Atari Corporation

ANNUAL REPORT

1992

ATARI®

TO OUR SHAREHOLDERS:

As you will read in the accompanying 10K report, Atari is still going through a difficult time. Sales are down significantly, and a large loss was incurred in 1992.

The new Atari Falcon030 commenced shipment during the first quarter of 1993. Shipments were quite small and are increasing in quarter two. Initial responses are encouraging, but we realize that this market is extremely competitive, and we are closely monitoring sales in order to control inventory. Please refer to the "Principal Products" section in the 10K for further information on the Atari Falcon030.

On the entertainment side of the business, the Company is developing a multimedia entertainment system called "Jaguar." This product looks promising, and our engineering teams are working hard to complete this project. The "brains" of the system is a proprietary, Atari-developed 64-bit RISC processor. The power of this system will allow for true 24-bit graphics, 16 million colors, stereo CD quality sound and a 3-D rendering engine which allows 3-D polygons to be manipulated in a "real" world in real time. In the "Principal Products" section of the 10K, there is a more detailed specification of the "Jaguar."

In 1992, we continued our cost control programs and decided to restructure our operations to become more efficient, streamlined and competitive. Taking advantage of new regulations in the EEC, which allow for the free flow of goods, we are centralizing our European operations in Holland. We will maintain satellite sales offices in Germany, France, the U.K. and Italy for conducting sales activities throughout Europe. To further reduce overhead, we also consolidated all North American and Asian operations into the corporate headquarters in California.

As we did last year, our annual report is comprised of the President's Message and a reproduction of the Form 10K. This was done to help save money for the future products and their successful launch. I suggest you read the 10K for a more detailed report on Atari.

1993 will be a challenging year. With the launch of the Atari Falcon030 and the future introduction of the "Jaguar," we plan to rebuild our sales and bring Atari back to profit.

For their continued support, I thank our shareholders, suppliers, employees and customers.

Sincerely,

Sam Tramiel
President

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to ____________________

Commission File Number 1-9281

ATARI CORPORATION

(Registrant)

NEVADA	**77-0034553**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1196 Borregas Ave. **Sunnyvale, CA**	**94089**
(Address of principal executive offices)	(Zip Code)

Telephone: **(408) 745-2000**

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which both are registered
Common Stock (par value $.01) 5¼% Convertible Subordinated Debentures	American Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ______

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing sale price of its Common Stock on April 2, 1993 on the American Stock Exchange was $15,178,267. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded and such persons may under certain circumstances be deemed to be affiliates. This determination of officer or affiliate status is not necessarily a conclusive determination for other purposes.

Common Stock (par value $.01) of Registrant outstanding at April 2, 1993 - 57,803,741 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held June 25, 1993 are incorporated by reference into Part III hereof.

PART I

Item 1. BUSINESS

General

Atari Corporation ("Atari" or the "Company") was incorporated under the laws of Nevada in May 1984. Atari designs, manufactures and markets personal computers and related personal computing products and video game systems. In July 1984, Atari acquired certain microcomputer and video game assets from the Atari, Inc. subsidiary of Warner Communications, Inc. ("WCI") (now Time Warner, Inc.).

The Company operates in the home computer and video entertainment systems markets.

Computer Strategy

In 1991, the Company decided to refocus its computer R&D efforts toward the home market. The Company realized that its ST, Mega and TT computers would not be competitive and therefore reduced its manufacturing plan during the end of 1991 and through 1992.

The Company's new personal computer is the Atari Falcon030. This machine is based on the Motorola 68030 microprocessor. It also incorporates the Motorola 56001 Digital Signal Processor along with a number of proprietary semiconductor chips designed by the Company's R&D personnel. The features of the Atari Falcon030, with true color and stereo CD quality sound, positions it well for the personal multimedia market. Initial comments from the press and software communities have been positive. Shipments of the Atari Falcon030 commenced during the first quarter of 1993, in small quantities approximately five months behind schedule. For a more in-depth description of the Atari Falcon030, please go to the "Principal Products" section.

Entertainment Strategy

The present entertainment market is divided into two segments. The larger, T.V. interactive segment, is dominated by 16-bit systems from Sega and Nintendo. The other is the LCD (liquid crystal display) handheld game segment which includes the Nintendo Game Boy, the Sega Game Gear and the Atari Lynx. The Company is continuing to develop software for the Atari Lynx and at the end of 1992, there were approximately 65 software titles.

The Company is continuing its R&D effort on the T.V. interactive product code named "Jaguar." The "Jaguar" is a multimedia system based on an Atari-designed proprietary 64-bit RISC processor. The Company in 1990 decided not to compete in the 16-bit arena with a "me too" product and focused on the 64-bit project. The "Jaguar" features true 24-bit graphics, 16 million colors, stereo CD quality sound and a 3-D rendering engine which allows 3-D polygons to be manipulated in a "real" world in real time. Please refer to the "Principal Products" section for a more detailed description.

Operation Strategy

In 1992, the Company continued cost control programs and decided to restructure its operations to become more efficient, streamlined and competitive. The company continued to use subcontractors to manufacture its products which allows for flexibility and less fixed overhead. Taking advantage of new regulations in the EEC, which allows for the free flow of goods, the Company is centralizing its European operations in Holland. The Company will maintain satellite sales offices in Germany, France, the United Kingdom and Italy for conducting sales activities throughout Europe. The Company has consolidated its North American and Asian operations into its corporate headquarters in California.

During 1992, the Company incurred expenses and made provisions for restructuring totalling $17.1 million which included reducing the number of employees and closing certain facilities around the world. A substantial portion of the restructuring was completed in 1992. The table below is a quarterly comparison of research and development, selling, general and administrative costs (SG&A) excluding restructuring charges, and net sales for 1990, 1991 and 1992:

Atari Corporation
SG&A and Net Sales
(000's)

For the Periods Ended:

	1990		1991		1992	
	SG&A	Sales	SG&A	Sales	SG&A	Sales
Q1	$ 25,629	$ 85,547	$ 22,808	$ 63,444	$ 16,093	$ 44,079
Q2	26,771	84,895	20,408	49,210	16,104	23,265
Q3	24,521	89,146	16,006	49,240	10,499	34,529
Q4	39,979	151,883	27,855	96,098	14,144	25,467
TOTALS	$116,900	$411,471	$ 87,077	$257,992	$ 56,840	$127,340

Due to the seasonal nature of the business, the Company normally achieves higher sales in the fourth quarter. The Company's SG&A expenses are higher in the fourth quarter as a result of increased promotional activity.

The Company is continually reviewing its cost structure and estimates its current selling, general and administrative costs, after all restructuring has taken place, and not including promotional expense attributable to new products, to be approximately $6.0 million per quarter.

Concurrently, with the structural changes of the business as stated above, the Company continued its R&D efforts and is developing new technology to compete in the home computer and video game industries. Although the Company feels these technologies are competitive, the Company does not know whether these technologies will achieve broad acceptance in the marketplace. As a result of the new technologies, the Company is selling off its inventory of older computer and video game products. The Company recently commenced shipment, in the first quarter of 1993, of the Atari Falcon030 computers in small quantities. The impact of this transition will result in substantially lower quarterly sales in 1993 than previously achieved in the same quarters of prior years.

Principal Products

The Company's principal products are its Atari Falcon030 series of personal computer systems based on the TOS proprietary operating system and the Atari Lynx color handheld game system with related video game software.

Atari Falcon030 Series of Computers

These computers are based on the 32-bit Motorola 68030 microprocessor and include a Motorola 56001 Digital Signal Processor. The Company designed 4 custom semiconductor chips for the Atari Falcon030. The Ajax chip is used as the floppy disc controller. The Combel chip functions as the memory controller and graphics processor. The high quality video is performed by the Videl chip and the direct memory access is handled by the SDMA chip. These computers are capable of recording and playback of sound in 16-bit stereo at 50 MHz which is above CD quality specifications. The Atari Falcon030 computers operate at an internal clock speed of 16 million cycles per second. The computer can display high quality video in 16-bit true color displaying 65,536 on-screen colors in a resolution of 768x480. For video, the Atari Falcon030 computer can use standard VGA and Super VGA monitors, TV's and Atari color and monochrome monitors, thereby giving the user greater video flexibility. The Atari Falcon030 can be configured with different RAM (random access memory) sizes of 1 meg, 4 meg and 14 meg and various hard drive sizes. The Atari Falcon030 uses an enhanced version of the Company's TOS operating system which includes multi-tasking (MultiTOS) and is compatible with most of the application software developed for the Company's ST series of computers. The Atari Falcon030, through its array of interfaces, can link to audio visual equipment such as T.V.'s, monitors, hi-fi stereo systems, musical synthesizers, modems, telephones, printers and DAT players. The double processor layout (the 68030 and the 56001) allows for processing speeds that are up to 10 times quicker than other personal computers. This combination of features positions the Atari Falcon030 well for the personal multimedia market. The Company, internally and through some of its independent software developers, is currently developing software which will take advantage of the new and improved power and features of this series of computers. The Company has a license from Kodak so that the Atari Falcon030 can play back, manipulate and edit Photo-CD (a photo-CD player is needed). Production of the Atari Falcon030 series of computers commenced in the first quarter of 1993 in small quantities.

