deeming the Utility Companies adequately assured of future payment by virtue of the Debtors' proposed adequate assurance.

56. To provide adequate assurance of payment for future service to the Utility Companies, the Debtors propose to provide a deposit equal to two (2) weeks of Utility Services, calculated as a historical average over the past twelve (12) months, to any Utility Company who requests such a deposit (the "Adequate Assurance Deposit").

57. I believe that the Debtors' Adequate Assurance Deposit constitutes sufficient adequate assurance to the Utility Companies. Furthermore, the Debtors fully intend to timely comply with their post-petition obligations to the Utility Companies.

58. I believe that without the relief requested in the Utility Motion, the Debtors could be harmed by having to address numerous requests by Utility Companies in an unorganized manner at a critical period in their reorganization efforts.

H. Application of the Debtors and Debtors-in-Possession for Entry of an Order Authorizing the Employment and Retention of BMC Group, Inc. as Claims and Noticing Agent for the Debtors (the "Claims Agent Motion")

59. Through the Claims Agent Motion, the Debtors are seeking an order authorizing the retention of BMC Group, Inc. ("BMC Group") as claims and noticing agent in these cases.

60. By appointing BMC Group as the claims and noticing agent in these cases, the Debtors and the creditors of their estates will benefit from BMC Group's significant experience in acting as a claims and noticing agent in other cases and the efficient and cost effective methods that BMC Group has developed in its years of services. Utilizing BMC Group as the Debtors' claims and noticing agent in these cases will allow the Debtors to avoid duplication in claims administration and in providing notices to their creditors.

61. The large number of creditors and other parties-in-interest involved in the Debtors' chapter 11 cases would almost certainly impose heavy administrative and other burdens upon the Court and the Clerk's Office. To relieve the Court and the Clerk's Office of these burdens, the Debtors propose to engage BMC Group as their claims and noticing agent in these chapter 11 cases. Accordingly, the Debtors submit that the retention of BMC Group as their claims and noticing agent in these cases will promote the economical and efficient administration of their estates

I. Motion of the Debtors and Debtors-in-Possession for Entry of Interim and Final Orders Authorizing but not Directing, the Debtors to Maintain A Prepetition Insurance Premium Finance Agreement (the "Premium Finance Motion")

62. The Debtors request authority, but not direction, to continue and maintain a certain insurance premium finance agreement (the "PFA") under which they are obligated to make monthly payments. The PFA was entered in connection with the Debtors' policy for Employment Practices Liability Insurance.

63. The Debtors believe that it is in the best interests of their estates and creditors for the Court to authorize the Debtors to honor their obligations under the Financed Policy and the Premium Finance Agreement. Any other alternative would likely require considerable cash expenditures, could result in the Debtors obtaining insurance coverage on less desirable terms than its existing coverage, and could be detrimental to the Debtors' restructuring efforts.

J. Motion of Debtors and Debtors-in-Possession for Entry an Order (I) Authorizing, but not Directing, Payment of Certain Prepetition Claims of Critical Vendors; and (II) Authorizing and Directing Financial Institutions to Honor and Process Related Checks and Transfers (the "Vendor Motion")

64. The Debtors' Vendor Motion seeks (i) authority to pay prepetition claims of certain video game developers (the "Developers"), the provider of the RollerCoaster Tycoon license (the "Licenser"), and two other parties -- American Express and the provider of

warehouse and distribution services that may assert a warehouseman's lien on certain of the Debtors' inventory; and (ii) to authorize and direct banks and financial institutions at which the Debtors maintain disbursement and other accounts, to receive honor, process and pay, to the extent of funds on deposit, any and all checks or electronic fund transfers in respect of the relief requested herein. In sum, the Vendor Motion seeks authority to pay up to \$568,233 to the Critical Vendors (as defined in the Vendor Motion) listed therein.

