

EXHIBIT A

DIP TERM SHEET

Alden Global Distressed Opportunities Master Fund, L.P.

Alden Global Value Recovery Master Fund, L.P.

Turnpike Limited

885 Third Avenue, 34th Floor

New York, New York 10022

January 24, 2013

Robert A. Mattes
Chief Financial Officer
Atari, Inc.
475 Park Avenue South
New York, New York 10016

Re: DIP Financing Commitment

Dear Sir:

We are pleased to advise you of a commitment by one or more of Alden Global Distressed Opportunities Master Fund, L.P., Alden Global Value Recovery Master Fund, L.P., and Turnpike Limited (collectively, "**Alden**" or the "**DIP Lenders**"), to provide a debtor in possession financing facility consisting of a non-revolving term loan, which may not be re-borrowed once drawn, in the aggregate principal amount of US \$5.00 million, subject to the terms and conditions in this omnibus commitment letter and term sheet ("**Term Sheet**"). Alden's commitment to provide the facility is subject in all respects to the satisfaction of the terms and conditions contained in this Term Sheet.

This Term Sheet is being provided on a confidential basis and it, along with its contents and existence, may not be distributed, disclosed or discussed with any other party without Alden's prior consent. This Term Sheet is not an offer for the purchase, sale or subscription or invitation of any offer to buy, sell or to subscribe for any securities. The terms and conditions set forth in this Term Sheet do not constitute or create an agreement, obligation or commitment of any kind by or on behalf of any party until entry of the Interim Order (as defined below).

This Term Sheet describes certain of the principal terms and conditions of a proposed secured debtor in possession term credit facility (as further described below, the "**DIP Credit Facility**") to be provided by the DIP Lenders (as defined below) to Atari, Inc., Atari Interactive, Inc., California US Holding, Inc. and Humongous, Inc., jointly and severally (each a "**Borrower**," and collectively, the "**Borrowers**"), in connection with voluntary petitions for relief and cases (collectively, the "**Chapter 11 Cases**") filed by each Borrower pursuant to chapter 11 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") on January 21, 2013.

DIP AGENT Alden or a third party designated by Alden.

AMOUNTS AND AVAILABILITY The "**DIP Credit Facility**" shall consist of a multiple draw term loan facility in an aggregate principal amount of \$5.00 million (the "**DIP Commitment**") to be made available to Borrowers as follows:

- (i) Interim DIP Loan: A term loan facility to be available in a single drawing on the Interim Closing Date (defined below) in an aggregate principal amount of \$2.00 million in order to provide sufficient working capital to the Borrowers until the Final Closing Date (as defined below), in accordance with the

DIP Budget (as defined below) and subject to the provisions of this Term Sheet (the “**Interim DIP Loan**”); and

- (ii) **Final DIP Loan**: A term loan facility to be available pursuant to draws made once every two weeks on and after the Final Closing Date up to an aggregate principal amount equal \$3.00 million, subject to the DIP Budget and the terms and on the conditions set forth in the DIP Loan Documentation (the “**Final DIP Loan**,” and together with the Interim DIP Loan, the “**DIP Loans**”).

CLOSING DATES

“**Interim Closing Date**” means the date on which the “Conditions Precedent to the Interim DIP Loan” set forth under “Conditions Precedent” below are satisfied or waived in accordance with this Term Sheet.

“**Final Closing Date**” means the date on which the conditions precedent to the Final DIP Loan as set forth in the DIP Loan Documentation (including, without limitation, entry of the Final Order) shall have been satisfied or waived. As used herein, “**Final Order**” means an order of the Bankruptcy Court not subject to appeal, reconsideration or review authorizing and approving the DIP Loans on a final basis, which order shall be consistent with the terms of this Term Sheet and the DIP Loan Documentation, and shall be in form and substance acceptable to the DIP Lenders in their reasonable discretion.

DIP LOAN DOCUMENTATION

Definitive financing documentation with respect to the DIP Loans, in form and substance acceptable to the DIP Lenders in their sole and absolute discretion, which documentation shall be executed by all parties thereto (the “**DIP Loan Documentation**”). The DIP Loan Documentation shall be executed and delivered by the parties thereto on or prior to the date that is 20 days after the Interim Closing Date (the date on which such event occurs, the “**Definitive Documentation Date**”).

USE OF PROCEEDS

The DIP Loans will be used solely for (a) working capital and general corporate purposes of the Borrowers, (b) bankruptcy-related fees, costs and expenses, (c) fees, costs and expenses related to a sale of assets and/or plan of reorganization, in the case of (a), (b), and (c), in accordance with the approved DIP Budget, and (d) for any other purpose agreed upon in the DIP Loan Documentation (collectively, the “**Permitted Expenditures**”).

