

12/2007

the **Merit** touch

From the Desk of the CEO

Merit Celebrates 30 Years Thank You Operators for 30 Years of Partnership

A lot changes in 30 years. The world in 1977 was mostly analog, much less globally interconnected, and not nearly as fast-paced, compared to the digitally-driven, 24/7 environment we inhabit today. Over the last thirty years, Merit has grown from a garage-based startup to become the most successful casual game company in the world.

Merit's success stems in part from decades of hard, smart work at the factory. But equal credit lies in the hands of our customers – the street operators – who saw the opportunity to profit from operating touchscreen countertops and capitalized on it. Together, we have enabled generations of players to experience and covet



the Megatouch experience. Together we have built a franchise that delivers and monetizes over four billion game play experiences every year. Together we have created value, for operators, distributors, and Merit, beyond anything envisioned 30 years ago.

From everyone at Merit, please accept our sincere THANKS for your key role in making that happen.

The past 30 years have not always been easy.

Many times, Merit has had to reinvent itself to meet changing market needs. Fortunately, the basic approach of providing compelling entertainment never goes out of style. And neither do the core principles on which Peter Feuer founded the company: a) build great products, and b) take care of customers. Those simple principles are driving action at Merit today, just as they did three decades ago.

I wish I could tell you we are always perfect – we're not. I wish I could predict exactly what players will want tomorrow – I can't. However, I do promise that Merit will continue to deliver the best games, software, hardware, service, and support »»3

“Our company is excited and optimistic about the new suite of Merit products unveiled at the AMOA show. The new Entertainer and portable Firefly have many interesting possibilities for previously untapped locations. We look to Merit to consistently think outside the box and bring new and innovative products to the market.”

**Tom Green
-Blackhawk
Music Co.**

coin a phrase:

» Wishing You a Happy Holiday Season! «

– from all of us at Merit

Op:talk

“Merit continues to offer operators the most innovative software solutions in the industry. Year after year Merit keeps the operators’ best interests in mind, and creates the entertainment that keeps our cash boxes full.”

– Rick LaFleur, LaFleur and Son

OPERATOR TO OPERATOR ADVICE

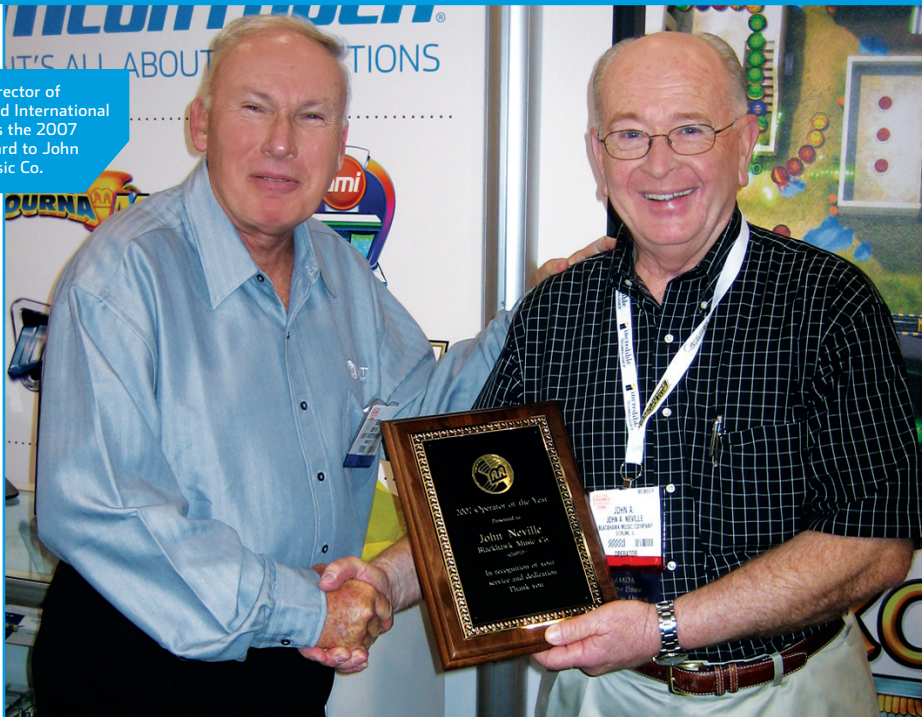
by Michael Lee of
Automatic Vending

HERE’S HOW TO MAKE 30 HAPPY CUSTOMERS:

Buy 10 Auroras, the newest member of the ION product line, and put them on your route in place of 10 ION Elite Edges or ION eVos. Take those 10 IONs and replace your 10 best producing Force eVos. Take those 10 Force eVos and replace 10 older Force units. Sell the 10 old Force units in the residential market (hurry, Christmas is right around the corner!). You’ll see a bump in revenue from upgrading all of the equipment and you’ll be able to use the money from selling the old Force units to help pay for your Auroras. Best of all, 30 of your customers will be happy that their equipment was upgraded.