65. The Developers represent the very core of the Debtors' business – game development. If the relief sought in this Vendor Motion is not granted, there is a significant risk that the Developers will devote their resources to other games, such as games for the Debtors' competitors. Once a particular game is removed from a Developer's schedule, there is often a long delay before it can return to schedule for development. Moreover, many of the Developers are small and/or foreign. The foreign entities are likely to disregard the effect of the automatic stay, and enforcement of contractual obligations against those entities would be difficult if not impossible. The smaller Developers cannot withstand the effect of non-payment. Even if they could, many likely will stop work on the Debtors' titles until the contracts are assumed and cured, and it would cost the Debtors more to try to enforce the obligation to perform post-petition than the amount at issue. Prepetition payments made to the Developers on account of initial development stages will have been wasted if the development process is not completed. Moreover, the Developers' work is critical for key revenue-producing games for the Debtors, and a break in their development speed is likely to cause immediate and irreparable harm that would jeopardize the ability to reorganize or sell the Debtors' business as a going concern. Finally, in the case of Gskinner.com, the foremost developer in an area of potential growth for the Debtors, the Debtors fear that failure to pay the prepetition amounts owed will cause

Gskinner.com to end its working relationship with the Debtors, leaving the Debtors without the proper partner necessary or desired for future products.

66. Likewise, the cooperation of the Licensor is essential to the Debtors' business. The Debtors develop and sell games under the title RollerCoaster Tycoon, one of the crown jewels of the Debtors' portfolio, pursuant a license granted by the Licensor. Under the Debtors' agreement with the Licensor, the Debtors are required to seek approval from the Licensor on every game milestone, design document, and other materials developed and exploited by the Debtors in connection with RollerCoaster Tycoon games. Thus, the Licensor plays an active role in the development of these games and could slow the development process by withholding various required consents. The Licensor is foreign and enforcement of the license agreement is anticipated to be difficult. Moreover, the Debtors believe that even while living up to the letter of the license agreement, the Licensor could devote less time and resources to the Debtors, slowing down the development process to the detriment of the Debtors. Therefore, the Debtors' relationship with the Licensor is of particular importance and it is the Debtors' business judgment that the continuation of a positive relationship with the Licensor, a relationship that can only be maintained through payment, is essential to their continued operations.

67. The successful operation of the Debtors' business requires them to utilize the credit card services of American Express. For instance, some service providers will only accept payment from the Debtors by credit card. Importantly, in the Debtors' case, the American Express account is in the name of one particular employee. This employee shall remain liable if the amounts remain unpaid. The last "Critical Vendor" is Cinram Group, LLC ("Cinram") and payment of the amount due it pre-petition is equally important to the Debtors. Cinram warehouses all of the Debtors' retail inventory and distributes the games to the Debtors' retail

customers. Prior to the Petition Date, Cinram represented to the Debtors that it would hold all of the inventory until the Debtors paid amounts owed. The Debtors anticipate that, absent payment of its prepetition claim, Cinram may assert a warehouseman's lien over the Debtors' inventory and may refuse to release the inventory while it seeks to enforce such a lien. The book value of the inventory currently held by Cinram is approximately \$811,000. The Debtors need to monetize their inventory to fund these reorganization efforts.

68. For these reasons, I believe that the relief requested in the Vendor Motion is vitally necessary to preserve the value of the Debtors' estates for the benefit of all stakeholders in the chapter 11 cases.

K. Motion of Debtors and Debtors-in-Possession Pursuant to 11 U.S.C. §§ 105, 361, 362, 364 and 507 and Fed. R. Bankr. P. 2002, 4001 and 9014 For Entry of Interim and Final Orders (I) Authorizing the Debtors to Incur Post-Petition Secured Indebtedness, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Granting Adequate Protection [to the Extent Necessary], (IV) Modifying Automatic Stay, and (V) Scheduling a Final Hearing (the "DIP Financing Motion")

69. Through the DIP Financing Motion, the Debtors seek an order authorizing them to enter into a post-petition financing on a priming secured, superpriority basis. The \$5.250 million debtor-in-possession financing facility (the "DIP Facility") from Tenor Capital Management Company, L.P. and/or its affiliates ("Tenor" or the "DIP Lender") grants superpriority claims and liens, including a priming lien, to the DIP Lender pursuant to sections 364(c) and (d) of the Bankruptcy Code, as well as adequate protection to Blue Bay. The DIP Facility is subject to various fees, covenants and milestones all as set forth in the term sheet attached to the DIP Financing Motion.

