

# **SARATOGA ELECTRONIC SOLUTIONS INC.**

## **Saratoga Provides Update on Strategic Review and Financial Situation**

Montreal, Quebec – April 15, 2011 - Saratoga Electronic Solutions Inc. (the “Corporation”) (TSX-V: SAR). The Corporation wishes to provide an update regarding its strategic review and its financial situation.

### **Strategic Review**

On October 8, 2010, the Corporation announced that its Board of Directors had initiated a process to explore and consider possible strategic alternatives for enhancing shareholder value and that, for such purpose, it had formed a Special Committee of the Board and retained the services of an outside financial advisor.

The Special Committee and its financial advisor have been conducting a thorough review of the Corporation’s operations and its markets, including having reviewed the competitive landscape. This process has included engaging in discussions with various industry participants and financial organizations. The scope of the parties with whom the Special Committee is continuing discussions has now narrowed and the Special Committee is continuing to work towards bringing this process to a successful resolution that provides value to the Corporation’s shareholders. However, there is not any definitive timetable for the completion of this process, nor can there be any assurance that this process will lead to a successful conclusion. Further developments, if any, will be announced by the Corporation at the appropriate time.

### **Financial Situation**

The operations of the Corporation’s subsidiary Saratoga ATM Corporation Inc. (“Saratoga ATM”) are financed by an external lender, which provides Saratoga ATM with lines of credit (the “Lines of Credit”) in the aggregate amount of \$2,000,000, \$1,250,000 of which is to fund the cash placed in Saratoga ATM’s network of automatic teller machines and \$750,000 of which (the “Operating Line”) is to fund the Corporation’s ongoing operations. The Lines of Credit are secured by a hypothec on all of the movable property and receivables of Saratoga ATM in the amount of \$1,000,000, and by a personal guarantee in the amount of \$1,000,000 provided by the majority shareholder of the Corporation. The Lines of Credit require that Saratoga ATM, on a stand-alone basis, meet certain financial ratios pertaining to debt coverage and debt-to-equity.

Saratoga ATM is currently offside on these ratios, thereby raising the possibility that the Lines of Credit may no longer be available to Saratoga ATM. However, the Corporation has arrived at an informal understanding with the lender that the Operating Line be paid down at the rate of \$25,000 per month, the funding for which shall be provided by the Corporation’s principal shareholder. To date, three such payments have been made. The Corporation has also arrived at an informal understanding with the lender to the effect that the Corporation’s debt will be restructured in a manner which is more suitable to its

operations, which would include granting the lender security over the Corporation's real estate assets. The Corporation expects to implement this debt restructuring during its first financial quarter ending on June 30, 2011.

## **The Corporation**

The Corporation has two principal lines of business: automatic teller machine ("ATMs") and prepaid products. Through its subsidiary Saratoga ATM Corporation Inc., the Corporation places and operates a network of ATMs in Eastern Canada. Through its subsidiary Car-Tel Distributions Inc., the Corporation distributes to consumers point-of-sale activated prepaid cellular telephone PINs and long distance calling cards, and offers to retailers a variety of electronic gift card solutions.

## **Forward-Looking Statements**

*This news release contains certain forward-looking statements concerning our future operations, economic performance and financial condition. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, uncertainties and assumptions, including those discussed in our Annual Information Form and Management's Discussion and Analysis. Consequently, all of the forward-looking statements in this news release are qualified by these cautionary statements, and there can be no assurance as to the Corporation's ability to enter into or consummate a transaction as a result of the exploration and consideration of possible strategic alternatives or as to the Corporation's ability to enhance shareholder value through this process. Moreover, there can be no assurance that the results or developments anticipated by us, including as regards our financial resources, will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us and our subsidiaries and their business or operations. We undertake no obligation and do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.*

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For more information, please contact Mr. Georges Durst, President and Chief Executive Officer of Saratoga Electronic Solutions Inc., at 514-529-0663.