» OPERATOR CHOICE

Bob Fay (left), Merit’s Director of Government Relations and International Market Division, presents the 2007 Operator of the Year Award to John Neville of Blackhawk Music Co.



Have you ever experienced a “Coin Jam” error message?
Coin jams may be caused by issues with:

- » Coin acceptor
- » Bill acceptor (note acceptor)
- » I/O board
- » Optical Sensor board (Radion\Select\Slim)
- » Jumper settings

Procedure to correct Coin Jam:

Once the “Coin Jam” error alarm stops (about 30-40 seconds), try inserting bills (paper notes) and coins.
If bills and coins are accepted and registered, then the Dollar Bill Acceptor (note acceptor) and coin mech are not in question.
The problem may be related to the I/O board, harness or jumper settings.

If the “Coin Jam” error message appears when inserting a coin or bill, then the coin acceptor or DBA is the likely culprit.
At this point the coin acceptor, bill acceptor, or I/O board may need to be replaced.

TechTip: The I/O boards have 6-8 credit input channels. The U.S. uses channels 1 & 2 for coin and bill.
Refer to the game manual for further information.

TechTip: If “Coin Jam” appears on the screen after installing a replacement I/O board, compare the jumper settings on the removed I/O board with the recently installed I/O board.

All I/O boards ship with specific jumper settings. They may need to be changed due to differing coin mech configurations.

Operators and Technicians: Send your tech questions to jperry@meritgames.com and I will be happy to assist you.

(continued from cover)

From the Desk of the CEO

that we can. And that taking care of our customers will remain our top priority.

I am confident that together we will drive at least another 30 years of tremendous success, by entertaining and delighting millions of game players across this wonderful world. Congratulations and thanks for helping to make the first 30 years so successful.

-Mike



Mike Maas
CEO



» MERIT'S 2008 SOFTWARE



There has been a ton of hype surrounding Merit's 2008 software release and the types of earnings increases operators can expect after upgrading. I'm here to help you wade through the numbers and show you how to get the most out of your Megatouch.

Merit does an "apples to apples" comparison of machines running new software against those still using the prior year's software from July through the following January. We use MegaNet connected machines to collect raw data, so the numbers are 100% real.

There is one absolute fact about the coin-op industry — collections on machines with older software will eventually decline. Merit cabinets however, earn for years beyond the original purchase because of our software upgrades. Reloading your Megatouch with the most current software jump-starts earnings and keeps collections at a high level.

Re-covering your pool tables once or even twice a year keeps them earning at their max, and is well worth the \$600 recovering cost. Back in the days of CD jukeboxes, spending the 40 bucks a month to put fresh music on the jukes virtually guaranteed staying above a \$100 weekly gross. So, it makes sound business sense that keeping your Megatouch systems updated with current software is one of the best investments you can make for your route.

*"Merit cabinets...
earn for years beyond
the original
purchase
because of
our software
upgrades."*

Each spring we provide a free software update chock full of new trivia questions and photos. We do this

because we discovered, as far back as the mid-80's, that reinvigorated Trivia Whiz and Photo Hunt databases keep players coming back for more. Players flock to the fresh entertainment, flooding your cashbox and ensuring location retention.

So, when should you update your games? Quite simply, as soon as possible. Updating your machines with the fall release as soon as it hits the street results in the biggest earnings bump and puts you in line for an additional earnings jolt when the free spring software update arrives.

By now you've heard the positive buzz on the 2008 software from fellow operators. It is real and it is making money! Plenty of Megatouch machines earn upwards of \$500 a week on a consistent basis. Why not yours?

If you want to find out how to get in on this earnings boost, call me at 800-523-2760, ext 423.

Bob Mills

Vice President of Sales
and Network Business



Customers always come first.
Listen to customer needs.
Develop the products that customers need.
Deliver superior quality in everything we do.
Help customers make money.

THE MERIT CUSTOMER PROMISE

MERIT ENTERTAINMENT

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