

BLOOMBERG NEWS

By Bill Rochelle – March 1, 2011

Midway Games Creditors Nearing Projected Recovery

Midway Games Inc., developer of "Mortal Kombat" and other video games, is yet to distribute as much to creditors as the disclosure statement projected.

With a second distribution in February, unsecured creditors have now received 15 percent, compared with an ultimate realization of 16.5 percent projected before the plan was confirmed.

Unsecured creditors of the subsidiaries, projected to recover 25 percent, have now taken home 22.7 percent, according to an emailed statement from Buchwald Capital Advisors LLC, which provides the liquidating trustee under the plan.

Buchwald said there will be a third and perhaps final distribution.

Midway Games implemented the confirmed liquidating plan in June. Midway sold assets to generate \$43 million cash, leaving no substantial secured claims unpaid. Most of the assets were purchased in July 2009 by a subsidiary of New York-based Time Warner Inc. for \$33 million plus accounts receivable.

Chicago-based Midway filed under Chapter 11 in February 2009, listing assets of \$168 million and debt of \$281 million. Including foreign subsidiaries not in bankruptcy, the asset and liability totals were \$178 million and \$337 million.

Midway's debt originally included \$150 million in convertible notes, \$29 million on a secured term loan and revolving credit, \$40 million on a secured loan facility and \$20 million on a subordinated loan. Unsecured claims by suppliers totaled \$96 million, the company said in a court filing at the outset.

The case is In re Midway Games Inc., 09-10465, U.S. Bankruptcy Court, District of Delaware (Wilmington).