Atari ST Series of Computers

The Atari ST Series of personal and business computers is based on the Motorola 68000 and 68030 series of microprocessors using the Company's TOS proprietary operating system. This series of computers includes the Atari STE, Atari MegaSTE, Atari TT030 and related peripherals. Depending upon the model, these computers have different configurations of RAM from one-half megabyte for the STE up to 26 megabytes for the TT. The highest resolution in color is 640x480 with a color palette of 4096 colors. Internal clock speeds are from eight million cycles per second to thirty-two million cycles per second. The Company began to phase out this series of computers in 1992 preparing for the transition to the Atari Falcon030.

Sales of the Company's ST series of computers represented 53%, 53% and 59% of net sales in 1992, 1991 and 1990, respectively.

Operating System

TOS (The Operating System) is built into ROM (read-only memory) in each of the Company's 68030 and 68000 lines of computers. TOS gives the Atari computer-user a state of the art graphical user interface with a pointing device (the mouse), drop-down menus, windows and icons. This intuitive, graphical way of presenting the computer allows a less intimidating and easier to learn environment for the computer user. In the versions of TOS included in the Atari Falcon030 series of computers, multi-tasking (MultiTOS) has been added to TOS. In addition, new features have been added to TOS that allow for additional flexibility and enhanced ease of use. Some features are available to owners of previous models as an upgrade.

MultiTOS adds significant enhancements such as drag-and-drop, the ability to use the mouse to drag a portion of a document from one application and have it automatically inserted into a document from a second application. This could be used to cut a portion of a picture from a painting program and paste it into a wordprocessing document. MultiTOS also provides IPC (inter-process communication, the ability for applications to seamlessly share data with each other), as well as provisions to easily extend file system access to UNIX, MINIX, and Macintosh. MultiTOS also has built-in CD-ROM file system support for ISO9660 and High Sierra formats with support for CD-ROM/XA (extended architecture) drives. MultiTOS is extremely user-friendly and designed for users with little or no computer background.

MIDI

A unique feature of the ST line and Atari Falcon030 computers is the inclusion of MIDI ports (Musical Instrument Digital Interface) directly on board the computer. This feature allows professional as well as amateur musicians to connect with electronic musical instruments, enabling them to record, edit, and arrange music in real time without the limitations of traditional tape media. With the introduction of 16-bit stereo capabilities within the Atari Falcon030 computers, musicians now have the enhanced ability to digitally record musical samples such as guitars and vocals. The Company believes this technology combined with third party software applications, sold directly by developers, creates a superior solution when compared to competitors' products currently in the marketplace.

Application Software

As part of the development and launching of the Atari Falcon030 series of computers, the Company commenced the development of application software. The Company is developing software internally and by contract with third party developers. In addition, third party Independent Software Vendors (ISV) are developing products on their own. There are approximately 180 developers working on over 200 Atari Falcon-specific applications. These applications cover a broad spectrum of applications, including, but not limited to, databases, desktop publishing, sound manipulation, true color paint packages, voicemail and entertainment programs. These applications, coupled with the performance of the hardware, will give users a low cost solution that exceeds the capabilities of the higher cost video, graphic and sound systems that are currently in the market.

Currently there are over 5,000 software titles for ST series of computers, many of which will work on the Atari Falcon030 series of computers. These titles include word processing, database, spreadsheet, networking, graphics, computer-aided design (CAD), electronic publishing and entertainment software.

Video Game Systems

Portable

The Company offers a color portable hand-held video game system called the Atari Lynx. The Atari Lynx provides 16-bit color graphics, stereo sound, fast action and depth of game play, and comes complete with a built-in 8-directional joypad and a 3½ inch full color LCD offering up to 16 colors at one time from a palette of over 4,000 colors. With the use of the Comlynx cable, it is possible with certain games for up to 8 players to network in multi-player competition. Over 65 different games are currently available. The Company will be releasing additional titles.

Table Top Games

The Company's existing table top video game offerings include the 2600VCS and the 7800 ProSystem®. Sales of these products have declined significantly around the world as a result of intense competitive pressures, principally from Nintendo and Sega product offerings. The 7800 ProSystem is compatible with 2600 software and offers enhanced graphics for games designed to use the 7800's capabilities. The Company intends to phase out these products.

Sales of the Company's video game systems constituted approximately 38%, 34% and 21% of sales in 1992, 1991 and 1990, respectively.

Television Interactive

The Company is developing a new interactive multimedia console based on proprietary custom semiconductor chips, including a 64-bit RISC processor. This multimedia console is code named "Jaguar."

The video features include 24-bit graphics with up to 16 million colors and a 3-D rendering engine which can manipulate 3-D polygon shapes in a "real" world in real time. The "Jaguar" also has real time texture mapping and can create special video effects. We anticipate the video output on "Jaguar" will be far superior to video games available today and will allow for more realistic simulations for moving vehicles such as spaceships, cars, airplanes and figures.

The entertainment software for the system will be first available on ROM cartridge.

The sound system is based on a high-speed custom Digital Signal Processor dedicated to audio. The audio is stereo 16-bit CD quality and can be processed from simultaneous sources of audio data. This allows for very realistic sounds to be used during software design as well as human voices.

The "Jaguar" will include a 32-bit expansion port which will allow for future connection into cable and telephone networks when such opportunities arise. There also will be a radio processing port for modem use and for connection to digital audio peripherals such as DAT players.

The Company is also developing a compact disc peripheral for "Jaguar." Software developed for this media can take advantage of lower media cost, capacity (up to 650 megabytes) and additional flexibility in the area of full motion video (FMV), voice and music. In the future, "Jaguar" will be able to connect a cartridge into the 32-bit expansion port which will allow for FMV playback at VHS quality. The compact disc peripheral is double-speed and is being designed to also play regular CD audio, CD+G (graphics) and Kodak's new Photo-CD.

The Company is developing ROM-based software for "Jaguar" concurrent with the hardware development.

Marketing and Distribution

The Company distributes its products domestically through various independent channels. Its computer products are sold through independent computer specialty dealers, either directly or through distributors. Generally, these dealers also provide product support, offer peripheral equipment and software, and provide warranty and post-warranty repair services.

Video game systems are sold primarily through national retailers, department stores and mail order outlets. These products carry a substantially lower retail price and require less technical support than computers.

International distribution is channeled directly through sales subsidiaries and through independent distributors. Primary international distribution is by direct sales in Australia, the Benelux countries, France, Germany, Italy, Spain, Switzerland, and the United Kingdom. In other international markets, the Company distributes its products through independent national and regional distributors. These international markets are served through substantially the same channels as those in the United States market. Net sales outside North America for fiscal years 1992, 1991 and 1990 constituted approximately 85%, 86% and 89%, respectively, of total net sales.

Sales are subject, in varying degrees, to some seasonality which is characteristic of the consumer electronics market. This seasonality has historically been characterized by increased sales in the fourth quarter. This seasonality did not continue in 1992, and the Company cannot make any assurance that this seasonality will return to historic trends.

No single customer accounted for 10% or more of total net sales for the years ended December 31, 1992, 1991 or 1990.

Backlog

The Company subcontracts manufacturing and purchases products according to its forecast of near-term demand, and not primarily for specific customer orders. Warehoused inventories of finished products are maintained in advance of receipt of orders. Orders are usually placed by purchasers on an as-needed basis, are cancellable before shipment, and are usually filled from inventory shortly after receipt. Accordingly, in line with industry practice, the backlog of orders at any time is generally not indicative of actual sales in any future period.

Research and Development

The Company's ability to compete depends, in large measure, on its ability to adapt to the rapid technological changes in the personal computer industry, including hardware, applications software and operating system software. In this regard, the Company is committed to an ongoing program of research and development. Most of the Company's products have been developed by its internal engineering group, including such products as the Atari Falcon030 and "Jaguar." The Company's research and development expenditures totaled $9.2 million, $15.3 million and $22.9 million in 1992, 1991 and 1990, respectively.

In order to secure rights to new technologies and software, the Company is occasionally required to make advance royalty payments and provide minimum royalty guarantees. These advances and guarantees are necessary to compete in the open market for such technologies. However, there is no assurance that these advances and guarantees will be fully recovered through subsequent product sales.

Manufacturing

Until the second quarter of 1991, the Company's principal products were manufactured at the Company's 180,000 square foot facility in Tamshui, Taiwan. During the second quarter of 1991, the Company sold this facility and reported a gain of approximately $40.9 million. Subsequent to the sale of its facility, the Company entered into various arrangements with independent subcontractors for the assembly of its principal products. The Company is completely dependent on these subcontractors for the production of its product and at different times experienced start-up problems which have delayed production.