APPROVED DIP BUDGET; VARIANCE REPORTS

To provide for payment of Permitted Expenditures pursuant to Borrowers’ weekly budget (on a line-item basis) for the first thirteen weeks and rolling thereafter, approved in each instance by the DIP Lenders (subject to the restrictions in the DIP Loan Documentation, the Interim Order and the Final Order), *provided, however*, that the DIP Lenders shall have no obligation to provide any credit under the DIP Credit Facility if the use of proceeds of the DIP Credit Facility would cause or has caused disbursements to exceed 110% of the amount of disbursements for any given four-week period as set forth in the most recent budget approved by the DIP Lenders, tested on a rolling four-week basis; *provided further, however*, that notwithstanding anything contained in any approved budget or this Term Sheet, the

Borrowers shall not pay any severance or retention obligations, compensation or bonuses owed to any current or former employee, director, or officer in excess of the aggregate amount of \$100,000 until the DIP Loans have been paid in full in cash (collectively, the “**DIP Budget**”).

The Borrowers shall deliver to the DIP Lenders by 12:00 p.m. (ET) on Wednesday of each week, a reconciliation for the prior week, the prior two-week operating period (if less than two weeks have elapsed since the Petition Date, such shorter period) and the cumulative period from the Petition Date to the date of determination of actual expenses and disbursements as compared to the amounts set forth in the DIP Budget.

PRIORITY

All DIP Loans and other liabilities and obligations of the Borrowers to the DIP Lenders under or in connection with this Term Sheet, the DIP Loan Documentation, the Interim Order and Final Order shall be:

- (i) pursuant to section 364(c)(1) of the Bankruptcy Code, entitled to an allowed superpriority administrative expense claim in the Chapter 11 Cases of the Borrowers with priority over any and all administrative expenses, whether heretofore or hereafter incurred, of the kind specified in sections 503(b) or 507(a) of the Bankruptcy Code and including the proceeds of avoidance actions, subject only to the Carveout (as defined below);
- (ii) pursuant to section 364(c)(2) of the Bankruptcy Code, secured by a perfected first-priority lien on the Collateral, subject only to (i) valid, perfected and non-avoidable liens as of the date the Borrowers file the Chapter 11 Cases (the “**Petition Date**”), and (ii) the Carveout (the “**First Priority DIP Liens**”);
- (iii) pursuant to section 364(c)(3) of the Bankruptcy Code, secured by a perfected second priority lien on the Collateral, to the extent that such Collateral is subject to valid, perfected and non-avoidable liens in favor of third parties in existence as of the Petition Date or to valid liens in existence as of the Petition Date that are perfected subsequent to such date as permitted by section 546(b) of the Bankruptcy Code, and to the extent such liens are expressly permitted in writing by the DIP Lenders in their sole and absolute discretion, subject only to the Carveout (the “**Second Priority DIP Liens**”); and
- (iv) pursuant to section 364(d) of the Bankruptcy Code, secured by a perfected first priority, priming and senior security interest and lien granted to the DIP Lenders on the Collateral to the extent that such Collateral is subject to any lien or security interest as of the Petition Date, subject only to the Carveout (the “**Priming DIP Liens**”); *provided* that, until entry of the Final Order, such Priming DIP Liens will not prime any lien in favor of (a) The Bluebay Value Recovery (Master) Fund Limited pursuant to the Credit Facility Agreement dated April 21, 2006 as amended, restated, supplemented or otherwise modified as of the date

hereof (“**Bluebay Claims**”) and (b) Atari S.A. to the extent such liens are determined to be valid and enforceable.

CARVEOUT

“**Carveout**” means a \$200,000 back-end carveout for the outstanding fees and expenses of the professionals of the Borrowers and any official committee of unsecured creditors that are allowed as administrative expenses by the Bankruptcy Court, and all statutory fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a), from and after the date of occurrence of any Event of Default. For the avoidance of doubt, the Carveout shall be in addition to any and all fees and expenses of such professionals allowed by an order of the Bankruptcy Court that is not subject to appeal, reconsideration or review and paid or accrued by the Borrowers in accordance with the DIP Budget, whether from draws on the DIP Credit Facility or otherwise, prior to the occurrence of any Event of Default.

