



Press Release

BACKGROUND INFORMATION

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AXLON TO DEVELOP NEW VIDEO GAMES FOR ATARI; BUSHNELL RETURNS

SUNNYVALE, Calif., June 1, 1988 -- Atari Corp. announced today, on the eve of the summer Consumer Electronics Show, that Axlon chairman Nolan Bushnell has signed a video game development agreement with Atari.

The terms of the agreement stipulate that Axlon will design and develop on an exclusive basis an unspecified number of video games for Atari's 2600 and 7800 home video game systems.

(The 2600 is Atari oldest and best-known game system. More than 25 million systems have been sold to date. The 7800 system with its enhanced graphics capabilities was introduced in 1986 and has sold more than million units to date.)

Commenting on the new association, Michael Katz, president of Atari's rapidly growing Entertainment Electronics Division, said, "We're delighted with our new association with Nolan, and his game designers. If anyone can design and develop great state-of-the-art games for the 2600 and 7800, it's Nolan. His

experience and expertise will be invaluable, and we're anxious for the first few games to hit the market late this year."

Bushnell, 45, founded Atari in 1972 shortly after introducing the video game, "Pong," which signalled the dawn of the video generation and helped propel Atari into what later became the fastest-growing company in U.S. history. He sold the company to Warner Communications in 1976 and in 1983 founded Axlon, which develops and manufactures coin-operated games and designs toys for licensing.

Commenting on his decision to renew his association with Atari, Bushnell said, "I'm very excited at the prospect of working again in the home video game industry, especially with my alma-mater, Atari. I hope my contributions will add to the strong rebound in the industry."

Atari's video game business is booming with U.S. sales doubling each of the last two years and with similar growth expected for 1988.

Atari Corp. is a leading international manufacturer, marketer and distributor of video game hardware (the 2600, 7800 and XE game systems), software, peripherals and accessories. Atari's stock is listed on the American Stock Exchange and trades under the ticker symbol ATC. For more information, contact: Michael Katz, Atari Corp., 1196 Borregas Avenue, Sunnyvale, CA 94086. Telephone: (408) 745-2000

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