The Company has divided the assembly of its principal products among a number of different subcontractors. The Company believes, in the event production is interrupted, it can switch production over to another subcontractor. Although timing problems will occur, which may have adverse effects on the Company, the Company believes it has distributed the production of its principal products in such a manner as to minimize the negative effects which could occur.

Other finished products and accessories are purchased directly from OEM vendors. To the extent that the Company encounters difficulties in connection with its OEM vendors, including added costs and potential delays, the Company's business and operations could be adversely affected.

Substantially all component parts and peripheral equipment required by the Company are acquired from multiple sources and have been readily available. Some components, particularly certain microprocessors and custom circuits used in the Company's principal computer products, as well as certain peripheral equipment, are available only from a limited number of suppliers. In addition, certain parts, such as DRAMs, may be subject to commodity market fluctuations in both price and availability. Although the Company believes that alternative sources of supply for such items can be developed if necessary, the resulting increase in cost and the disruption or termination of existing sources could have an adverse effect on the Company's operations and financial results.

Domestic, Foreign and Export Operations

Information concerning Domestic, Foreign and Export Operations is contained in Note 11 of the Notes to Consolidated Financial Statements. Gross margins on sales of products internationally and on sales of products that include components from foreign suppliers may be adversely affected by foreign currency exchange rate fluctuations and by current and proposed international trade regulations, including tariffs and anti-dumping penalties.

Intangible Property Rights

The Company's most significant trademarks are its "Atari" name and "Fuji" logo, both of which were acquired from WCI for the Company's exclusive use in all areas other than coin-operated arcade video game use. The Company also acquired from WCI a portfolio of intellectual properties including patents, trademarks and copyrights in conjunction with its computer and video game businesses. The Company believes the ownership of its patents, trademarks and other intellectual property to be important assets and it considers such rights to be important in the marketing of its products along with technological innovation and expertise, efficient production, and marketing strength.

The Company's rights to make, use and sell certain computer and video game software are held through licenses from third parties. The most significant license grants the Company an exclusive right to the operating system and non-exclusive right to certain development tools developed by Digital Research, Inc. for the Atari Falcon030 and ST series of computers. The operating system license is fully paid and includes the right to produce unlimited copies in perpetuity.

The Company has, from time to time, been notified of claims that it may be infringing patents owned by others. The Company assesses such claims on a case by case basis and seeks licenses under such patents where appropriate. Based upon industry practice, the Company believes that if it is found to have infringed such patents, it will be able to implement the necessary modifications to avoid infringement or obtain licenses on terms which will not have a material effect on its operations, although no assurance can be given that the terms of any offered license will be acceptable to the Company.

Employees

As of March 24, 1993, the Company had approximately 270 employees worldwide, including 78 in engineering and product development, 77 in marketing, sales and distribution, 27 in purchasing and material control, and 88 in general administration and management. The Company will complete its restructuring during 1993 and expects to reduce the number of employees in all categories.

None of the employees are represented by a labor union. The Company considers its employee relations to be good.

Many of the Company's employees are highly skilled. The Company's business depends, to a great extent, on its ability to attract and retain highly skilled employees. The Company competes for its employees with many other high technology companies, many of which have greater resources.

Competition

The personal computer industry is highly competitive and has been characterized by rapid technological advances in both hardware and software as well as constant introduction of new products offering more features at lower cost. The principal elements of competition among personal computer manufacturers are quality and reliability, availability of software, peripherals and accessories, ease of use, price/performance ratios, service and support, marketing and distribution capability, reputation and capacity to deliver in high volume.

The video game industry is also highly competitive in the hardware and software arenas. Critical to this sector of the Company's efforts is the development of new and innovative software. This occurs as the result of the development of new games internally, as well as through the selection of software titles licensed from the entertainment and/or the coin-operated industry that are transferred (ported) to an Atari platform.

Although the Company in the past has been well established, no assurance can be given that the Company will continue to successfully develop and introduce products which receive widespread commercial acceptance.

Over 100 United States and international manufacturers of computer products compete for sales and distribution channels, customers and software development resources. The Company's principal computer industry competitors are IBM, Apple, Commodore, Tandy, Amstrad and additional manufacturers of IBM compatible computers. In the video game market, the Company's main competitors are Nintendo and Sega. Many of these competitors have longer operating histories, greater financial and technical resources, broader product lines and larger market share than the Company. No assurance can be given that the Company will have the financial and other resources or the ability to maintain the technological knowledge and innovation necessary to continue successful competition in these markets.

Environmental Laws

To date, the Company's compliance with federal, state and local laws enacted for the protection of the environment has not had a material adverse effect upon the Company's operations or financial condition.

Item 2. PROPERTIES

In 1991, the Company commenced construction of a 95,000 square foot office and warehouse facility near Frankfurt, Germany for its German sales subsidiary. The building was completed in October 1992. In 1989, the Company purchased 12,000 square feet of office space and 21,000 square feet of warehouse space in Paris, France. The Company leases its 46,000 square foot headquarters facility and 86,000 square feet of warehousing space in Sunnyvale, California. The Company leases office facilities in Taipei, Taiwan and Hong Kong for international procurement. The Company leases international sales facilities in or near Vienna, Austria; Sydney, Australia; Slough, England; Milan, Italy; Amsterdam, the Netherlands and Frankfurt, Germany. As part of the Company's ongoing cost control program, the Company is consolidating its locations around the world. The Company is currently consolidating its operations in Europe and closing its Hong Kong office.

The Company is negotiating the termination of leases of discontinued locations and is renting out portions of its facilities which are in excess of its current requirements.

The Company holds certain other properties for sale and/or lease. These properties are reported as other assets in the accompanying consolidated financial statements.

All leases are with third parties otherwise unaffiliated with the Company.

Item 3. LEGAL PROCEEDINGS

The Company and three other parties are defendants in a civil action brought in the United States District Court for the Northern District of California by Light Impressions, Inc. and Stephen P. McGrew in September 1986 seeking declaratory relief and unspecified general and punitive damages for alleged interference with contract and activities in restraint of trade (an antitrust claim for which damages, if awarded, could be trebled) relating to holography patents rights sold by the Company in 1986. The Company believes this action will have no material adverse effect on the Company's consolidated financial condition or results of operations.

In May 1989, the Company was joined as a co-plaintiff in a patent infringement action against Nintendo entitled *Atari Games Corporation, Tengen, Inc. and Atari Corporation v. Nintendo of America, Inc., et al.* (Case No. C88-4805 FMS) in the Federal District Court for the Northern District of California. In its complaint, Atari joined Atari Games Corporation, an unrelated company, alleging that Nintendo has infringed Atari's United States Patent Number 4,445,114 entitled "Apparatus for Scrolling a Video Display." Nintendo has filed an answer denying liability and asserting various defenses to the third amended complaint. No cross-complaint against the Company has been filed. The Company seeks injunctive relief, damages (which, if awarded, could be trebled under patent laws), attorneys' fees and costs.

The Company is not aware of any other pending legal proceedings against the Company and its consolidated subsidiaries other than routine litigation incidental to their normal business.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock has publicly traded on the American Stock Exchange since November 7, 1986 under the symbol ATC.

The following table sets forth the high and low sale prices for the Company's stock for the respective periods shown, as reported on the consolidated transaction system:

Calendar Period	High	Low
1991:		
1st Quarter	$ 3 3/8	$ 1 5/8
2nd Quarter	3 1/4	2 1/2
3rd Quarter	2 5/8	1 3/4
4th Quarter	2	1 3/8
1992:		
1st Quarter	$ 3	$ 1 1/2
2nd Quarter	2 3/4	1 1/2
3rd Quarter	1 11/16	1 1/4
4th Quarter	1 5/8	1 1/16

As of April 2, 1993, the Company had 2,259 shareholders of record of common stock. The Company has no other shares outstanding. The Company has not paid cash dividends on shares of its common stock since its inception and the Company currently intends to reinvest earnings in the business. Accordingly, it is anticipated that no cash dividends will be paid in the foreseeable future.

Item 6. SELECTED FINANCIAL DATA

The selected financial data has been derived from the Company's Consolidated Financial Statements. The information set forth below should be read in conjunction with the Company's Consolidated Financial Statements and related notes and with Management's Discussion and Analysis of Financial Condition and Results of Operations.