COLLATERAL

“**Collateral**” means, collectively, all now owned or hereafter acquired assets and property of the Borrowers and their bankruptcy estates, whether real or personal, tangible or intangible, or otherwise, and any and all proceeds therefrom, including, without limiting the generality of the foregoing, all cash, accounts, accounts receivable, inventory, property, plant and equipment, real estate, leaseholds, avoidance actions under chapter 5 of the Bankruptcy Code, all intercompany claims, any and all proceeds arising from insurance policies, all claims and causes of action of each Borrower and any and all proceeds therefrom, all Intellectual Property (as defined below), and the equity interests of each direct and indirect subsidiary of each Borrower.

INTEREST RATE

Ten percent (10%) per annum, to be paid in kind with such interest added to the principal amount of the DIP Loans compounded monthly in arrears on the last day of each month. Interest shall begin to accrue on the Interim DIP Loan on the Interim Closing Date, on the Final DIP Loan from and after the Final Closing Date.

DEFAULT RATE

At all times while a default exists, principal, interest and other amounts shall bear interest at a rate per annum equal to two percent (2%) in excess of the interest rate set forth under “Interest Rate” above.

TERMINATION DATE

All of the Borrowers’ indebtedness, liabilities and obligations under the DIP Loans are due and payable in full on the earliest of (the “**Termination Date**”) (i) 180 days after the Petition Date, subject to entry of the Interim Order and the Final Order (the “**Maturity Date**”), (ii) the date of the DIP Lenders’ notice in writing to the Borrowers of the occurrence of an Event of Default, subject to any applicable cure period in the DIP Loan Documentation, or (iii) sale of any Borrower’s assets outside the ordinary course of business or any Borrower’s emergence from Chapter 11 pursuant to a plan of reorganization.

**OPTIONAL
PREPAYMENTS**

The Borrowers may prepay the DIP Loans in whole or in part at any time without premium or penalty. Amounts repaid under the DIP Loans cannot be re-borrowed.

**MANDATORY
PREPAYMENTS**

Customary for debtor in possession financings of this type and otherwise as specified in the DIP Loan Documentation. Amounts repaid under the DIP Loans cannot be re-borrowed.

**BANKRUPTCY
MILESTONES**

“**Bankruptcy Milestones**” shall include the following:

- (i) The Borrowers shall file a motion with the Bankruptcy Court seeking authority to retain the Investment Banker within 10 days after the Petition Date;
- (ii) The Borrowers shall file a motion with the Bankruptcy Court to sell substantially all of their assets for a minimum amount necessary to satisfy all obligations in cash owed to the DIP Lenders pursuant to this Term Sheet and the DIP Loan Documentation, approve a committed stalking horse bidder with a demonstrated financial ability reasonably acceptable to the DIP Lenders to close a sale and approve bidding procedures under Section 363 of the Bankruptcy Code no later than 60 days after the Petition Date, which motion and any agreement the Borrowers seek approval of by the Bankruptcy Court shall be in form and substance acceptable to the DIP Lenders (the “**Sale Motion**”);
- (iii) A bidding procedures order for such sale in form and substance acceptable to the DIP Lenders shall have been entered by the Bankruptcy Court within 75 days after the Petition Date;
- (iv) An auction for such sale shall be scheduled by order of the Bankruptcy Court and take place (unless there is no other qualified bidder other than the stalking horse bidder) within 90 days after the Petition Date;
- (v) Such sale must be (a) approved by an order of the Bankruptcy Court that provides for payment to the DIP Lenders in full at the closing of the sale, that is in form and substance acceptable to the DIP Lenders, and that is not subject to appeal, reconsideration or review, and (b) consummated and the DIP Lenders must be paid in full in cash, in each case within 105 days after the Petition Date; and
- (vi) In lieu of such sale:
 - a. the Borrowers may file a disclosure statement, joint plan of reorganization and an executed and fully committed plan sponsor agreement or executed term sheet for plan sponsorship no later than 60 days after the Petition Date, which disclosure statement, plan, agreement, term sheet and

all of their respective attendant documents must be in form and substance acceptable to the DIP Lenders and must provide for payment to the DIP Lenders in full in cash on the effective date of the plan (collectively, the “**Plan**”);

- b. an order approving such disclosure statement in form and substance acceptable to the DIP Lenders must be entered by the Bankruptcy Court within 105 days after the Petition Date;
- c. the Borrowers shall have established the bar date for the filing of proofs of claim to be no later than April 17, 2013;
- d. the Plan must be confirmed by an order of the Bankruptcy Court in form and substance acceptable to the DIP Lenders that is not subject to appeal, reconsideration or review within 135 days after the Petition Date; and
- e. the Plan must be consummated, and the DIP Lenders paid in full within 150 days after the Petition Date.

Additional milestones shall be mutually agreed upon between the Borrowers and DIP Lenders in the DIP Loan Documentation.

