

COIN

CONNECTION

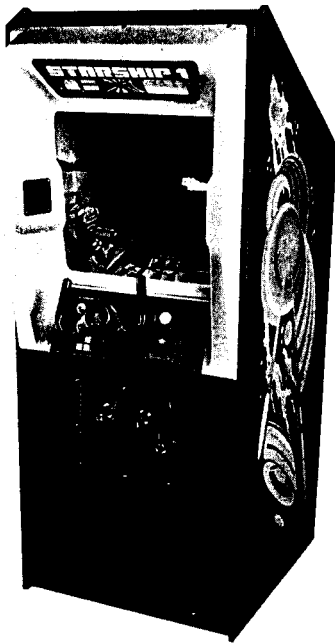
Atari, Inc. 1265 Borregas, Sunnyvale, California 94086

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"THE GAME" — STARSHIP 1™



The reports on Starship 1™ are incredible. Operators are already referring to it as "The game of the year". Earnings thus far have indicated the game is in constant play at arcades and street locations everywhere. One location reported that the Starship 1 collections were so high that it almost paid for itself in two weeks and they had set the game on two coins per game.

This futuristic space theme game takes players into the outer reaches of the galaxy. They literally stand in line for the opportunity to speed thru three dimensional space and destroy enemy threats with lasers and proton torpedos to achieve high scores. If bonus time option is selected, players score their way into Hyperspace for even higher goals in the cosmic competition.

Starship 1 is the ultimate in play

appeal and income potential. The game's phenomenal popularity has attracted the attention of operators and players, making it the number one game today. It has already received excellent publicity in The Seattle Times newspaper and will soon be featured in other publications.

Starship 1 is news. It is a terrific game in all ways; play action, versatility in that it can fit almost any kind of location, and income potential that will set new records in the industry.

The concept of LOCATION DEMAND is clearly demonstrated by Starship 1, "Hey, where's that Starship game?"

A WINNER PROMOTION



Time Zone, game arcade, and KLIV, popular radio station, recently co-sponsored a pinball tournament in San Jose, California. The arcade was packed with eager kids trying to win a real pinball



game for their home. Three Atari pinball games, The Atarians™, were lined up in the center of the arcade for the occasion. First the station disc jockeys lined up to play the games. Their scores were averaged, and the participant who scored closest to the DJ's average score took home a Lucky Ace pinball game.

One week of saturation advertising for the tournament, where players call in to obtain an official invitation, was most effective to bring new players to Time Zone and to keep them listening to KLIV for their opportunity to compete. Ted Olsen, President of Time Zone, said, "The increased revenues at the arcade during the tournament more than compensated for the costs of advertising."

Ted indicated that he intends to use more advertising and tournaments in the future to stimulate business in his arcades. In addition to radio advertising, Time Zone ads may soon appear on the local television stations. "I am confident that advertising exposure will bring more new customers to the stores," Ted said. The experience at Time Zone shows that advertising and special promotions can significantly increase business.

OPERATORS TALK

Operators from many different places share their good experiences with Atari games.

Dan Kinlaw of Tarheel Vending is a North Carolina operator of game rooms and a street route. He recently attended the NCCOA (North Carolina Coin Operator Association) Annual Meeting, where he saw the new Atari games. Dan told us:

"I am really looking forward to getting Drag Race™. It has tremendous replay appeal and competitive action. Starship 1™ is going to be good also, especially with the recent popular movie.

Atari makes very reliable games and gives excellent service backup. We have fewer problems with the Atari games than others."

Mike Costello is operations manager of Time-Out Family Amusement Centers, Inc. Time-Out is a very successful chain of 16 arcades in the northeast. Mike said:

"The overall earnings curve on most Atari games stays at a higher level for a longer period of time, guaranteeing extended profitability. Drag Race and Starship 1 have been good examples of this high earning pattern in our experience."

The Crystal Palace is a spectacular 18,000 square foot arcade and amusement center in Shreveport, Louisiana. Hugh Ilgenfritz is a partner in this operation which has been an overwhelming success. Hugh's experience with video games has given him great insight to selecting the best games for his location. Talking about Atari's new games he says:

"Starship 1 is going to be the game of the year, the attraction is almost unbelievable. I love it.

Atari always makes outstanding driving games. We just received a Drag Race and it is going to be a strong piece.

Pool Shark™ is going to have a long life with steady collections. It is good because it is a simple game but more difficult to get complete control, which gives it a good amount of replay."

Kamas Vending has a street route and an arcade in Oklahoma City (see Location Profile). Sam Kamas received a

Drag Race game six weeks ago. He reported:

"Drag Race has been the biggest money maker in a single week of any video piece we have. And the high earnings on Drag Race hasn't pulled down any of the other driving games in the location."