70. The DIP Facility consists of a multiple draw term loan of which \$2.250 million will be available on an interim basis subject to the conditions of the term sheet being satisfied. Another \$1 million will be available on a final basis after, among other things, entry of a final

order approving the DIP Facility. Finally, the last \$2 million of the DIP Facility will be made available to the Debtors upon the filing of a 363 sale motion or a plan of reorganization.

71. In order to provide adequate protection to Blue Bay, the DIP Facility contemplates granting Blue Bay (i) a subordinate replacement security interest in and lien upon the Debtors' assets that is junior to the lien being granted to the DIP Lender, and (ii) a superpriority administrative claim against all of the Debtors' assets that is junior only to the superpriority claim being granted to the DIP Lender.

72. In the months leading up to the Petition Date, as it became clearer that a bankruptcy filing may be the only alternative, the Debtors sought proposals from five financial firms or funds that are in the business of providing small (under \$20 million) distressed loans or bankruptcy financings. Four of the five entities signed non-disclosure agreements with the Debtors. The Debtors then paid due diligence deposits to two of the firms and both of those firms came forward with proposals. However, only the proposal from Tenor offered the Debtors sufficient flexibility and met all of the Debtors' financing needs.

73. At the same time as attempting to procure a bankruptcy financing facility, the Debtors approached several strategic potential buyers to inquire about their interest in providing financing. Approximately one week prior to the Petition Date, the leading strategic buyer that had indicated a willingness to invest in the Parent Company and subsequently to become both a DIP lender and a stalking horse bidder in a sale process, declined to proceed with the transactions.

74. Without approval of the DIP Facility, the Debtors and their estates will suffer immediate and irreparable harm. Accordingly, the Debtors have an immediate need for access to liquidity to, among other things, continue the operation of their business, maintain their

relationships with customers, meet payroll, procure goods and services, and otherwise satisfy their working capital and operation need, all of which is required to preserve and maintain the Debtors' enterprise value for the benefit of all parties in interest during these chapter 11 cases.

V. INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 1007-2

75. Local Rule 1007-2 requires certain information related to the Debtors, which is set forth below.

76. Pursuant to Local Rule 1007-2(a)(3), there was no ad hoc or informal committee organized prior to the order for relief in these cases.

77. Pursuant to Local Rule 1007-2(a)(4), **Exhibit B** hereto is a consolidated list of the holders of the Debtors' 30 largest unsecured claims, excluding claims of insiders.

78. Pursuant to Local Rule 1007-2(a)(5), **Exhibit C** provides a list of the Debtors' largest secured claims.

79. Pursuant to Local Rule 1007-2(a)(6), **Exhibit D** provides a summary of the Debtors' assets and liabilities.

80. Pursuant to Local Rule 1007-2(a)(7), there are no classes of shares of stock, debentures, or other securities of the Debtors that are publicly held.

81. Pursuant to Local Rule 1007-2(a)(8), the following lists property of the Debtors that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditor, or agent for any such entity: (i) Cinram Group LLC, a third-party warehouse distribution firm, holds all of the Debtors retail inventory in LaVergne, Tennessee; (ii) Atari funded an escrow account for the benefit of Cryptic Studios of \$1 million in connection with the sale of Cryptic. That account remains open as of the Petition Date.

82. Pursuant to Local Rule 1007-2(a)(9), **Exhibit E** hereto provides a list of the property comprising the premises owned, leased or held under other arrangement from which the Debtors operate their business.

83. Pursuant to Local Rule 1007-2(a)(10), **Exhibit F** hereto provides a list of the locations of the Debtors' substantial assets and books and records, and the nature, location and value of any assets held by the Debtors outside the territorial limits of the United States.

84. Pursuant to Local Rule 1007-2(a)(11), there are no present actions or proceedings (pending or threatened) against the Debtors or their property where a judgment against any Debtor or seizure of its property is imminent.

85. Pursuant to Local Rule 1007-2(a)(12), **Exhibit G** hereto sets forth a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

86. Pursuant to Local Rule 1007-2(b)(1)-(2)(A) and (C), **Exhibit H** hereto provides for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the amount paid or proposed to be paid to financial and business consultants retained by Debtors.