**CONDITIONS
PRECEDENT**

Conditions Precedent to Interim DIP Loan. The obligations of the DIP Lenders to make the Interim DIP Loan will be subject to satisfaction, or waiver by the DIP Lenders in their sole and absolute discretion, of customary conditions precedent, including, without limitation:

- (i) the Borrowers shall have timely delivered to the DIP Lenders and the Lenders shall have approved the DIP Budget;
- (ii) the Interim Order shall have been entered by the Bankruptcy Court;
- (iii) the Interim Order, as entered by the Bankruptcy Court, shall not have been reversed, modified, amended, stayed or vacated, or in the case of any modification or amendment, in a manner, or relating to a matter, without the consent of the DIP Lenders. As used herein, “**Interim Order**” means an order of the Bankruptcy Court authorizing and approving the DIP Loans (including, without limitation, the Interim DIP Loan) on an interim basis, which order shall be in form and substance acceptable to the DIP Lenders in their reasonable discretion;
- (iv) the Borrowers shall have provided certified copies of board resolutions, constitutional documents, secretary’s certificates and good standing certificates;
- (v) the Borrowers shall be in compliance in all respects with the

Interim Order;

- (vi) the Borrowers shall have implemented and obtained Bankruptcy Court approval of a cash management system reasonably acceptable to the DIP Lenders;
- (vii) the Borrowers shall have insurance (including, without limitation, commercial general liability and property insurance) with respect to the Collateral in such amounts and scope as is acceptable to the DIP Lenders and the DIP Lenders shall have received additional insured and loss payee endorsements, as applicable, with respect thereto, in form and substance reasonably acceptable to the DIP Lenders;
- (viii) no Event of Default shall have occurred and be continuing on the Interim Closing Date, or after giving effect to the Interim DIP Loan;
- (ix) subject to Bankruptcy Court approval, (i) each Borrower shall have the corporate power and authority to make, deliver and perform its obligations under this Term Sheet and the Interim Order, and (ii) no consent or authorization of, or filing with, any person or entity (including, without limitation, any governmental authority) shall be required in connection with the execution, delivery or performance of this Term Sheet and the Interim Order by any Borrower, or for the validity or enforceability of this Term Sheet and the Interim Order in accordance with their terms against any Borrower, except for consents, authorizations and filings which shall have been obtained or made and are in full force and effect and except for such consents, authorizations and filings, the failure to obtain or perform, could not be reasonably expected to cause a Material Adverse Change (as defined below);
- (x) since the Petition Date, there shall not have been any material adverse change, individually or in the aggregate, in the validity or enforceability of any provision of this Term Sheet, the DIP Loans, the First Priority DIP Liens, the Second Priority DIP Liens, the Priming DIP Liens (as to the Final Order only), or the Interim Order, the rights and remedies of the DIP Lenders under this Term Sheet or the Interim Order, or in the operations, assets, revenues, financial condition, profits or prospects of any Borrower, taken as a whole (other than as a result of the filing of the Chapter 11 Cases) (a “**Material Adverse Change**”);
- (xi) execution and delivery of such documentation and performance of such other acts as the DIP Lenders may reasonably request, each satisfactory in form and substance to the DIP Lenders; and
- (xii) The Debtors’ Chief Financial officer shall have resigned from

all officer and director roles with Atari S.A.

Conditions Precedent to Final DIP Loan. The obligations of the DIP Lenders to make the Final DIP Loan will be subject: (i) to the Borrowers' compliance with each Bankruptcy Milestone, (ii) to satisfaction or waiver of conditions precedent specified in the DIP Loan Documentation, including, without limitation, the Conditions Precedent to the Interim DIP Loan set forth in subsections (i)-(xiv) above (including as modified in the DIP Lenders' discretion to reflect the passage of time, the entry of the Interim Order and/or the occurrence of the Interim Closing Date), (iii) to entry of the Final Order, (iv) to the Interim Order, as entered by the Bankruptcy Court, and Final Order not having been reversed, modified, amended, stayed or vacated, or in the case of any modification or amendment, in a manner, or relating to a matter, without the consent of the DIP Lenders, (v) to UCC statements covering the Collateral having been filed, (vi) to the entry of an order by the Bankruptcy Court (or other court of competent jurisdiction) not subject to appeal, reconsideration or review that expressly holds that Atari SA, and any parent, affiliate or subsidiary entity thereof (other than a Borrower) has no interest in, no license to use and no right to use the ATARI trademark, any other trademark used in connection therewith, or any variation of the ATARI trademark or any other trademark used in connection therewith and that all agreements related to any such rights or licenses are fully terminated and of no further force or effect, (vii) the Debtors' Chief Executive Officer shall have resigned from all officer and director roles with Atari S.A., and (viii) Borrowers shall have engaged an investment banking firm to assist with their sale and/or reorganization upon terms and conditions (including the identity of such firm) acceptable to the DIP Lenders in their reasonable discretion (such approved firm, the "**Investment Banker**").

