



## 1990 SECOND QUARTER REPORT

## President's Message

Net income was \$1.5 million or \$0.03 per share on sales of \$84.9 million for the quarter ended June 30, 1990. This compares with net income of \$300,000 or \$0.01 per share on sales of \$82.7 million for the quarter ended June 30, 1989.

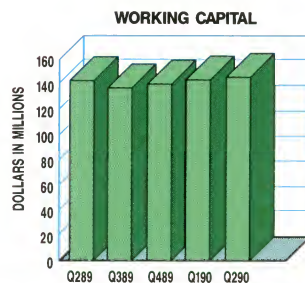
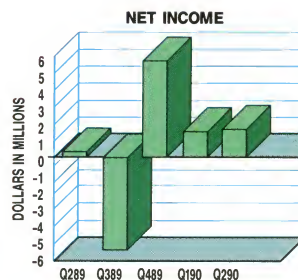
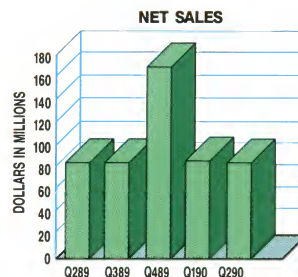
Net income was \$3.1 million or \$0.05 per share on sales of \$170.4 million for the six months ended June 30, 1990. This compares with net income of \$3.6 million or \$0.06 per share on sales of \$171.5 million for the six months ended June 30, 1989.

The Company is continuing to make progress with the rollout of its new products including the Lynx™, a full color portable video game system, and the Portfolio™, a handheld MS-DOS® command compatible computer. The Atari TT030™ computer, the latest and most powerful of the ST™ line, based on the Motorola™ 68030 microprocessor, is being shipped during the third quarter.

We are pleased by the continuing broadening of our distribution base for our new products and we will continue to direct our resources toward building market share as we enter the traditional selling season ahead.

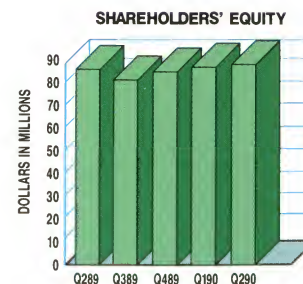
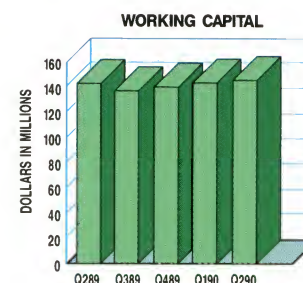
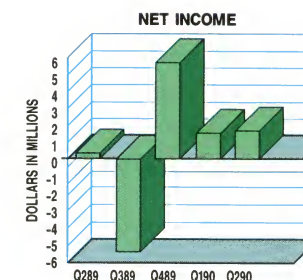
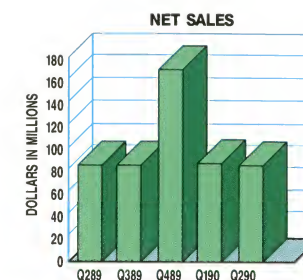


Sam Tramiel, *President*



**ATARI CORPORATION**  
**Consolidated Balance Sheets**  
 (IN THOUSANDS)  
 (Unaudited)

	<u>June 30,</u> <u>1990</u>	<u>June 30,</u> <u>1989</u>		<u>June 30,</u> <u>1990</u>	<u>June 30,</u> <u>1989</u>
<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES:</b>		
Cash and equivalents	\$ 23,517	\$ 29,132	Notes payable	\$ 20,956	\$ 25,769
Trade receivables (less allowance: 1990, \$3,350; 1989, \$2,782)	\$ 67,867	\$ 74,410	Accounts payable	64,988	29,556
Inventories	165,991	140,561	Net current liabilities of discontinued operations	\$ 14,485	\$ 23,122
Prepaid expenses and supplies	4,128	4,891	Income tax payable	(359)	2,713
Other current tax assets	10,322	10,322	Accrued liabilities	26,748	35,826
Total current assets	<u>271,825</u>	<u>259,316</u>	Total current liabilities	<u>126,818</u>	<u>116,986</u>
<b>PROPERTY, net</b>	13,970	10,376	<b>LONG-TERM OBLIGATIONS</b>	79,060	75,125
<b>OTHER ASSETS</b>	9,794	8,389	<b>SHAREHOLDERS' EQUITY:</b>		
<b>TOTAL</b>	<u><u>\$ 295,589</u></u>	<u><u>\$ 278,081</u></u>	Common stock, \$.01 par value—authorized, 100,000,000 shares; (outstanding: 1990, 57,712,510; 1989, 57,606,455)	577	576
			Additional paid-in capital	143,328	142,609
			Notes receivable from sale of common stock	(635)	(1,137)
			Accumulated deficit	(52,855)	(56,330)
			Accumulated translation adjustments	(704)	252
			Total shareholders' equity	<u>89,711</u>	<u>85,970</u>
			<b>TOTAL</b>	<u><u>\$ 295,589</u></u>	<u><u>\$ 278,081</u></u>



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Sam Tramiel, *President*

## ATARI CORPORATION

### Condensed Consolidated Statements of Income

(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(Unaudited)

	Quarter Ended		Six Months Ended	
	June 30, 1990	June 30, 1989	June 30, 1990	June 30, 1989
NET SALES:	\$ 84,895	\$ 82,740	\$170,442	\$171,516
Income before income taxes	1,825	467	3,202	3,878
Provision for income taxes	300	140	129	263
Net income	\$ 1,525	\$ 327	\$ 3,073	\$ 3,615
EARNINGS PER COMMON AND EQUIVALENT SHARE:				
Net income	\$ 0.03	\$ 0.01	\$ 0.05	\$ 0.06
Number of shares used in the computation	57,754	57,818	57,871	57,800



Atari Corporation

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