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Morgan scores win over Atari chairman

By ROBERT BURNS
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NEW YORK (AP) — The top management of ailing video game pioneer Atari Inc. has been shaken up with the replacement of its chairman and chief executive by a Philip Morris Inc. executive.

Neither former chairman Raymond E. Kassar nor parent company Warner Communications Inc. gave the reasons for his resignation, announced Thursday. Bruce Entin, an Atari spokesman, said Kassar would not be available for comment, adding that Kassar would stay as a Warner consultant.

Kassar is being replaced by James J. Morgan, an executive vice president of Philip Morris since 1978 who has worked for the company for 20 years in a series of marketing positions.

Warner announced last December that fourth-quarter earnings would fall considerably below projections, mainly due to disappointing sales of Atari's video game cartridges.

Atari merged its video-game and home-computer units, laying off thousands of people and moving production to Asia while introducing new products and overhauling distribution and marketing. Last month it made a series of management changes.

Warner has said it expects Atari to report that its operating loss in the quarter ended June 30 exceeded its first-quarter operating loss of \$46.5 million. Warner, too, expects a wider loss than its first-quarter deficit of \$18.9 million.

Warner's stock price fell 40 percent after the December announcement. It later was reveal-

ed that Kassar had sold \$250,000 of Warner stock the day before the announcement, and the Securities and Exchange Commission began an investigation.

Kassar said the transaction was part of year-end tax planning and had been the subject of discussions with his broker and tax adviser well before the announcement projecting lower earnings.