Without limiting in any way the DIP Lenders' discretion consistent with the provisions of this Term Sheet, the Interim Order and Final Order shall be in form and substance acceptable to the DIP Lenders in their reasonable discretion and provide, *inter alia*, the following:

- a. that all indebtedness, liabilities and obligations of the Borrowers to the DIP Lenders, whenever and however arising, including without limitation, the DIP Loans and all fees, charges, costs and expenses contemplated by this Term Sheet or otherwise incurred, shall be secured by the First Priority DIP Liens, the Second Priority DIP Liens and the Priming DIP Liens (as to the Final Order only) on all Collateral (as to the Interim Order, other than avoidance actions under Chapter 5 of the Bankruptcy Code and the proceeds thereof);
- b. that due, adequate and proper notice has been given to all parties in interest;
- c. as to the Final Order only, no fees, costs, expenses, or other charges may be assessed or attributed to the DIP Lenders in connection with the Collateral pursuant to Section 506(c) of the

Bankruptcy Code, or otherwise;

- d. a finding that the DIP Lenders have at all times acted in good faith; and
- e. relief from the automatic stay to exercise any remedies upon an Event of Default on three (3) business days' notice to the Borrowers without further order of or application to the Bankruptcy Court.

**REPRESENTATIONS
AND WARRANTIES**

Customary for debtor in possession financings of this type and otherwise as specified in the DIP Loan Documentation.

**FINANCIAL
COVENANTS**

Customary for debtor in possession financings of this type and otherwise as specified in the DIP Loan Documentation.

**AFFIRMATIVE
COVENANTS**

Customary for debtor in possession financings of this type and otherwise as specified in the DIP Loan Documentation.

**NEGATIVE
COVENANTS**

Customary for debtor in possession financings of this type and otherwise as specified in the DIP Loan Documentation, and subject to customary grace periods and cure periods, and materiality thresholds; provided that, from the Interim Closing Date until the Definitive Documentation Date, the Borrowers shall not, without the express, prior written consent of the DIP Lenders, do, cause to be done, or agree to do or cause to be done, any of the following:

- (i) create, incur, assume or suffer to exist any indebtedness, except indebtedness expressly permitted by this Term Sheet;
- (ii) create, incur, assume or suffer to exist any lien upon any of its property, assets, income or profits, whether now owned or hereafter acquired;
- (iii) convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger, consolidation, or otherwise) any Borrower's property, business or assets, whether now owned or hereafter acquired, outside of the ordinary course of business;
- (iv) incur or make any expenditure (including, without limitation, any capital expenditure), investment or other payment, other than in accordance with the approved DIP Budget; or
- (v) create, or acquire any ownership interest in, any entity (whether direct or indirect) other than those existing on the Petition Date.

PAYMENT OF TAXES

The Borrowers shall deliver to the DIP Lenders evidence of payment of all taxes on a weekly basis in form and substance acceptable to the DIP Lenders.

**EVENTS OF
DEFAULT**

Events of default are those customary for debtor in possession financings of this type, and subject to customary grace periods and cure periods, and materiality thresholds, all reasonably acceptable to the DIP Lenders, or as otherwise specified in the DIP Loan Documentation, including, without limitation, those set forth in subsections (i)-(xxvii) below (collectively, “**Events of Default**”):

- (i) any representation, warranty, certification or other statement of fact made or deemed made by any Borrower in any DIP Loan Documentation or in a certificate delivered under or in connection with the Term Sheet shall prove to have been incorrect in any material respect when made or deemed made;
- (ii) (a) any Borrower shall fail to pay any principal of or a premium or interest on any debt that is outstanding and payable postpetition in a principal net amount of \$100,000 or more; (b) any other event shall occur or condition shall exist under any agreement or instrument relating to any debt and shall continue after any applicable grace period and permits the holders or beneficiaries of such debt to accelerate such debt; or (c) any such debt shall be declared to be due and payable, or required to be prepaid or redeemed, in each case prior to its stated maturity;
- (iii) any judgments or orders arising from any investigation, litigation or proceeding shall be rendered against any Borrower;
- (iv) a change of control whereby Atari, S.A. or a Debtor no longer directly owns and controls 100% of the aggregate issued and outstanding equity interests in each of the Borrowers; provided, however, that the appointment of a receiver for Atari S.A. shall not constitute a change of control;
- (v) any security agreement or financing statement shall for any reason cease to create a valid and perfected first priority lien on and security interest in the Collateral;
- (vi) an order of the Bankruptcy Court shall be entered granting any superpriority claim (other than the Carveout) in any of the cases of the Borrowers that is *pari passu* with senior to the claims of the DIP Lenders against any Borrower, or any Borrower takes any action seeking or supporting the grant of any such claim;
- (vii) any Borrower is not duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;
- (viii) a Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System);
- (ix) a Borrower is an “investment company”, or a company

“controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended;

- (x) any Borrower is found not to have a valid and enforceable right to use all trademarks, service marks, trade names, domain names, goodwill associated with the foregoing, patents, copyrights, trade secrets, source codes and/or know-how (including, without limitation, all registrations and applications or registration of the foregoing) or any other intellectual property rights (collectively, “**Intellectual Property**”) necessary for the conduct of its business as currently conducted;
- (xi) a claim has been asserted and is pending, or to the knowledge of any Borrower is threatened, challenging the use of any such Intellectual Property by any Borrower or the validity or enforceability of any such Intellectual Property or alleging that the conduct of the business of any Borrower infringes, misappropriates or otherwise violates the Intellectual Property rights of any other person;
- (xii) (a) Federal income tax returns or any other tax returns, domestic or foreign, required to be filed by any Borrower have not been filed on a timely basis, (b) taxes and assessments payable by any Borrower have become due and payable and remain unpaid, or (c) a claim is being asserted in writing with respect to any taxes against any Borrower;
- (xiii) any Borrower does not have good and marketable fee simple title to or valid leasehold interests in all of the real property owned or leased by such Borrower and good title to all of their personal property;
- (xiv) the security interest in the Collateral is not in full force and effect or is not valid or have first priority or the Collateral is not free and clear of any lien, except for the liens and security interests created or permitted under the DIP Loan Documentation;
- (xv) insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar business and owning similar properties in the same general areas in which each Borrower operates is not in effect;
- (xvi) failure by any Borrower to be in compliance with any Bankruptcy Milestone;
- (xvii) the occurrence of any deviation from the approved DIP Budget that is greater than permitted variances;
- (xviii) failure by any Borrower to be in compliance in all respects with any provision of this Term Sheet (including, without limitation,

- any covenants contained herein), the Interim Order, or the Final Order;
- (xix) failure to pay any interest, principal, fees, costs, charges, or expenses when due;
 - (xx) reversal, modification, amendment, stay or vacatur of the Interim Order or the Final Order, as entered by the Bankruptcy Court, without the prior written consent of the DIP Lenders;
 - (xxi) failure of the DIP Loan Documentation to be executed and delivered by all parties prior to the Definitive Documentation Date;
 - (xxii) if each Condition Precedent to the Final DIP Loan has not been satisfied or waived by the DIP Lenders on or before the date that is 45 days after the Interim Closing Date;
 - (xxiii) the appointment in any of the Chapter 11 Cases of a trustee, receiver, examiner, or responsible officer with enlarged powers relating to the assets of any Borrower or the operation of the business of any Borrower (powers beyond those set forth in sections 1106(a)(3) and (a)(4) of the Bankruptcy Code);
 - (xxiv) conversion of any Borrower's Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code;
 - (xxv) the granting of relief from the automatic stay by the Bankruptcy Court to any creditor or party in interest other than a DIP Lender in the Chapter 11 Cases;
 - (xxvi) the termination or commencement of liquidation of any Borrower's operations, business or assets; and
 - (xxvii) the Borrowers' failure to obtain, within 60 days after the Petition Date, an order of the Bankruptcy Court that is not subject to appeal, reconsideration or review extending the deadline by which the Borrowers must assume or reject unexpired leases of real property to a date that is at least 270 days after the Petition Date.

**REMEDIES UPON
EVENT OF DEFAULT**

Upon the occurrence and during the continuance of any Event of Default, subject to 3 business days' notice to the Borrowers, the DIP Lenders may take all or any of the following actions without further order of or application to the Bankruptcy Court notwithstanding section 362 of the Bankruptcy Code:

- (i) declare the principal of, and accrued interest on, any outstanding DIP Loans to be immediately due and payable;
- (ii) terminate any further commitment to lend to the Borrowers;
- (iii) set-off any amounts held as cash collateral (including, without limitation, in any cash collateral account held for the benefit of the DIP Lenders);
- (iv) foreclose upon, sell, dispose of, or otherwise realize upon the Collateral; or
- (v) without notice, application or motion to, or further orders from, the Bankruptcy Court or any other court, and without interference from the Borrowers or any other party in interest, take any other action or exercise any other right or remedy (including, without limitation, with respect to the First Priority DIP Liens, Second Priority DIP Liens, Priming DIP Liens and Collateral) permitted under this Term Sheet, in the DIP Loan Documentation, the Interim Order or the Final Order, or under applicable law, including, without limitation, exercising any and all rights and remedies with respect to the Collateral or any portion thereof.