Roy Breeding of Family Billiards is an arcade operator in Tennessee. They have six plush arcades in the Nashville area that cater to family type trade and a respected street route. Mr. Breeding indicated that he buys games that he enjoys playing and they do well. He said:

"I rate Atari on top. There haven't been that many games that I like, but Atari always seems to come out with the good ones. For example, the Drag Race game, I really enjoyed playing it myself so I bought one."

TECHNICAL TIPS

Often, intermittent inconsistencies in game operation can be easily solved on location. If the game has socketed chips on the computer board, they should be checked to assure that all chips are making good contact with the sockets.

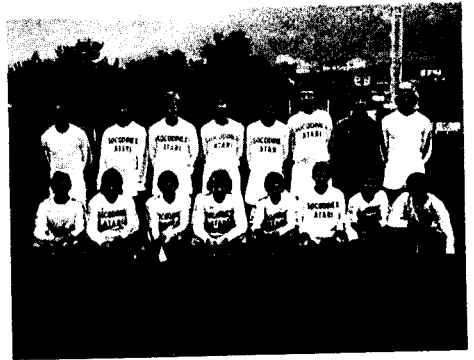
For example, on a pinball game — if the lights on the playfield suddenly get brighter and the solenoids activate for a few seconds, this is most likely due to one of the chips not being firmly in the socket.

A strip of non-conductive tape can be placed over socketed chips to prevent them from loosening. This is especially good to do for transporting the game from location to location. Edge connectors can also come loose due to vibration and should be checked as well.

WHAT IF...

A VIDEO GAME WAS PLACED IN A BANK LOBBY FOR A FUND RAISING OR CHARITY EVENT IN COOPERATION WITH A LOCAL SERVICE ORGANIZATION...

ATARI ATHLETES



Socodimex/Atari-Europe Soccer Team



Atari Coin-Op Baseball Team

Atari is represented around the world in recreational sports. Pictured here is the Atari Coin-Op Baseball team at our headquarters in California, and the Socodimex/Atari-Europe Soccer team in France. Atari is also represented in Rugby, having several employees on the San Jose Seahawks amateur team that is presently on tour in Australia.

Atari believes in team spirit and dedication to fun in work and play. We salute our successful athletes. The French Soccer team, who won their regional championship, the Coin-Op Baseball team, who are ahead in the company championship, and to the Rugby team in Australia, we are cheering for you and awaiting the results of the tour.



Frank Ballouz (top row) Tom Martinez (middle row) on San Jose Seahawks Rugby Team.

LOCATION PROFILE— CACTUS JACKS



If you're in Oklahoma City be sure to visit Cactus Jacks, an outstanding arcade with all the latest equipment. The 8,000 square foot free standing facility has about 80 games, a lounge area with candy and drink vending machines and is usually crowded with kids and adults having fun. Sam and Jim Kamas operate this arcade together with a strong street route.

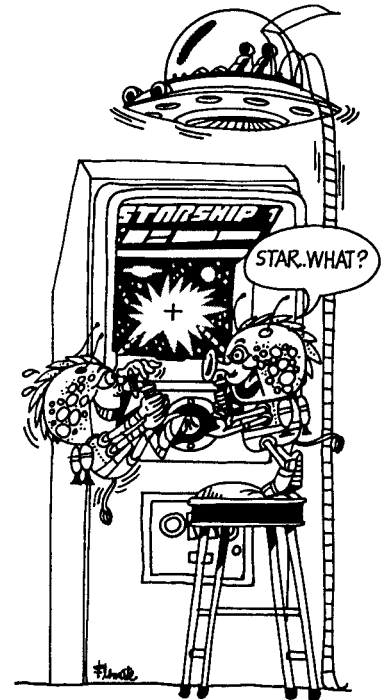
Sam Kamas explains that the key to success at Cactus Jacks is, "Having the latest equipment in the arcade, good service support to keep games working and strong management control." They have implemented many interesting promotion ideas to increase traffic and further enhance the family fun and clean image of the arcade. Competitive tournaments are held weekly for foosball and pool players. Some of these are "ladies" tournaments or mixed doubles which has been successful to bring more female players to the arcade. Drawings for big prizes have also encouraged more game play.

Group parties for birthdays, outings for scouts, softball leagues, YMCA, etc. are encouraged, especially during slower

traffic hours. Special rates are given for these parties. Adult supervision is required for groups. "The adults coming with the groups often see that the arcade is a good place for entertainment and come back with their families," said Sam Kamas.

