

This is a copy of the letter that was sent to those who have yet to receive the machine:

(312) 564-9000 Telex: 72-4498



1421 Northbrook, Illinois 60062

Dear Customer:

As you are well aware, there has been a delay in the shipment of your Bally unit.

The delays have been caused by almost every problem imaginable and have lasted almost one year now. Bally, however, is now in full production, and there appears to be no production problems.

In addition to the delays, there are serious doubts in our mind as to whether Bally will produce the add-on module we referred to in our advertisements.

Bally refuses to make a commitment to us to produce the add-on module, and they indicate that if they do proceed with the system, it won't be until June, 1979 when their unit will be available. Even the cost of the system is yet undetermined but is estimated to be around \$600—well above the price they led us to believe the unit would cost.

Bally feels 90% positive that they will complete their commitment to us despite their reluctance to sign a definitive agreement. JS&A, on the other hand, refuses to continue a business relationship with them without the positive assurances that the add-on module will indeed be produced soon.

Every fact presented in our advertising literature was verified by the Bally organization prior to its publication. We tried our best to offer what, in our opinion, was the best product of its kind on the market, but the Bally organization let us down.

In the course of trying to get a commitment from Bally, JS&A was approached by a major US Corporation whose name is more recognizable than Bally's. The company has come up with a similar concept to Bally's using a two part system—part A similar to the basic Bally unit and part B similar to the add-on module.

The part A has been developed and FCC approved. Part B will be ready in February. We feel that their part A far exceeds Bally's basic unit and that their part B will be very similar to Bally's add-on module. Prices are quite competitive to Bally's prices.

This major Corporation has asked us to keep their name confidential until we are ready to introduce their product nationally sometime in January. We feel a great deal of confidence that the new unit will be right on time as we have already been given firm commitments as to delivery—something we have yet been unable to do with Bally.

Prior to our national introduction, we wish to give you the opportunity to select the new unit which, in our opinion, has several advantages over the Bally unit.

We will hold your order and advise you in December, prior to our national announcement. We will offer you, in advance of our introduction, the opportunity to purchase the new unit at a price below what we intend to offer it nationally, and we feel confident that our promises to you will be backed by a very responsible and competent manufacturer.

If, when the new unit is announced, you would rather purchase the Bally unit, we will be happy to supply it to you but without a firm commitment to supply the add-on module from Bally.

In either case, we are indeed sorry for the delay and inconvenience caused you. Enclosed is a questionnaire and postage-paid reply envelope so you may express your decision to us regarding our offer. We would appreciate it if you would fill out the questionnaire and return it in the enclosed envelope so we may determine your intentions. Again, thank you for your patience.

Sincerely,

JS&A NATIONAL SALES GROUP

William Mitchell  
Group Marketing Director

WM/ms