87. Pursuant to Local Rule 1007-2(b)(3), **Exhibit I** hereto provides a schedule, for the 30-day period following the Petition Date, of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees, for the 30-day period following the filing of the chapter 11 cases, and any other information relevant to an understanding of the foregoing.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on January 22, 2013.

/s/ Robert A. Mattes
Robert A. Mattes
Chief Financial Officer

EXHIBIT A

ATARI GROUP SIMPLIFIED CORPORATE ORGANIZATIONAL CHART

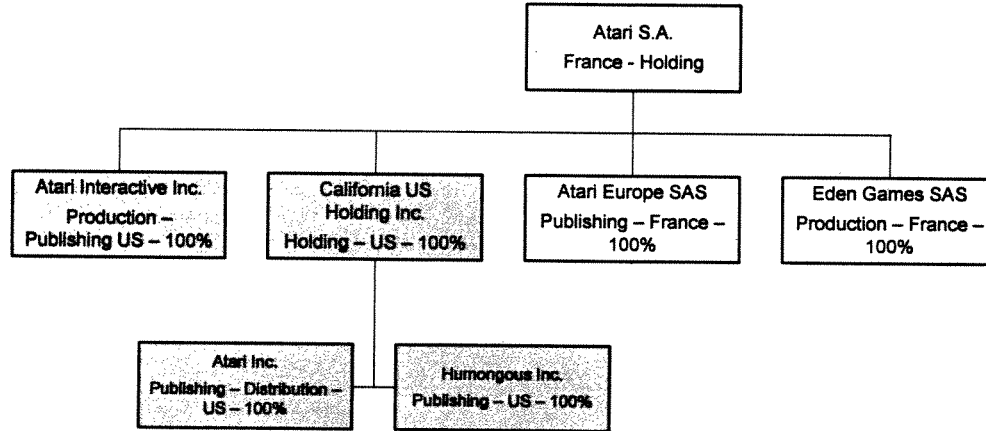


EXHIBIT B

Consolidated List of the Holders of the Debtors’ 30 Largest Unsecured Claims

Pursuant to Local Bankruptcy Rule 1007-2(a)(4), the following is a consolidated list of creditors holding the thirty (30) largest unsecured claims against the Debtors (the “Consolidated List”) based on the Debtors’ unaudited books and records as of the Petition Date. The Consolidated List has been prepared in accordance with Rule 1007(d) of the Federal Rules of Bankruptcy Procedure and does not include (i) persons or entities who come within the definition of “insider” set forth in 11 U.S.C. § 101(31), or (ii) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 30 largest unsecured claims.

The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.³

| | Name of Creditor | Complete mailing address, and employee, agents or department familiar with claim | Nature of claim (trade debt, bank loan, government contracts, etc.) | Indicate if claim is contingent, unliquidated, disputed, or subject to set off | Amount of claim (if secured, also state value of security) |
|----|---------------------------|--|--|---|---|
| 1. | CHRIS SAWYER | c/o MARJACQ MICRO LIMITED 187 GLOUCESTER BOULEVARD LONDON, NW1 6BU, UK +44 020 7935-9499 guy@marjacq.com | ROYALTIES | | \$ 250,000 |
| 2. | TAVANT TECHNOLOGIES, INC. | 3101 JAY STREET, SUITE 101 SANTA CLARA, CA 95054 (408) 654-5222 sudheer.devadiga@tavant.com | TRADE PAYABLES | | 243,336 |
| 3. | CD PROJEKT RED S.A | UL. JAGIELLONSKA 74 BUDYNEK E, WARSAW 03-301, POLAND +48 22-519-69-00 michal.nowakowski@cdprojekt.com | ROYALTIES | | 215,998 |
| 4. | DELOITTE & TOUCHE | PO BOX 7247-6446 PHILADELPHIA, PA 19170-6446 (888) 258-4772 | ACCOUNTING FEES | | 164,000 |

³ Each of the Debtors will file their respective schedules of assets and liabilities (the “Schedules”) in accordance with 11. U.S.C. § 521 and Rule 1007 of the Federal Rules of Bankruptcy Procedure. The information contained in the Schedules may differ from the information set forth on the Consolidated List. The Debtors reserve the right to identify any claims listed in the Schedules as contingent, unliquidated, disputed and/or subject to setoff as appropriate. Inclusion of a claim on the Consolidated List is not an admission that the amounts are not contingent, unliquidated, disputed and/or subject to setoff, nor is it an admission that the amounts listed are owed by more than one of the Debtors.

