

# Atari Reviews Higher-Priced Computer But Still Plans to Introduce It This Year

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LAS VEGAS, Nev.—Atari Inc. said it is reviewing the design and features for its previously announced 1450XLD, a higher priced computer, but still plans to introduce the model this year.

There has been much speculation that James Morgan, who became chief executive officer of the Warner Communications Inc. unit last fall, would scrap Atari's plans to enter the market for computers priced in the \$500-plus range. Atari originally announced the 1450XLD last summer.

To dispel those rumors, Atari displayed a demonstration model of the 1450XLD at the Consumer Electronics show here last weekend. Mr. Morgan said the model was exhibited "as a demonstration of the company's intent to market a high-end computer in 1984, although the specifics of such a product are currently under review."

He added: "The history of Atari and this business has been filled with announcements of products that weren't ready, and things were never done right on schedule. If we are going to be a reliable company, we aren't saying anything until we know we can deliver it."

## Results Aren't Complete

In an interview, Mr. Morgan said Atari's fourth-quarter results aren't completed yet, but would "give optimists enough to feel the company is definitely turning around." He declined to give specific projections, saying that skeptics would find "something to shoot at" in the results, while the undecided on Atari's future prospects "should feel this company will be interesting to look at for a couple more quarters."

In 1982's fourth quarter, operating profit for Warner's consumer-electronics division, which includes Atari video games, car-

tridges and home computers, was \$1.2 million. For the nine months, Atari posted an operating loss of \$536.3 million on revenue of \$753.6 million.

Mr. Morgan added that Atari has told retailers that from now on, any return of so-called defective merchandise must be matched by an equal purchase of new goods. He said that 75% of the video game and computer products returned by retailers to Atari in 1983 weren't, in fact, defective; they were returned, he said, to reduce store inventories at Atari's expense. "That cost us over \$75 million" in profit, Mr. Morgan said.

He said his measures are aimed at restoring Atari to "profitability, and enhancing the company's image as a reliable supplier." Other measures, he said, include cutting corporate overhead, accomplished largely through layoffs last year, and more carefully focusing the company's development activities.

Warner and Atari executives at the trade show here denied persistent industry speculation that Atari would get out of the home-computer business.

## Lower-Priced Models

Mr. Morgan said that the company plans to focus on its lower-priced new computers, the 600XL and the 800XL, "to meet the strong demand for those products at retail." On Jan. 1, Atari raised dealer prices on both models by \$40 to \$180 and \$280, respectively.

Atari also announced that it sold 1.3 million video-game consoles in December, compared with 1.4 million in December 1982. Although prices for the units were, in some cases, less than half 1982 prices, Geoffrey A. Holmes, a Warner vice president, said the volume "is pretty good for a product that everyone says is dead."

As a result, Atari said its video-game hardware inventories have been brought to manageable levels, though inventories of video-game cartridges haven't been reduced by comparable levels.