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Chairman resigns at Warner's Atari unit

By Robert Burns
Associated Press

NEW YORK — Warner Communications Inc. said Thursday that Raymond E. Kassar resigned as chairman and chief executive of its troubled Atari unit. James J. Morgan, a senior executive of Philip Morris Inc., was named to replace him.

Kassar, whom Warner said would remain as a consultant to the company, said in a prepared statement from Warner that he was satisfied with his role in building Atari into a leader in the burgeoning video-game and home-computer industry.

Neither Kassar nor Warner made any mention of the reasons for his resignation.

The move was seen in industry circles as part of Atari's effort to reorganize its operations and regain the top spot in the consumer electronics business. Lee Isgur, an analyst at Paine Webber Inc., said he believed Warner wanted Kassar out in order to counteract a perception on Wall Street and among investors that Kassar was too autocratic as the leader of Atari, which is based in the Silicon Valley town of Sunnyvale.



Raymond E. Kassar
Will remain as consultant

Warner's stock price fell 40 percent in the aftermath of an announcement last December that its fourth-quarter earnings would fall well below projections, mainly because of disappointing sales of Atari video-game cartridges. It later was revealed that Kassar had sold \$250,000 of Warner stock the day before the earnings announcement, and the Securities and Exchange Commission launched an investigation of Kassar and other Atari executives for alleged insider trading.