| | Name of Creditor | Complete mailing address, and employee, agents or department familiar with claim | Nature of claim (trade debt, bank loan, government contracts, etc.) | Indicate if claim is contingent, unliquidated, disputed, or subject to set off | Amount of claim (if secured, also state value of security) |
|-----|--------------------------------|--|--|---|---|
| 5. | LIQUID ENTERTAINMENT | 45 EUREKA STREET, SUITE B PASADENA, CA 91103 (626) 793-7635 x203 hnewman@liquidentertainment.net | TRADE PAYABLES | CONTINGENT | 152,001 |
| 6. | CDV SOFTWARE ENTERTAINMENT | 117 CENTREWEST COURT CARY, NC 27513 (919) 481-1402 tom.gross@cdvus.com | TRADE PAYABLES | | 147,967 |
| 7. | KMART | 3100 W. BIG BEAVER TROY, MI 48084 (847) 286-2500 | CUSTOMER | UNLIQUIDATED | 142,877 |
| 8. | GIBSON, DUNN & CRUTCHER LLP | P.O. BOX 840723 LOS ANGELES, CA 90084-0723 (800) 822-7152 X7921 wbarsky@gibsondunn.com | LEGAL SERVICES | | 127,505 |
| 9. | RACKSPACE MANAGED HOSTING | P.O. BOX 730759 DALLAS, TX 75373-0759 (210) 312-4000 rosanna.murray@rackspace.com | TRADE PAYABLES | | 124,716 |
| 10. | FRONTIER DEVELOPMENTS LTD | C/O MARJACQ MICRO LIMITED 187 GLOUCESTER BOULEVARD LONDON, NW1 6BU, UK +44 020 7935-9499 guy@marjacq.com | ROYALTIES | UNLIQUIDATED | 120,000 |
| 11. | SLEEPY GIANT ENTERTAINMENT INC | 303 BROADWAY, SUITE 104-74 LAGUNA BEACH, CA 92651 (949) 212-7211 piotr.kapiszewski@sleepygiant.com | TRADE PAYABLES | | 105,653 |
| 12. | GUI KARYO | 43 MALLARD RISE IRVINGTON, NY 10533 (917) 574-4275 gui@karyo.com | SEVERANCE | | 104,661 |
| 13. | DORSEY & WHITNEY LLP | P.O. BOX 1680 MINNEAPOLIS, MN 55480-1680 (212) 415-9200 walling.barbara@dorsey.com | LEGAL SERVICES | | 102,915 |
| 14. | GSKINNER.COM INC. | UNIT 108, 11614-119 STREET NW EDMONTON, ALBERTA T5G 2X7, CANADA (780) 637-4720 bobi@gskinner.com | TRADE PAYABLES | | 99,000 |
| 15. | ERNST & YOUNG | TOUR FIRST TSA 14444 1 PLACE DES SAISONS PARIS - LA DEFENSE CEDEX 92037, FRANCE +33 1 46 93 60 00 | CONSULTING SERVICES | | 90,000 |

