

Rec'd 10/11/78



One JS&A Plaza, Northbrook, Illinois 60062

Dear Customer:

We trust you have your Bally Home Library Computer and have found it quite satisfactory.

Very shortly, Bally will be releasing some of their new game cartridges and educational programs, and we plan to advise you of those upon their release.

You've no doubt realized that practically the entire Bally program has been delayed. The problems with production, FCC approval delays, and late delivery of parts are past and we don't want to rehash history.

We clearly made a mistake by offering the basic unit in advance of seeing an actual production model. And quite frankly, we've never experienced a backorder problem like the one we've had with this unit.

Because of this bad experience with the Bally unit, we have been quite concerned with Bally's future plans concerning the add-on module. To assure our customers of a reasonable delivery date, we requested, long ago, that Bally supply us with a firm commitment to supply us with the add-on module along with its final price and features.

The delays in the basic unit caused Bally to delay any commitment to produce the add-on module for us. We have therefore taken the position with Bally that if they do not produce the unit, they permit us to manufacture it ourselves to assure our customers of our commitments to them. Bally has agreed and we are presently working out a final agreement in this regard.

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Bally has reassured us that although they are not willing to make a firm commitment to us, they do feel 90% confident that they will definitely go through with the production of the unit. However, they have further advised us that:

- 1) The add-on module will not be available until June of next year.
- 2) The cost will be higher than they led us to believe--probably around \$600.
- 3) The unit will have more features than was originally proposed.

The purpose of this letter is to advise you of the circumstances regarding the delay of the add-on module and the information that we have been receiving from Bally.

We were told by Bally representatives that all the statements we made in our advertisements were correct. Because of delays and (in our opinion) inexperience on their part, they have obviously let us down. We feel it our obligation to advise you and question your interest in the add-on module.

It is not our intention to get into a legal battle with Bally. We feel that by cooperating with them, in the event that they do not produce the add-on module, we can still protect our customers' interests by producing the unit ourselves.

When the unit is available, because of its higher price, we will discount it as low as possible to provide the unit to you at the price we originally quoted you or as close to it as possible. And we will do all we can to advance the June delivery date.

We have already seen a working prototype of the add-on module. We fully intend to sell it and Bally feels that they will proceed, but we also felt it our obligation to advise you of the reason for the delays and to give you a true picture of the events surrounding this matter.

We need your commitment to us regarding your desire to purchase the add-on module so that we may reserve production time with Bally. Would you please jot down the answers to the questions listed and return them in the postage paid return envelope. If no answer is received, we will assume that you are not interested in the add-on module.

If you have any thoughts, feel free to jot them down on the enclosed questionnaire and we will make sure the Bally representatives see them. Thank you for your cooperation and we sincerely appreciate your patience.

Sincerely,

JS&A NATIONAL SALES GROUP



William Mitchell
Group Marketing Director