	December 31,				
	1992	1991	1990	1989	1988
	(In thousands, except per share data)				
Statement of operations data:					
Net sales	$127,340	$257,992	$411,471	$423,606	$452,201
Operating income (loss)	(79,008)	(18,683)	(25,220)	3,678	59,592
Income (loss) from continuing operations	(82,719)	23,659	(20,847)	4,017	39,403
Income (loss) before extraordinary credit	(73,719)	23,659	(6,213)	4,017	(84,818)
Net income (loss)	(73,615)	25,619	14,874	4,017	(84,818)
Per share data:					
Primary:					
Income (loss) from continuing operations	$ (1.44)	$ .41	$ (.36)	$ .07	$ .68
Income (loss) before extraordinary credit	(1.29)	.41	(.11)	.07	(1.46)
Net income (loss)	(1.28)	.44	.26	.07	(1.46)
Fully diluted:					
Income (loss) from continuing operations	$ (1.44)	$ .41	$ (.36)	$ .07	$ .67
Income (loss) before extraordinary credit	(1.29)	.41	(.11)	.07	(1.31)
Net income (loss)	(1.28)	.44	.26	.07	(1.31)
Balance sheet data:					
Working capital	$ 75,563	$159,831	$131,901	$139,562	$143,955
Total assets	138,508	253,486	272,638	332,976	318,645
Long-term obligations (including current portion)	53,937	48,492	49,016	77,402	75,000
Shareholders' equity	50,583	125,529	101,260	85,999	83,231

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1992

Net sales in 1992 were $127.3 million as compared to $258.0 million in 1991, or a decline of 51%. In 1992, the Company's sales fell significantly as a result of rapid technological changes, coupled with intense price competition in the computer industry and intense competition in the video game industry. These two situations were further exacerbated by general economic slowdowns in Europe and North America from where the Company derives most of its revenue. As a result of these factors, there was a steady decline in unit sales in all the Company products. In addition to the unit reduction, the Company realized lower selling prices for its products as a result of competitive pressure within the industries and due to the effects of foreign exchange.

The sales mix for 1992 was 66% for computers and 34% for video games as compared to the same mix in 1991.

Gross margin for 1992 was negative $5.1 million. In 1992, the Company took $37.6 million of inventory write-downs. Without the impact of the write-downs, the gross margin would have been 26% in 1992 as compared to 27% in 1991. In addition, in 1991 inventory write-downs accounted for 4% of sales. In 1992, the Company had lower selling prices for its products as compared to 1991.

In 1991, the Company instituted cost control programs. These programs are still currently in place. The Company continues to reduce its employees and consolidate its facilities around the world. In 1992, the Company incurred expenses and made provisions for restructuring totalling $17.1 million. These charges related to the consolidating of the Company's operations in Europe, North America and Far East, including severance payments, cancellation of leases, write-downs of other assets at locations being consolidated and other expenses and closing costs. Other overhead expenses for research and development, marketing and distribution, and general and administrative were $56.8 million as compared to $87.1 million in 1991, a 35% reduction.

Research and development expenses were $9.2 million in 1992 versus $15.3 million in 1991. The Company has consolidated its efforts in new technologies in the personal computer and video game business, resulting in reduced costs.

Marketing and distribution expenses were $31.1 million in 1992 as compared to $48.2 million in 1991, a decrease of $17.1 million which includes a reduction of advertising expenses of $8.8 million and other reductions in selling costs commensurate with sales.

General and administrative expenses were $16.5 million in 1992 versus $23.5 million 1991, a $7.0 million decrease. This reduction was partially due to the Company consolidating certain of its foreign locations and in addition, in 1991 the Company incurred significant legal expenses associated with an antitrust lawsuit. The Company did not prevail.

Other income (expense) net was a $4.7 million expense as compared to $1.7 million income for 1991. The Company derives most of its sales from Europe and, as a result, is subject to exchange gains and losses. For 1992, exchange losses were $5.6 million as compared to $1.4 million of exchange gains in 1991.

Interest expense for 1992 was $3.5 million as compared to $4.3 million in 1991. Interest expense is primarily a result of the Company's 5¼% subordinated debentures and mortgage interest on the Company's properties in France and Germany. The reduction in interest expense in 1992 was primarily a result of the Company's repurchase of its 5¼% subordinated debentures in 1991.

Interest income for 1992 and 1991 was $4.0 million. Interest income is derived from the Company's short term investments of cash and marketable securities.

The Company had an income tax credit in 1992 of $0.4 million which resulted from the utilization of tax loss carrybacks. The Company accounts for income taxes in accordance with Statement of Financial Accounting Standard No. 96. The Company will adopt SFAS No. 109 in the first quarter of 1993; however, adoption is not expected to have any material impact.

In 1992, the Company favorably settled and/or disposed of outstanding matters associated with its discontinued operations and accordingly has determined it no longer requires reserves which have been previously set up totalling $9.0 million.

In 1992, the Company purchased a portion of its 5¼% convertible subordinated debentures which resulted in a $0.1 million gain.

In 1991, the Company sold its Taiwanese manufacturing facility, realized a gain of $40.9 million and purchased a portion of its 5¼% convertible subordinated debentures which resulted in a $2.0 million gain.

For the reasons as stated above, the Company realized a net loss in 1992 of $73.6 million as compared to net income of $25.6 million in 1991.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1991

Net sales in 1991 were $258.0 million, a 37% decrease from $411.5 in 1990. The sales decrease resulted from decreased unit volume for a number of products, notably computers, and reductions in the average selling prices for the STE, MegaSTE, Portfolio and PC compatible products in order to meet competitive pricing pressures.

Some products experienced sales increases -- notably the Atari TT030 series of computers, based on the Motorola 68030 microprocessor and the Atari Lynx, the portable hand-held color video game system. At the beginning of 1991, the Company reduced the suggested retail price of Lynx and released new software titles which resulted in increased sales of approximately 50% over 1990.

Sales mix for 1991 was 66% computers and 34% video games as compared to 79% computers and 21% video games in 1990.

Gross margins for 1991 were 27% compared to 22% in 1990. The Company periodically writes down inventories to realizable values. Such write-downs were 4% of sales in 1991 and 8% of sales in 1990.

In 1991, the Company instituted a cost control program recognizing that sales would be lower than in 1990. Total research and development, marketing and distribution and general and administrative expenses were $87.1 million in 1991, which was $29.8 million or 25.5% lower than 1990.

Research and development expenses decreased $7.6 million to $15.3 million compared to $22.9 million in 1990, a 33% decrease. During 1991, the Company consolidated its efforts into fewer projects and, as a result, reduced overall research and development expenses.

Marketing and distribution expenses were reduced by $23.8 million to $48.2 million in 1991 as compared to $72.0 million for 1990, a 33% decrease. The Company limited its advertising expenses and promotional activities during the year to coincide with its decreased sales, and, in addition, reduced headcount as well as operating costs in each of its selling subsidiaries.

General and administrative expenses were $23.5 million in 1991 versus $22.0 million for 1990. Although certain expenses in 1991 were reduced, the Company is engaged in a major legal proceeding with one of its competitors in the video game market. In preparation for the trial which commenced in February 1992, the Company incurred higher legal expenses.

In an effort to improve its operating efficiency, the Company sold its Taiwan manufacturing facility in June 1991. The Company received $60.0 million for the land and building and, after deducting transfer taxes and expenses relating to the closure of the facility, realized a gain of $40.9 million.

Other income for 1991 was $1.7 million as compared to $9.9 million for 1990. The Company derives most of its sales from Europe and, as a result, is subject to exchange gains and losses. For 1991, the exchange gain was $1.4 million as compared to $9.9 million for 1990. In addition, in 1991, the Company had gains from other investments, including its Irish facility of $1.8 million. These gains were offset by costs associated with the reorganization of its Japanese operations.

Interest income for 1991 was $4.0 million as compared to $2.5 million for 1990. This increase resulted from higher cash balances as a result of the sale of the Taiwanese facility in June 1991.

Interest expense for 1991 was $4.3 million as compared to $6.6 million for 1990. This reduction is mainly due to the retirement of the Company's 5¼% convertible subordinated debentures in 1990 and 1991 and the retirement of debt associated with the Taiwanese facility for part of the year.

The Company had a small income tax credit in 1991 which resulted from the utilization of foreign tax loss carryforwards. The gain on the sale of the Taiwanese facility was not subject to income tax under Taiwanese tax provisions. Excluding this gain, the Company had an operating loss and is in a tax loss carryforward position at December 31, 1991.

In the first quarter of 1991, the Company purchased a portion of its 5¼% subordinated debentures and realized an extraordinary credit of $2.0 million.

For the reasons stated above, the Company had a net profit of $25.6 million for 1991 as compared to $14.9 million for 1990.

INTERNATIONAL SALES

Net sales outside North America for 1992, 1991 and 1990 were $108.0 million, $222.1 million and $365.2 million (85%, 86% and 89% of net sales), respectively. For additional operations information by geographic region, see Note 10 of the Notes to Consolidated Financial Statements. The Company's international operations were subject to risks of fluctuation of values of the U.S. dollar and foreign currencies. For information concerning the effect of foreign currency transactions on the Company's results of operations through December 31, 1992, see Note 1 of the Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

During 1992, cash balances decreased by $30.4 million to $39.3 million at year end. This decrease was partially offset by an increase of $9.9 million in marketable securities.

Investing activities resulted in a utilization of $13.3 million in 1992, principally from the purchase of marketable securities.

Financing activities consumed $13.5 million in 1992. Short-term borrowings of $12.5 million were repaid during 1992.

During 1992, the Company reduced inventories by $49.7 million and reduced associated accounts payable by $31.2 million. In an effort to improve inventory turns and liquidity, the Company is continuing to reduce overall inventory levels.