| | Name of Creditor | Complete mailing address, and employee, agents or department familiar with claim | Nature of claim (trade debt, bank loan, government contracts, etc.) | Indicate if claim is contingent, unliquidated, disputed, or subject to set off | Amount of claim (if secured, also state value of security) |
|-----|------------------------------------|---|--|---|---|
| 16. | FLURRY INC | 282 2ND STREET SUITE 202 SAN FRANCISCO, CA 94105 (310) 717-9188 marc@flurry.com | TRADE PAYABLES | UNLIQUIDATED | 79,550 |
| 17. | PETROL ADVERTISING, INC. | 443 NORTH VARNEY STREET BURBANK, CA 91502 (323) 644-3727 X221 sclarke@petrolad.com | TRADE PAYABLES | | 70,833 |
| 18. | BUG TRACKER | 2030 BLVD. PIE-IX #208 MONTREAL, QC H1V 2C8, CANADA (514) 496-0093 | TRADE PAYABLES | UNLIQUIDATED | 68,369 |
| 19. | ESCALATION STUDIOS INC | 5307 EAST MOCKINGBIRD LANE, SUITE 300 DALLAS, TX 75206 (972) 284-7710 | TRADE PAYABLES | | 66,000 |
| 20. | ARVATO DIGITAL SERVICES, LLC | P.O. BOX 75142 CHARLOTTE, NC 28262-2334 (828) 658-2076 caren.burnette@arvatousa.com | TRADE PAYABLES | | 64,644 |
| 21. | TRIPLEPOINT, LLC | 115 SANSOME STREET, SUITE 800 SAN FRANCISCO, CA 94104 (310) 438-8115 qwageman@triplepointpr.com | TRADE PAYABLES | | 62,639 |
| 22. | WAL-MART | P.O. BOX 116 BENTONVILLE, AR 72716 (479) 273-4000 | CUSTOMER | UNLIQUIDATED | 56,330 |
| 23. | BABEL MEDIA LTD | 12 HOVE BUSINESS CENTRE FONTHILL ROAD HOVE, EAST SUSSEX BN3 6HA, UK +44 0 1273732278 paul.mewis@babelmedia.com | TRADE PAYABLES | | 54,269 |
| 24. | KOOLHAUS GAMES, INC. | 204-896 CAMBIE STREET VANCOUVER, BC V6B 2P6, CANADA (604) 684-9033 corporate@koolhausgames.com | TRADE PAYABLES | | 51,240 |
| 25. | FLYING WISDOM STUDIOS, INC. | 181 FREMONT STREET, 2ND FLOOR SAN FRANCISCO, CA 94105 (650) 352-3548 hkchao@flyingwisdomstudios.com | TRADE PAYABLES | UNLIQUIDATED | 50,135 |
| 26. | GRIPTONITE, INC. | 45 FREMONT STREET, SUITE 2800 SAN FRANCISCO, CA 94105 (415) 800-6100 bowen.situ@glu.com | TRADE PAYABLES | CONTINGENT | 47,500 |

| | Name of Creditor | Complete mailing address, and employee, agents or department familiar with claim | Nature of claim (trade debt, bank loan, government contracts, etc.) | Indicate if claim is contingent, unliquidated, disputed, or subject to set off | Amount of claim (if secured, also state value of security) |
|-----|-------------------------------------|--|--|---|---|
| 27. | CINRAM | GAMING & DISTRIBUTION DIVISION 437 SANFORD ROAD LAVERGNE, TN 37086 (615) 287-3819 louellaidolor@cinram.com | TRADE PAYABLES | | 44,920 |
| 28. | GAMESPY INDUSTRIES, INC. | 45 FREMONT STREET SUITE 2800 SAN FRANCISCO, CA 94105-2209 (415) 800-6100 ar.customer@glu.com | LICENSING | | 44,000 |
| 29. | UAB ON5 | NAUGARDUKO G. VILNIUS 102, LITHUANIA +375 29 7711777 sergey@on-5.com | TRADE PAYABLES | | 43,000 |
| 30. | HUDSON VALLEY COMPUTER SERVICES LLC | DBA ELEVATED COMPUTING 1580 YORK AVENUE, #3B NEW YORK, NY 10028 (212) 257-0628 mikem@elevatedcomputing.com | TRADE PAYABLES | | 42,959 |

EXHIBIT C

Consolidated List Of The Holders Of The Debtors' Five Largest Secured Claims

Pursuant to Local Bankruptcy Rule 1007-2(a)(5), the following is a list of creditors holding the five largest secured claims against the Debtors, on a consolidated basis, as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as a brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

| | | |
|-------------------|--|----------|
| Cinram Group, LLC | Warehouse Lien Pursuant to U.C.C. § 7-209 | \$44,920 |
|-------------------|--|----------|

EXHIBIT D

Summary of the Debtors' Assets and Liabilities

Pursuant to Local Bankruptcy Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis. The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated with its affiliated Debtors and non-Debtors as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt.

| Assets and Liabilities | Amount |
|--|-------------------|
| Total Assets (Book Value as of December 31, 2012) | \$33.7 million |
| Total Liabilities (Book Value as of December 31, 2012) | \$310 million [a] |

[a] \$257 million payable to non-debtor affiliates.