WAIVER OF CLAIMS

To the extent that the DIP Lenders acquire the Bluebay Claims, the Borrowers waive any and all claims and causes of action related to the nature and validity of (i) the Bluebay Claims, including any liens, mortgages, and security interests pledged or otherwise granted in connection with or arising out of the Bluebay Claims and (ii) the intercompany loans made by Atari S.A. to the Borrowers, including any liens, mortgages and security interests pledged or otherwise granted in connection with or arising out of such loans (collectively, the "**Waived Claims**"); provided, however, that up to \$50,000 of the DIP Loans (the "**Investigation Proceeds**") shall be made available to a statutorily appointed committee for investigation costs in respect of the Waived Claims. To the extent that no challenge is made to the Waived Claims within 45 days of the formation of a statutorily appointed committee, the Debtors' waiver of the Waived Claims shall be deemed binding on such committee. For the avoidance of doubt, no portion of the Investigation Proceeds may be used to challenge, contest, subordinate, recharacterize, avoid or otherwise invalidate the Waived Claims.

**OTHER
BANKRUPTCY
MATTERS**

All reasonable out-of-pocket fees, costs and expenses of the DIP Lenders and the DIP Agent relating to the DIP Credit Facility and this Term Sheet (including, without limitation, reasonable fees and disbursements of counsel, advisors and of third-party appraisers and consultants advising the DIP

Lenders and the DIP Agent, expenses in connection with the appraisal and monitoring of the Collateral, syndication, enforcement of rights and other miscellaneous disbursements) shall be payable by the Borrowers promptly upon written demand (together with summary backup documentation supporting such reimbursement request) and without the requirement for Bankruptcy Court approval in the event the transactions contemplated hereby are consummated. A copy of the summary invoice shall be provided by the Borrowers to the Office of the United States Trustee and counsel for any statutory committee appointed in the Chapter 11 Cases.

The Borrowers shall indemnify, pay and hold harmless the DIP Lenders and the DIP Agent (and their respective directors, officers, employees, professionals and agents) against any loss, liability, fee, charge, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party, as determined by a final, non-appealable judgment of a court of competent jurisdiction).

The Borrowers shall provide copies of all pleadings, orders and stipulations to the DIP Lenders no later than five (5) days before filing such documents with the Bankruptcy Court.

**GOVERNING LAW
AND JURISDICTION**

The laws of the State of New York (except as governed by the Bankruptcy Code) shall govern this Term Sheet and the DIP Loan Documentation.

The DIP Loan Documentation will provide that the Borrowers shall submit to the exclusive jurisdiction of the Bankruptcy Court and shall waive any right to trial by jury.

If the terms and conditions of the commitment contained in this Term Sheet are satisfactory to you, please indicate your acceptance by signing and delivering to Alden a copy of this letter. This Term Sheet:

- (i) supersedes all prior discussions, summaries, agreements, proposals, commitments, arrangements, negotiations or understandings, whether oral or written, of the parties with respect thereto;
- (ii) shall be binding on the parties and their respective successors and assigns;
- (iii) may not be relied on or enforced by any other person;
- (iv) may be signed in two counterparts and delivered by fax or pdf, each of which shall be deemed an original and both of which together shall constitute one and the same agreement; and
- (v) may only be amended, modified or waived in a writing signed by each of the parties hereto.

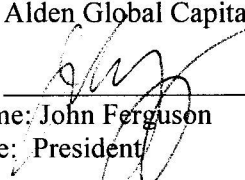
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Very truly yours,

**ALDEN GLOBAL DISTRESSED
OPPORTUNITIES MASTER FUND, L.P.**

By: Alden Global Capital Limited, its
Investment Adviser

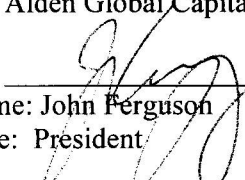
By: Alden Global Capital LLC, its Sub-Adviser

