

WARNER SIGNS PACT TO PURCHASE ATARI

Cash and Debenture Transaction Totals About \$28 Million— Approvals of Deal Required

By CLARE M. RECKERT

Warner Communications signed a contract yesterday to acquire the privately owned Atari Inc. for cash and debentures. The total purchase price is approximately \$28 million, according to Warner. Atari is a technological company that applies advanced semiconductor technology to consumer products. The company has invented an electronic paddle ball game and also produces coin-operated video games.

Merger
News

Atari's revenues in the fiscal year ended last May 29 were about \$39 million and net income was \$3.5 million. The company was formed in 1972.

Warner Communications is engaged in the entertainment and communications businesses through operations in recorded music, music publishing, motion pictures, television, cable communications and the publishing and distribution of magazines and paperback books.

Completion of the contract is contingent on approval of the offer by the Commissioner of Corporations of California and acceptance by at least two-thirds of each class of the company's common and convertible preferred stock.

If the transaction is completed, all of the top management of Atari will continue under long-term contract and the company will be operated as a wholly owned subsidiary of Warner Communications. Atari, which operates three plants in California, is moving its headquarters, research and development units and two plants to Sunnyvale, Calif., where one plant is now situated.