EXHIBIT E

Summary of Debtors' Property From Which the Debtors' Operate Their Business

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the location of the premises owned, leased, or held under other arrangement from which the Debtors operate their business as of the Petition Date.

| Property Address | City | State | Country | Owned or Leased |
|---|---------------|--------------|----------------|------------------------|
| Atari, Inc. 475 Park Ave South, 12th Floor | NY | NY | USA | Leased |
| Atari, Inc. 1640 S. Sepulveda Blvd., Suite 300 | LA | CA | USA | Leased |
| Atari, Inc. 645 Harrison Street #200 | San Francisco | CA | USA | Leased |
| Cryptic Studios 980 University Avenue | Los Gatos | CA | USA | Leased |

EXHIBIT F

Location of the Debtors' Substantial Assets, Books and Records, and Nature and Location of Debtors' Assets Outside the United States

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following provides the location of the Debtors' substantial assets, books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States as of the Petition Date.

| Debtor Assets | Location |
|---|---|
| Debtors' Substantial Assets | New York, NY Los Angeles, CA San Francisco, CA LaVergne, TN (inventory) Los Gatos, CA (Servers) Secaucus, NJ (Servers) |
| Debtors' Books and Records | New York, NY |
| Debtors' Assets Outside the United States | None |

EXHIBIT G

Debtors' Senior Management

Pursuant to Local Bankruptcy Rule 1007-2(a)(12), the following provides the names of the individuals who constitute the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their responsibilities and relevant experience as of the Petition Date.

| Name / Position | Relevant Experience / Responsibility | Tenure |
|---|---|--------------------|
| Jim Wilson Chief Executive Officer | Mr. Wilson joined Atari, Inc. as CEO in March 2008. He was named CEO of Atari S.A. in December 2010. He has held general management positions at Sony Wonder, Universal Studios, and Vivendi Universal Games. Mr. Wilson attended Harvard Business School and Loyola College. | 2010 to Present |
| Robert Mattes Chief Financial Officer | Mr. Mattes joined Atari, Inc. as Chief Financial Officer in August 2011. Prior to Atari, he held CFO and other financial or controller positions at several companies. He started his career at KPMG LLP's New York office as an audit manager. Mr. Mattes is a non-practicing CPA in the State of New York and holds a B.S. from Villanova University. | 2011 to Present |
| Kristen Keller Executive Vice President, General Counsel | Ms. Keller joined Atari in 2003 as an intellectual property and operational attorney. Her focus is all legal, regulatory and HR matters affecting the company. Prior to joining Atari, she was a former associate at Fish & Neave and a Senior Attorney at R.H. Donnelley. Ms. Keller attended New York University and Pace University School of Law. | 2003 to Present |

EXHIBIT H

**Debtors' Payroll for the Thirty (30) Day Period Following the Filing of the
Debtors' Chapter 11 Petitions**

Pursuant to Local Rules 1007-2(b)(1)-(2)(A) and (C), the following provides, for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the amount paid or proposed to be paid to financial and business consultants retained by Debtors.

| Payments | Payment Amounts |
|---|--|
| Payments to Employees (Not Including Officers, Directors, and Stockholders) | \$435,122 [total for 30 days] |
| Payments to Officers, Directors and Stockholders | \$82,277 |
| Payments to Financial and Business Consultants | The Debtors will not make payments within the 30-day period following the filing to financial and business consultants employed pursuant to an employment application. Any payments to professionals deemed ordinary course will be in accordance with any approved Ordinary Course Professional motion. |

EXHIBIT I

**Debtors' Estimated Cash Receipts and Disbursements for the Thirty (30) Day Period
Following the Filing of the Chapter 11 Petitions**

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the Petition Date, the Debtors' estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

| Type | Amount |
|--|-----------------|
| Cash Receipts | \$1.5 million* |
| Cash Disbursements | \$2.7 million |
| Net Cash Loss | (\$1.2 million) |
| Unpaid Obligations (excluding professional fees) | \$1.2 million |
| Unpaid Receivables (excluding professional fees) | \$0.5 million |

* Excludes budget proceeds of DIP financing of \$2.25M in the first thirty days of the bankruptcy cases.