The Company utilized $7.3 million for operating activities as a result of improved utilization of operating assets and liabilities offset by the loss from operations.

In addition, the Company repaid a portion of debt related to its French facility and acquired a portion of its 5¼% subordinated debentures for a total of $0.2 million.

The Company has completed constructing an office and warehouse facility in Germany for its subsidiary. Total construction cost was $9.5 million. At December 31, 1992, the Company had borrowed $8.3 million associated with this construction.

The Company believes that existing cash balances and funds anticipated to be generated from operations will be sufficient to meet its cash requirements through 1993.

After the successful launch of its new products, the Company intends to raise funds through borrowings and/or capital to fund working capital requirements. No negotiations have commenced with prospective lenders and/or investors as yet, and no assurances can be given that any such funding can be established in terms acceptable to the Company.

ITEMS 8 AND 14(a)
ATARI CORPORATION AND SUBSIDIARIES
Index to Consolidated Financial Statements
and Financial Statement Schedules

All other schedules are omitted because they are not required or the required information is shown in the financial statements or the notes thereto.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
of Atari Corporation:

We have audited the accompanying consolidated balance sheets of Atari Corporation and subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1992. Our audits also included the financial statement schedules listed in the Index at Items 8 and 14(a). These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Atari Corporation and subsidiaries at December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche

DELOITTE & TOUCHE

San Jose, California
April 16, 1993

ATARI CORPORATION

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1992 AND 1991
(Amounts in Thousands, Except Share Amounts)

ASSETS	1992	1991
CURRENT ASSETS:		
Cash and equivalents (including $7,231 and $22,674 held as restricted balances in 1992 and 1991 - Note 5)	$ 39,290	$ 69,717
Marketable securities	9,880	--
Trade receivables (less allowances for returns and doubtful accounts: 1992, $6,833; 1991, $6,602)	24,199	80,594
Inventories (Note 3)	31,599	81,326
Prepaid expenses	3,231	6,307
Other current tax assets	1,352	1,352
Total current assets	109,551	239,296
PROPERTY - net (Note 4)	15,413	9,674
OTHER ASSETS (Note 2)	13,544	4,516
TOTAL	$138,508	$253,486
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable (Note 5)	$ --	$ 12,500
Accounts payable	16,657	49,015
Income taxes payable	1,077	774
Accrued liabilities (Note 7)	16,254	17,176
Total current liabilities	33,988	79,465
LONG-TERM OBLIGATIONS (Note 5)	53,937	48,492
COMMITMENTS (Note 6) AND CONTINGENT LIABILITIES (Note 11)		
SHAREHOLDERS' EQUITY (Note 9):		
Preferred stock, $.01 par value - authorized, 10,000,000 shares; none outstanding	--	--
Common stock, $.01 par value - authorized, 100,000,000 shares; outstanding: 1992, 57,137,392 shares; 1991, 57,584,342 shares	571	576
Additional paid-in capital	142,315	143,116
Notes receivable from sale of common stock	(19)	(199)
Accumulated deficit	(89,050)	(15,435)
Accumulated translation adjustments	(3,234)	(2,529)
Total shareholders' equity	50,583	125,529
TOTAL	$138,508	$253,486

See notes to consolidated financial statements.

ATARI CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990
(Amounts in Thousands, Except Per Share Amounts)

	1992	1991	1990
NET SALES	$127,340	$257,992	$411,471
COST AND EXPENSES:			
Cost of sales	132,455	189,598	319,791
Research and development	9,171	15,333	22,875
Marketing and distribution	31,125	48,249	72,048
General and administrative	16,544	23,495	21,977
Restructuring charges	17,053	--	--
Total operating expenses	206,348	276,675	436,691
OPERATING INCOME (LOSS)	(79,008)	(18,683)	(25,220)
Gain on sale of Taiwan manufacturing facility	--	40,920	--
Other income (expense) - net	(4,662)	1,655	9,893
Interest income	4,039	3,986	2,511
Interest expense	(3,522)	(4,273)	(6,562)
Income (loss) before income taxes	(83,153)	23,605	(19,378)
Provision (credit) for income taxes (Note 8)	(434)	(54)	1,469
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY CREDIT	(82,719)	23,659	(20,847)
Discontinued operations (Note 2)	9,000	--	14,634
INCOME (LOSS) BEFORE EXTRAORDINARY CREDIT	(73,719)	23,659	(6,213)
Extraordinary credit - gain on extinguishment of 5¼% convertible subordinated debentures, no tax effect due to utilization of loss carryforwards (Note 5)	104	1,960	21,087
NET INCOME (LOSS)	$(73,615)	$ 25,619	$ 14,874
EARNINGS (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE:			
Income (loss) from continuing operations	$ (1.44)	$ .41	$ (.36)
Income (loss) before extraordinary credit	(1.29)	$ .41	$ (.11)
Net income	(1.28)	$ .44	$ .26
Number of shares used in computations:	57,365	57,691	57,739

See notes to consolidated financial statements.

ATARI CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990
(Amounts in Thousands)

	Common Stock		Additional Paid-in Capital	Notes Receivable from Sale of Common Stock	Accumulated Deficit	Accumulated Translation Adjustments	Total
	Shares	Amount					
BALANCES, JANUARY 1, 1990	57,698	$ 577	$143,226	$ (827)	$ (55,928)	$ (1,049)	$ 85,999
Stock options exercised	50		308				308
Common stock repurchased	(5)		(5)				(5)
Payments on notes receivable				213			213
Translation adjustments						(129)	(129)
Net income					14,874		14,874
BALANCES, DECEMBER 31, 1990	57,743	577	143,529	(614)	(41,054)	(1,178)	101,260
Stock options exercised	1		7				7
Common stock repurchased	(160)	(1)	(420)				(421)
Payments on notes receivable				415			415
Translation adjustments						(1,351)	(1,351)
Net income					25,619		25,619
BALANCES, DECEMBER 31, 1991	57,584	576	143,116	(199)	(15,435)	(2,529)	125,529
Common stock repurchased	(447)	(5)	(801)				(806)
Payments on notes receivable				180			180
Translation adjustments						(705)	(705)
Net loss					(73,615)		(73,615)
BALANCES, DECEMBER 31, 1992	57,137	$ 571	$142,315	$ (19)	$(89,050)	$ (3,234)	$ 50,583

See notes to consolidated financial statements.

ATARI CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990
(Amounts in Thousands)

	1992	1991	1990
OPERATING ACTIVITIES:			
Net cash provided (used) by continuing operations	$(7,318)	$ 4,250	$ 2,374
Net cash provided by discontinued operations	--	--	2,766
Net cash provided (used) by operating activities	(7,318)	4,250	5,140
INVESTING ACTIVITIES:			
Purchase of marketable securities	(10,180)	--	--
Other assets	(90)	227	1,334
Property purchases	(3,243)	(2,053)	(4,039)
Sale of property	187	48,362	130
Net cash provided (used) by investing activities	(13,326)	46,536	(2,575)
FINANCING ACTIVITIES:			
5¼% convertible subordinated debentures extinguished	(92)	(458)	(6,890)
Additions (repayments) to borrowings	(233)	113	148
Short-term borrowings (repayments) - net (includes repayment of borrowings in Taiwan of $26,764 in 1991)	(12,500)	(15,126)	(7,620)
Issuance of common stock - net	(626)	1	516
Net cash (used) by financing activities	(13,451)	(15,470)	(13,846)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	3,668	(2,518)	(6,712)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(30,427)	32,798	(17,993)
CASH AND EQUIVALENTS:			
Beginning of year	69,717	36,919	54,912
End of year	$ 39,290	$69,717	$36,919
OTHER CASH FLOW INFORMATION (FROM CONTINUING OPERATIONS):			
Interest paid	$ 6,994	$ 4,395	$ 7,792
Income taxes (refunded)	$ (786)	$ (401)	$ (7,561)
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of debt in exchange for land and building	$ 6,387	$ 1,721	$ --

(Continued on next page)

ATARI CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990
(Amounts in Thousands)

	1992	1991	1990
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY CONTINUING OPERATIONS:			
Net income (loss)	$(73,615)	$ 25,619	$ 14,874
Gain from sale of manufacturing facility	--	(40,920)	--
Discontinued operations	(9,000)	--	(14,634)
Gain from extinguishment of 5¼% convertible subordinated debentures	(104)	(1,960)	(21,087)
Depreciation and amortization	2,776	2,517	4,739
Provision for doubtful accounts	861	2,366	1,999
Provision for sales returns and allowances	1,077	3,699	3,447
Provision for restructuring	5,145	--	--
Provision for valuation of marketable securities	300	--	--
Changes in operating assets and liabilities:			
Trade receivables	48,798	6,910	9,159
Inventories	49,727	33,005	15,550
Prepaid expenses and other assets	2,940	(547)	3,206
Other current tax assets	--	--	8,970
Accounts payable	(31,220)	(24,932)	(13,534)
Income taxes payable	184	280	256
Accrued liabilities	(5,187)	(1,787)	(10,571)
Net cash provided (used) by continuing operations	$ (7,318)	$ 4,250	$ 2,374

See notes to consolidated financial statements.

