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ATARI INC. Atari is a leading manufacturer of coin-operated video and pinball games, and video entertainment products for the home.

The company is a division of Warner Communications, Inc., one of the world's largest corporations engaged in the entertainment and communications industries.

BACKGROUND. In 1972, Atari was founded with the successful introduction of 'Pong'®, the first electronic video game to be offered to the coin-operated amusement industry. Widespread acceptance and popularity of video games followed and led to Atari's dynamic growth into an innovative multi-million dollar corporation. Atari now employs over 2000 employees with manufacturing facilities in Sunnyvale, California; El Paso, Texas; Tipperary, Ireland; and Taipei, Taiwan.

PRODUCTS.

Video Games, Coin-Operated

Technological advancements have enhanced the growth of video amusements, allowing products to become more sophisticated and to offer a wider variety of play appeals.

Examples of many highly successful games introduced by Atari include exciting battle action games like Missile CommandTM, challenging driving games like 'Sprint 2'®, and 'Night Driver'®; realistic sports simulation games such as 'Atari Football'TM and 'Atari Basketball'TM; and Atari Space games like 'Lunar Lander' TM and 'Asteroids' TM.

Pinball Games, Coin-Operated

In 1976, Atari entered the highly competitive pinball game market with two major 'firsts'. The 'Atarians'® was one of the first 'flipper' games to employ all solid state electronics, and offer a wider playfield than previously existing pinball games. Atari pinball games were an immediate success with players.

The impact of this success resulted in the industry-wide change from electro-mechanical to all solid state equipment, as well as to a growing trend towards the wider playfield. Recent popular games have included 'Middle Earth'TM, 'Space Riders'TM and 'Superman'*.

Although the company is not currently manufacturing pinball games, R & D continues. New

electronics, new playfield designs, special effects and cabinet concepts are on the drawing boards and being tested. Production of a completely new line of innovative pinball games is projected to resume in late 1981 or early 1982.

Consumer Video Games

In 1975, the introduction of the home version of Pong® pioneered the development of reliable video games designed to be used with the player's television set.

Two years later, the 'Video Computer System'TM was introduced. This system was the industry's first programmable console unit, utilizing 'Game Program'TM cartridges.

To date, over 40 of these cartridges have been developed in an on-going program that offers a continuing series of sports, educational, battle action and mind games designed to appeal to all segments of the marketplace.

Personal Computer Systems

In 1979, Atari unveiled the 'Atari 400'™ and 'Atari 800'TM Personal Computer Systems. These new systems are designed to serve the needs of people who have no prior familiarity with computer operation, as well as those with experience and more sophisticated requirements.

The advanced electronics of the Atari 400 and Atari 800 systems make them versatile and simple to use, yet for the sophisticated user offer full user-programmability.

There are dozens of programs presently available including: Business management programs to keep track of customer lists, cash flow, inventory and sales; Programs that help manage investments, home expenses and expenditures; Interactive educational programs and home entertainment programs that turn a television screen into a playground that challenges and entertains the entire family.

Both the Atari 400 and 800 systems offer consumers the benefits of the computer revolution in their homes and offices at affordable prices.

Atari continues to play with the future with an ongoing commitment to creative and technological advancement in coin-operated amusements, home entertainment and personal computers.