By: 
Name: John Ferguson
Title: President

**ALDEN GLOBAL VALUE RECOVERY
MASTER FUND, L.P.**

By: Alden Global Capital Limited, its
Investment Adviser

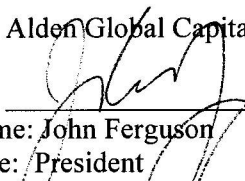
By: Alden Global Capital LLC, its Sub-Adviser

By: 
Name: John Ferguson
Title: President

TURNPIKE LIMITED

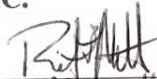
By: Alden Global Capital Limited, its
Investment Adviser

By: Alden Global Capital LLC, its Sub-Adviser

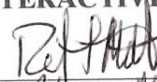
By: 
Name: John Ferguson
Title: President

Agreed and accepted on this
24th day of January, 2013:

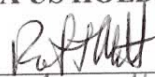
ATARI, INC.

By: 
Name: Robert Mattes
Title: CFO

ATARI INTERACTIVE, INC.

By: 
Name: Robert Mattes
Title: CFO

CALIFORNIA US HOLDING, INC.

By: 
Name: Robert Mattes
Title: CFO

HUMONGOUS, INC.

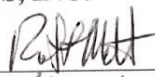
By: 
Name: Robert Mattes
Title: CFO

EXHIBIT B

DIP BUDGET

Atari, Inc., et al.
Debtor-in-Possession Facility Budget
Cash Flow Projections for the Thirteen Weeks Ending April 19, 2013

(\$000s)	Weeks Ending Friday,													13-Weeks Ending 4/19
	Week 1 1/25	Week 2 2/1	Week 3 2/8	Week 4 2/15	Week 5 2/22	Week 6 3/1	Week 7 3/8	Week 8 3/15	Week 9 3/22	Week 10 3/29	Week 11 4/5	Week 12 4/12	Week 13 4/19	
	<i>File 1/21</i>													
I. Receipts	82	838	273	306	2	493	480	218	13	40	314	79	5	3,143
II. Disbursements														
Payroll and Benefits	6	353	-	352	77	347	-	352	77	347	-	17	412	2,338
Royalties	-	20	-	-	30	100	-	-	-	-	-	-	-	150
Publishing and Marketing	130	159	85	38	62	119	42	129	9	-	24	2	4	801
Other Operating Expenses	51	345	39	104	103	206	15	48	78	15	161	20	50	1,234
	187	876	124	494	272	772	57	528	163	362	184	39	465	4,523
III. Net Investment-New Games	-	(30)	(68)	(68)	(68)	(68)	(192)	(192)	(192)	(192)	(218)	(218)	(218)	(1,722)
IV. Net Cash From Operations	(105)	(68)	81	(255)	(338)	(347)	230	(502)	(343)	(514)	(88)	(178)	(677)	(3,102)
V. Restructuring - General	25	-	628	-	(300)	500	-	-	-	-	484	-	-	1,338
Trustee Fees	-	-	-	-	-	-	-	-	-	-	13	-	-	13
	25	-	628	-	(300)	500	-	-	-	-	497	-	-	1,351
VI. Net Change in Cash b/f DIP	(130)	(68)	(547)	(255)	(38)	(847)	230	(502)	(343)	(514)	(585)	(178)	(677)	(4,453)
VII. Cash Balance														
Beginning Cash Bal. (Book)	86	1,956	1,888	1,341	1,086	1,048	201	702	200	714	200	378	200	86
Net change in Cash b/f DIP	(130)	(68)	(547)	(255)	(38)	(847)	230	(502)	(343)	(514)	(585)	(178)	(677)	(4,453)
DIP Draw/(Paydown)	2,000	-	-	-	-	-	270	-	856	-	763	-	895	4,785
Ending Cash Bal. (Book)	1,956	1,888	1,341	1,086	1,048	201	702	200	714	200	378	200	418	418
Add: Estimated O/S Checks	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Ending Cash Bal. (Bank)	2,006	1,938	1,391	1,136	1,098	251	752	250	764	250	428	250	468	468
VIII. DIP Facility Balance														
Beginning DIP Facility Bal.	-	2,000	2,000	2,000	2,000	2,017	2,017	2,287	2,287	3,161	3,161	3,924	3,924	-
Interest Accrual	-	-	-	-	17	-	-	-	18	-	-	-	30	64
Draws / (Paydowns)	2,000	-	-	-	-	-	270	-	856	-	763	-	895	4,785
Ending DIP Facility Bal.	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,017	\$ 2,017	\$ 2,287	\$ 2,287	\$ 3,161	\$ 3,161	\$ 3,924	\$ 3,924	\$ 4,849	\$ 4,849