ATARI CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company designs, manufactures, sells and services personal computers, video games and related software and peripheral products. The principal methods of distribution are through computer specialty dealers and mass market retailers.

Principles of Consolidation - The consolidated financial statements include the company and its subsidiaries. All transactions and balances between the companies are eliminated.

Cash and Equivalents - Cash equivalents are stated at cost, which approximates market value, have maturities not exceeding ninety days upon acquisition and generally consist of certificates of deposit, time deposits, treasury notes and commercial paper.

Marketable Securities - Marketable securities are stated at the lower of cost or aggregate market value.

Inventories - Inventories are stated at the lower of cost or market. Cost is computed using standard costs which approximate cost on a first-in, first-out basis.

Property - Property is stated at cost. Depreciation is computed using the straight-line method based on estimated useful lives of the assets of 1 to 30 years. Leasehold improvements are amortized over the estimated useful life or lease term, as appropriate.

Revenue Recognition - Sales are recognized upon shipment.

Income Taxes - The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 96 (SFAS 96) "Accounting for Income Taxes." SFAS 96 requires an asset and liability method for financial accounting and reporting of income taxes. The Company will adopt SFAS No. 109 in the first quarter of 1993; however, adoption is not expected to have any material impact.

Foreign Currency Translation - Assets and liabilities of operations outside the United States, except for operations that are highly integrated with operations of the Company are translated into United States dollars using current exchange rates, and the effects of foreign currency translation adjustments are deferred and included as a component of shareholders' equity. For operations that are highly integrated, foreign currency translation adjustments are included in operations. Exchange and translation gains (losses) included in other income (expense) for the years 1992, 1991 and 1990 were $(5,589,000), $1,375,000 and $9,852,000 respectively.

Earnings (Loss) per Common and Common Equivalent Share - Per share amounts are computed based on the weighted average number of common and, when dilutive, common equivalent shares (stock options) outstanding during each period.

Fully diluted earnings (loss) per share includes, when dilutive, the effect of the conversion of the 5¼% convertible subordinated debentures for the period they were outstanding and the additional dilutive effect of stock options. Conversion of the 5¼% convertible subordinated debentures was antidilutive in 1992, 1991 and 1990.

Fiscal Year - The Company has a 52/53 week fiscal year which ends on the Saturday closest to December 31. Fiscal year 1992 has 53 weeks and fiscal years 1991 and 1990 have 52 weeks. For simplicity of presentation, the date December 31 is used to represent the fiscal year end.

2. DISCONTINUED OPERATIONS

In 1988, the Company decided to discontinue its consumer electronics and home entertainment products operation, which was acquired in 1987, and provided a reserve for discontinued operations. In 1990, disposition of this operation was substantially completed; however, certain matters were still not finalized for which the Company maintained reserves and at that time, $14.6 million of the previously estimated loss was determined not to be required. In 1992, an additional $9.0 million (no tax effect due to utilization of loss carryforwards) of the previously estimated loss was determined not to be required. These reversals were reported as credits in "discontinued operations."

Net sales of the discontinued operation for 1992, 1991 and 1990 were nil.

Remaining net assets of discontinued operations, consisting primarily of real property, are included in other assets in the consolidated balance sheet, and were $11,407,000 in 1992 and $1,072,000 in 1991.

3. RESTRUCTURING AND INVENTORY WRITE-DOWNS

In the second quarter of 1992, the Company provided a $9.7 million charge to restructure certain of its operations. In order to improve its operating efficiencies going forward, in the fourth quarter, the Company provided an additional $7.4 million to further consolidate its operations. The provisions, aggregating $17.1 million, include severance payments, write-downs of assets to estimated realizable values, facilities consolidation costs and other expenses associated with the plan.

In addition, in the second and fourth quarters of 1992, the Company wrote down inventories by $22.8 and $14.1 million, respectively, to their estimated net realizable values. These write-downs resulted from the Company's reassessment of anticipated near-term business levels.

4. INVENTORIES

Inventories at December 31 consist of the following (in thousands):

	1992	1991
Finished goods	$ 29,110	$ 67,114
Raw materials and work-in-process	2,489	14,212
Total	$ 31,599	$ 81,326

5. PROPERTY

Property at December 31 consists of the following (in thousands):

	1992	1991
Land	$ 2,530	$ 2,695
Buildings	10,933	3,222
Machinery and equipment	9,307	9,169
Furniture and fixtures	1,991	2,346
Leasehold improvements	1,465	1,689
Total	26,226	19,121
Accumulated depreciation and amortization	(10,813)	(9,447)
Property - net	$ 15,413	$ 9,674

6. DEBT OBLIGATIONS

At December 31, 1992, the Company is obligated under outstanding letters of credit of $6.4 million. The letters of credit were collateralized by $7.0 million of cash on deposit. In addition, the Company has a $200,000 compensating balance with respect to its U.S. banking arrangements.

The Company has $43.5 million of 5¼% convertible subordinated debentures due April 29, 2002. The debentures may be redeemed at the Company's option, upon payment of a premium. The debentures, at the option of the holders, are convertible into common stock at $16.31 per share. At December 31, 1992, 2,663,846 shares of common stock were reserved for conversion. Default with respect to other indebtedness of Atari Corporation in an aggregate amount exceeding $5 million would result in an event of default whereby the outstanding debentures would be due and payable immediately.

The Company reacquired in the open market and extinguished $.2 million, $2.5 million and $28.9 million face value of these debentures for $.1 million, $.5 million and $6.9 million, net of purchased interest, in 1992, 1991 and 1990, respectively. The extinguishment resulted in an extraordinary credit of $.1 million ($0.00 per share) in 1992, $2.0 million ($0.03 per share) in 1991, and $21.1 million ($0.37 per share) in 1990. These gains are net of deferred issuance costs and have no tax effect due to the utilization of loss carryforwards.

At December 31, 1992, the Company has two secured term loans outstanding totalling $8.3 million for its building in Germany. Monthly payments on one loan began in July 1992. The first loan bears interest at 9.16% and is due through 2001. The second loan bears interest at 9.37% and is due through 1996. The loans are secured by the related building.

In addition, at December 31, 1992, the Company has a term loan outstanding of $2.2 million for the purchase of land and building in France. The loan is due in 52 quarterly installments through 2004. Approximately half of the amount bears interest at a fixed rate of 9.6%, the remainder bears interest at the French prime rate (11.3125% at December 31, 1992) plus 1.2%. The loan is secured by the related land and building.

The Company has bank facilities for the purposes of borrowing and letters of credit. The Company collateralizes these borrowings with cash at the time it utilizes this facility. At December 31, 1992, the Company had $23.6 million of facilities available.

7. COMMITMENTS

The Company leases various facilities and equipment under noncancellable operating lease arrangements. The major facilities leases are for terms ranging from one to seven years and are accounted for as operating leases. These leases generally provide renewal options of five additional years. Minimum future lease payments under all noncancellable operating leases as of December 31, 1992 are as follows (in thousands):

1993	$ 2,101
1994	1,785
1995	1,591
1996	680
1997	443
1998	216
Total minimum lease payments	$ 6,816

Rent expense for all operating leases was $2,227,000, 3,571,000 and $3,935,000 for the years 1992, 1991 and 1990, respectively.

In addition, the Company closed several facilities in 1992 in connection with the restructuring of its subsidiaries. Minimum future lease payments under all non-cancellable operating leases with respect to closed facilities as of December 31, 1992 are as follows (in thousands):

1993	$ 775
1994	403
1995	371
1996	185
Total	$ 1,734

Rent expense for all operating leases with respect to closed facilities was $1,846,000 in 1992.

8. ACCRUED LIABILITIES

Accrued liabilities at December 31 consist of the following (in thousands):

	1992	1991
Accrued royalties	$ 3,545	$ 5,263
Accrued restructuring	5,145	--
Other	7,564	11,913
Total	$ 16,254	$ 17,176

9. INCOME TAXES

The provision (credit) for income taxes consists of (in thousands):

	1992	1991	1990
Current:			
Federal	$	$ --	$ --
Foreign	(434)	(54)	1,469
State	--	--	--
Total provision (credit) for income taxes	$ (434)	$ (54)	$ 1,469

The current portion of the provision (credit) for foreign income taxes are net of benefits from loss carryforwards of $3,041,000, $912,000 and $500,000 in 1992, 1991 and 1990, respectively. The 1992 provision includes the benefit of a foreign tax loss carryback of $513,000. Income (loss) before income taxes for the years 1992, 1991 and 1990 include income (loss) of $(26,983,000), $28,942,000 and $4,843,000, respectively, from the Company's foreign subsidiaries.