Security and control are important factors in the success of Cactus Jacks, according to Mr. Kamas. Off duty, uniformed police are hired to assure that there is no loitering in or around the arcade area. Having the police there virtually eliminates any potential trouble while helping to maintain the clean family fun image of the location.

Sam and Jim Kamas have made Cactus Jacks a place where people can enjoy playing the newest games in a clean and wholesome environment.



LETTER TO THE INDUSTRY

Our industry is facing the escalating cost of equipment, labor and supplies. These costs are increasing at a rate which far exceed the national average. In the last ten years, the price of games has increased three hundred percent. However, the income generated from these games has not increased anywhere near a comparable level. It is the operator who has solely absorbed the rising cost. Some method must be found to increase the operators' share of the cash box income.

The answer to our industry is twofold. The first step is to increase the price per play to 25 cents per game or one song, and 50 cents per game of pool. The second step is either a better percentage of the collections or a service charge per game.

It has long been argued that the best approach to increase the operator's income is to change the commission to 60/40 operator's split. This would be ideal but it places the burden on the high volume location and has little effect on the low volume customer. In time, the large volume location through agitating is usually successful in reducing his commission back to 50/50. The service charge on the other hand fairly places the burden on all locations.

Approximately two years ago, I suggested to our industry a service charge of \$2.00 per game per week. It met with

some limited success but since it was not pursued by many operators, it gradually faded away.

Two dollars off the top for every game in reality is one dollar from the location and one dollar from the operator, so in effect it only costs the location one dollar. An operator with two hundred games means an additional \$10,400 per year.

We must begin to alter the status quo, for without an adjustment in the income of the operator, insolvency is around the corner.

I sincerely hope this letter will instill in our industry the desire to act quickly. To delay action is to merely forestall the inevitable.

NORMAN GOLDSTEIN
Monroe Distributing
Cleveland, Ohio

Atari would like to confirm Norm Goldstein's message. Operators are giving the locations a service, they purchase or lease the equipment, they maintain and repair the equipment, and rotate units to maximize revenues. Operators should get a fair share of the income to cover their costs. A weekly service charge would be appropriate or a higher share of the collections. If operators provide good service to locations, the locations should be willing to pay for that service.

THE ESSENCE

The following is from an article, "The Fantasy Game Machine," by Ron White, San Antonio Magazine, 7/77.

"If pinball is the oldest of the games you'll find in a game room, its continued popularity is attributable to its nonsense seriousness. It's a game where skill, timing and experience count most — the mastery of man over machine, proving to himself that a creature of wires and lights and buzzers can't beat a human being.

It's not the same with many of the new machines. Skill and experience can help someone ring up a higher score, but winning is not the object of the game. The object is to create a fantasy.

And fantasies they do create. For 25 cents and a few minutes of your time, you can be Walter Mitty soaring through clouds of heroism. You can become a submarine commander, a flying ace, a race car driver, a sheriff gunning down bad guys, a spaceman fighting off otherworld monsters by exploding their space ships with a pulsar gun.

For the sales clerk, the young boy with adventure in his mind, the middle-aged man with adventure behind him, game machines turn a drab existence into a high-pitched, action-packed adventure. A kid may ride a bicycle home, but for a few moments he was driving a race car. A man may go no higher than an elevator ordinarily will take him, but for a while he soared and dived at the controls of a fighter plane.

The fantasies generated in game rooms satisfy a secret urge. Perhaps the best we could ask of these fantasy games is that every head of a nation capable of starting a war be required to spend an hour a day playing them."

ATARI BUILDS 'EM BETTER

July 19, 1977

Atari, Inc.
P.O. Box 9027
Sunnyvale, California. 94086

Dear Atari,

Just a note to let you know that you do BUILD 'EM BETTER!

On July 14, 1977, one of our employees was on his way to exchange an Atari Space Race for an Atari Anti-Aircraft. When a car passed a truck, the car was in his lane and to avoid a head-on collision at 55-60 mph he took to the shoulder of the road. In the process of correcting his vehicle, the rope broke that was holding the game on the truck. Off went the game, down the road end-over-end for about 25 yards. As the cabinet is very ridged, damage occurred only to the corners. The machine was brought back to the shop, plugged in and it worked perfectly. Some body putty and touch up paint on the corners of the cabinet and all is well once more.

Yours truly,

Fred Lange, President
Action Amusement, Inc.
Klamath Falls, Oregon

TIME 2000™ T-SHIRTS



Time 2000™ T-Shirts will soon be available. If you would like to order them for a special promotion or give away, they will be available through Atari Distributors.

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