At December 31, 1992, the Company has an operating loss carryforward of approximately $64 million for financial reporting purposes. For tax purposes, the Company has a U.S. income tax net operating loss carryforward of $9.4 million which will expire in 2006 and 2007, a foreign tax credit carryforward of $4 million which expires through 1994 (and for which the Company has recorded a $1.3 million carryback benefit), and a California income tax loss carryforward of $14.0 million which can be utilized from 1993 to 2008.

The effective income tax rates for 1992, 1991 and 1990 were (1)%, 0% and 8% respectively, and differ from the federal statutory rate of 34% as follows (in thousands):

	1992	1991	1990
Computed at federal statutory rates	$ (25,177)	$8,026	$ (6,589)
Foreign income not subject to income tax	(7,942)	(15,899)	--
Effect of losses providing no tax benefit	34,655	8,011	9,585
Tax benefit of foreign loss carryforwards	(3,041)	(912)	(500)
Effect of foreign tax rates different than statutory rates and utilization of foreign loss carrybacks	1,033	394	(741)
Other	38	326	(286)
Provision (credit) for income taxes	$ (434)	$ (54)	$ 1,469

10. SHAREHOLDERS' EQUITY

Common Stock - The Company's stock option plan and restricted stock plan provide for the issuance of up to 3,000,000 shares of common stock through the issuance of incentive stock options to employees and non-qualified stock options and restricted stock to employees, directors and consultants. Under the plans, stock options or restricted stock may be granted at not less than fair market value as determined by the Board of Directors. Stock options become exercisable as established by the Board (generally ratably over five years) and expire up to six years from date of grant. The Company's right to repurchase restricted stock lapses over a maximum period of five years. At December 31, 1992 options for approximately 274,480 shares were exercisable and options for 1,786,793 shares were available for future grant. At December 31, 1992, no restricted stock under the restricted stock plan had been issued.

At December 31, 1992 the Company had reserved 5,421,039 shares of common stock for issuance under the stock plans and for conversion of the 5¼% debentures.

Additional information with respect to the stock option plan are as follows:

	Number of Options	Option Price Range Per Share Low	Option Price Range Per Share High	Total
Outstanding, January 1, 1990	1,887,201	$ 1.00	$14.00	$12,161,328
Granted	1,102,000	1.88	9.63	5,628,250
Exercised	(50,207)	1.00	7.75	(308,402)
Cancelled	(641,043)	2.50	13.00	(3,962,675)
Outstanding, December 31, 1990	2,297,951	1.00	14.00	13,518,501
Granted	1,196,900	2.00	3.00	3,319,450
Exercised	(1,200)	3.00	3.00	(3,600)
Cancelled	(1,512,043)	1.00	14.00	(9,213,451)
Outstanding, December 31, 1991	1,981,608	1.88	13.00	7,620,900
Granted	150,000	1.50	3.00	315,000
Exercised	--	--	--	--
Cancelled	(1,161,208)	2.00	13.00	(4,804,450)
Outstanding, December 31, 1992	970,400	$ 1.50	$ 7.50	$ 3,131,450

11. SEGMENT INFORMATION

The Company operates in one industry segment - the design, manufacture, sale and servicing of consumer electronic products.

The Company's foreign operations consist of distribution facilities in Europe and Australia. Transfers between geographic areas are accounted for at amounts generally above cost and in accordance with the rules and regulations of the respective governing tax authorities. Corporate assets are cash and equivalents.

The following tables present a summary of operations by geographic region:

	1992	1991	1990
Revenues from unaffiliated customers:			
North America	$ 19,359	$ 35,843	$ 46,291
Export sales from North America	2,745	5,720	10,523
Europe	98,439	209,504	341,670
Other	6,797	6,925	12,987
Total	$127,340	$257,992	$411,471
Transfer from geographic areas (eliminated in consolidation):			
North America	$102,622	$256,958	$501,552
Europe	17,055	20,334	38,237
Other	12,968	105,556	247,834
Total	$132,645	$382,848	$787,623
Operating income (loss):			
North America	$(50,051)	$ (8,567)	$(33,754)
Europe	(24,660)	(7,841)	7,011
Other	(4,297)	(2,275)	1,523
Total	$(79,008)	$(18,683)	$(25,220)
Identifiable assets at December 31:			
North America	$ 14,450	$ 42,772	$ 53,442
Europe	53,727	116,774	134,857
Other	21,161	24,223	47,420
Corporate assets	49,170	69,717	36,919
Total	$138,508	$253,486	$272,638

12. CONTINGENT LIABILITIES

Certain claims and suits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, all such matters have been adequately provided for, are without merit, or are such that if settled unfavorably would not have a material adverse effect on the Company's consolidated financial position or results of operations.

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 1992 and 1991 are as follows (in thousands except per share data):

	First Quarter	Second Quarter†	Third Quarter	Fourth Quarter†
YEAR ENDED DECEMBER 31, 1992				
Net sales	$ 44,079	$ 23,265	$ 34,529	$ 25,467
Gross margin	13,742	(24,234)	10,686	(5,309)
Income (loss) from continuing operations	(13,848)	(39,748)	1,882	(31,005)
Income (loss) before extraordinary credit	(13,848)	(39,748)	1,882	(22,005)
Net income (loss)	(13,848)	(39,748)	1,882	(21,901)
Earnings (loss) per common and common equivalent share:				
Income (loss) from continuing operations	(.24)	(.69)	.03	(.54)
Income (loss) before extraordinary credit*	(.24)	(.69)	.03	(.38)
Net income (loss)	(.24)	(.69)	.03	(.38)
YEAR ENDED DECEMBER 31, 1991				
Net sales	$ 63,444	$ 49,210	$ 49,240	$ 96,098
Gross margin	21,654	14,625	14,268	17,847
Income (loss) before extraordinary credit	(3,947)	30,395	1,634	(4,423)
Net income (loss)	(1,987)	30,395	1,634	(4,423)
Earnings (loss) per common and common equivalent share:				
Income (loss) before extraordinary credit *	(.07)	.53	.03	(.08)
Net income (loss)	(.03)	.53	.03	(.08)

* The sum of per share amounts for the four quarters does not equal the annual amount as reported on the consolidated statements of operations due to rounding.

† See Note 2 for description of unusual second and fourth quarter adjustments in 1992.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this Item is incorporated herein by reference to the Company's definitive Proxy Statement for the 1993 annual meeting of shareholders.

Item 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated herein by reference to the Company's definitive Proxy Statement for the 1993 annual meeting of shareholders.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this Item is incorporated herein by reference to the Company's definitive Proxy Statement for the 1993 annual meeting of shareholders.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this Item is incorporated herein by reference to the Company's definitive Proxy Statement for the 1993 annual meeting of shareholders.

Trademarks Used in This 10-K

ATARI, the Fuji symbol, ST, STE, MEGA, MegaSTE, Jaguar, TT, TT030, TOS, MultiTOS, LYNX, COMLYNX, 2600, 7800 ProSystem, and Atari Falcon030 are trademarks or registered trademarks of Atari Corporation. GEM, GEM Write and GEM Paint are trademarks or registered trademarks of Digital Research, Inc. The other trademarks mentioned are trademarks or registered trademarks of their owners.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Report:

1. Financial Statements.

The financial statements required to be filed hereunder are listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedules on Page 18 hereof.

2. Financial Statement Schedules

The financial statement schedules required to be filed hereunder are listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedules on Page 18 hereof.

3. Exhibits

The exhibits listed under Item 14(c) are filed as part of this annual Report on Form 10-K.

(b) Reports on Form 8-K: None.

(c) Exhibits

Exhibit	Notes	Description
3.1	(1)	Articles of Incorporation of Registrant, as filed May 17, 1984.
3.2	(1)	Certificate of Amendment of Articles of Incorporation as filed July 11, 1984.
3.3	(1)	Certificate of Amendment of Articles of Incorporation, as filed September 12, 1986.
3.4	(1)	Amended and Restated Bylaws of Registrant.
4.1	(1)	Form of Indenture.
10.1	(1)	OEM Software License Agreement with Digital Research (California) Inc., dated August 22, 1984.
10.2	(1)	License Funding and Sale Agreement with Epyx Inc. dated January 5, 1990.
10.3	(2)	Hardware Technology Assignment and License Agreement with Epyx Inc. dated June 3, 1989.
10.4	(2)	Software Production and Distribution License Agreement with Epyx Inc. dated June 3, 1989.
10.5	(2)	Manufacturing Services Agreement with Epyx Inc. dated June 21, 1989.
10.6	(2)	OEM Purchase and Distribution Agreement with Epyx Inc. dated June 12, 1989.
10.7	(1)	Lease Agreement for 1196 Borregas Avenue, Sunnyvale, California, dated July 1980, with Assignment to Registrant.
10.8	(1)	Industrial Lease Agreement for Warehouse at 360 Caribbean Drive, Sunnyvale, California, Dated May 10, 1986.
10.9	(1)	Industrial Lease Agreement for Warehouse at 390 Caribbean Drive, Sunnyvale, California, Dated December 17, 1986.
10.10	(3)	Agreement and Plan of Merger with The Federated Group, Inc. dated August 28, 1987.
10.11	(2)	Agreement for Sale of Assets dated November 8, 1989 among Silo California Inc., The Federated Group, Inc. and Atari Corporation.

Exhibit	Notes	Description
10.12	(1)	Amended 1986 Stock Option Plan.
10.13	(1)	Amended form of Incentive Stock Option Agreement.
10.14	(4)	Amended Stock Option Plan.
10.15	(1)	Memorandum of Agreement among Registrant, Jack Tramiel, Atari Holdings, Inc., Productions et Editions Cinematographiques Français S.A.R.L., Atari International (UK) Inc., Warner Communications Inc. and certain subsidiaries of Atari Holdings, Inc., dated August 29, 1986.
10.16	(1)	Assets Purchase Agreement with Atari, Inc. and certain subsidiaries and affiliates of Atari, Inc., dated July 1, 1984.
10.17	(1)	Agreement with Atari, Inc. and Jack Tramiel, dated July 1, 1984.
10.18	(1)	Intellectual Property Rights Heads of Agreement with Atari, Inc., dated July 1, 1984.
10.19	(6)	Agreement for Purchase and Sale of Real Estate-Taiwan.
10.20	(6)	General Agreement of Sale - Irish Facility.
22.0	(5)	Subsidiaries of the Company.

(1) Incorporated by reference to the Company's Form S-1 Registration Statement, Registration No. 33-12753, filed with the Commission on July 2, 1987.

(2) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989.

(3) Incorporated by reference to the Company's Form 14D-1 and 13D Statement, filed with the Commission on August 28, 1987.

(4) Incorporated by reference to the Company's Proxy Statement relating to its Annual Meeting of Shareholders held on May 16, 1989.

(5) Subsidiaries of the Company (see Page 37 hereof).

(6) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.

ATARI CORPORATION

MARKETABLE SECURITIES - OTHER SECURITY INVESTMENTS
(Amounts in Thousands)

Issue	Number of Shares	Cost	Market Value	Carrying Value
Year ended December 31, 1992:				
General Motors Series D Preferred Stock(1)	100,000	$ 2,500	$ 2,200	$ 2,200
Dixon Common Stock(1)	2,777,778	7,680	10,896	7,680
		$10,180	$13,096	$ 9,880

(1) Items were purchased during 1992. There were no marketable securities at December 31, 1991.

SCHEDULE II

ATARI CORPORATION

AMOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

(Amounts in Thousands)

Name of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written Off	Balance at End of Period: Current	Balance at End of Period: Non-Current
Year ended December 31, 1990:						
Samuel W.L. Chin	$ --	$ 130(7)	$ --	$ --	$ 130	$ --
Robert Gleadow	300(1)	--	--	--	300	--
Eli Kenan	151(2)	--	134	17	--	--
Steven M. Kawalick	--	290(7)	--	--	290	--
August Liguori	45(3)	43(7)	3	--	85	--
Richard Miller	145(6)	--	--	--	145	--
Gregory A. Pratt	125(4)	10(7)	--	--	135	--
Alwin Stumpf	795(5)	--	--	--	795	--
Paul Welch	115(1)	--	--	--	115	--
Year ended December 31, 1991:						
Samuel W.L. Chin	$ 130	$ --	$ 42	$ --	$ 88	$ --
Robert Gleadow	300	--	300(9)	--	--	--
Steven M. Kawalick	290	--	10	--	280	--
August Liguori	85	26(8)	--	--	111	--
Richard Miller	145	--	--	--	145	--
Gregory A. Pratt	135	--	25	--	110	--
Alwin Stumpf	795	--	--	--	795	--
Paul Welch	115	--	115(9)	--	--	--
Year ended December 31, 1992:						
Samuel W.L. Chin	$ 88	--	$ 88	--	--	--
Steven M. Kawalick	280	17	297(10)	--	--	--
August J. Liguori	111	--	35	--	76	--
Richard Miller	145	--	--	--	145	--
Gregory A. Pratt	110	--	110(9)	--	--	--
Alwin Stumpf	795	--	188(9)	199	408	--

(1) The secured note, which is payable upon demand, was issued October 1986 and bears interest at 12%.

(2) The secured note, which is payable upon demand, was issued January 1986 and bears interest at 12%.

(3) The secured note, which is payable upon demand, was issued May 1986 and bears interest at 12%.

(4) The secured note, which is payable upon demand, was issued October 1987 and bears interest at 10%.

(5) Two unsecured notes, which are payable upon demand, were issued March 1985 and June 1987 and bear interest at 12% and 10%, respectively. In addition, a receivable, which is payable upon demand, was recorded at various dates throughout 1988 and bears interest at 10%.

(6) Two unsecured notes, which are payable upon demand, were issued during 1989 and bear interest at 10%.

(7) The unsecured notes, which are payable upon demand, were issued August 1990 and bear interest at 10%.

(8) The unsecured note, which is payable upon demand, was issued October 1991 and bears interest at 7%.

(9) The note was cancelled and related stock reacquired by the Company.

(10) Cash payment of $235,000. The balance was cancelled and the related stock reacquired by the Company.

ATARI CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(Amounts in Thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
Year ended December 31, 1990:				
Allowance for doubtful accounts	$ 2,903	$ 1,999	$ 78(1)	$ 4,824
Accrued sales returns and allowances	7,676	3,447	6,209(2)	4,914
Year ended December 31, 1991:				
Allowance for doubtful accounts	$ 4,824	$ 2,366	$ 3,215(1)	$ 3,975
Accrued sales returns and allowances	4,914	3,699	5,986(2)	2,627
Year ended December 31, 1992:				
Allowance for doubtful accounts	$ 3,975	$ 986	$ 2,428(1)	$ 2,533
Accrued sales returns and allowances	2,627	3,560	$ 1,887(2)	4,300

(1) Amounts written-off, net

(2) Customer returns allowed

SCHEDULE IX

ATARI CORPORATION

SHORT-TERM BORROWINGS
(Amounts in Thousands)

Category of Aggregate Short-term Borrowings	Balance at End Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period
Year ended December 31, 1990:					
Amounts payable to banks	$28,231	11.2%	$30,659	$25,418	9.7%
Year ended December 31, 1991:					
Amounts payable to banks	$12,500	4.9%	$27,042	$15,324	9.77%
Year ended December 31, 1992:					
Amounts payable to banks	$ 0	--	$15,000	$ 4,932	5.844%

The average amounts outstanding were determined based on an average of the balances for each month with a balance outstanding divided by the total number of months with a balance outstanding.

The weighted average interest rates during the periods were computed by dividing the total of the weighted average interest rates for each month with a balance outstanding by the total number of months with a balance outstanding.

SCHEDULE X

ATARI CORPORATION

SUPPLEMENTARY INCOME STATEMENT INFORMATION
(Amounts in Thousands)

	Charged to Costs and Expenses Year Ended December 31,		
Item	1990	1991	1992
Advertising expense (included in marketing and distribution expense)	$32,833	$20,129	$11,325

EXHIBIT 22

SUBSIDIARIES OF THE COMPANY

Name	Jurisdiction
Atari (Benelux) B.V.	Holland
Atari (Canada) Corp.	Canada
Atari Computers Pty. Ltd.	Australia
Atari France S.A.	France
Atari Computers GmbH	Germany
Tambercombe Ltd.	Hong Kong
Atari Italia S.P.A.	Italy
Atari Israel Ltd.	Israel
Atari (Japan) Corp.	Japan
Atari (Mexico) S.A. de C.V.	Mexico
Atari (Mexico) Fabricante S.A. de C.V.	Mexico
Atari Corp. Sverige AB -- (Sweden)	Sweden
Atari (Schweiz) AG	Switzerland
Atari Taiwan Manufacturing Corp.	Taiwan
Atari Corp. (U.K.) Ltd.	England
Liquid Crystal Technology Corp.	Nevada
Atari Computer Corporation	Nevada
Atari Explorer Publications Corp.	New Jersey
Ordenadores Atari S.A.	Spain
Atari Microsystems Corporation	Nevada
The Federated Group, Inc.	Delaware
The Federated Group (Southcentral), Inc.	Texas
Tramel Trading Ltd.	Nevada

SIGNATURE

Pursuant to the requirements of Section 13 of 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized in the City of Sunnyvale, State of California on the 16th day of April, 1993.

ATARI CORPORATION
(Registrant)

By: /S/ JACK TRAMIEL
Jack Tramiel
Chairman of the Board

/S/ SAM TRAMIEL
Sam Tramiel
President, Chief Executive Officer and Director

/S/ AUGUST J. LIGUORI
August J. Liguori
Vice President - Finance, Chief Financial Officer and Director

/S/ MICHAEL ROSENBERG
Michael Rosenberg
Director

/S/ LEONARD I. SCHREIBER
Leonard I. Schreiber
Director

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Atari Corporation
Sunnyvale, CA 94089-1302