

# Gremlin News

A Sega/Gremlin Employee Newsletter

Volume 2, Number 1

January 1982



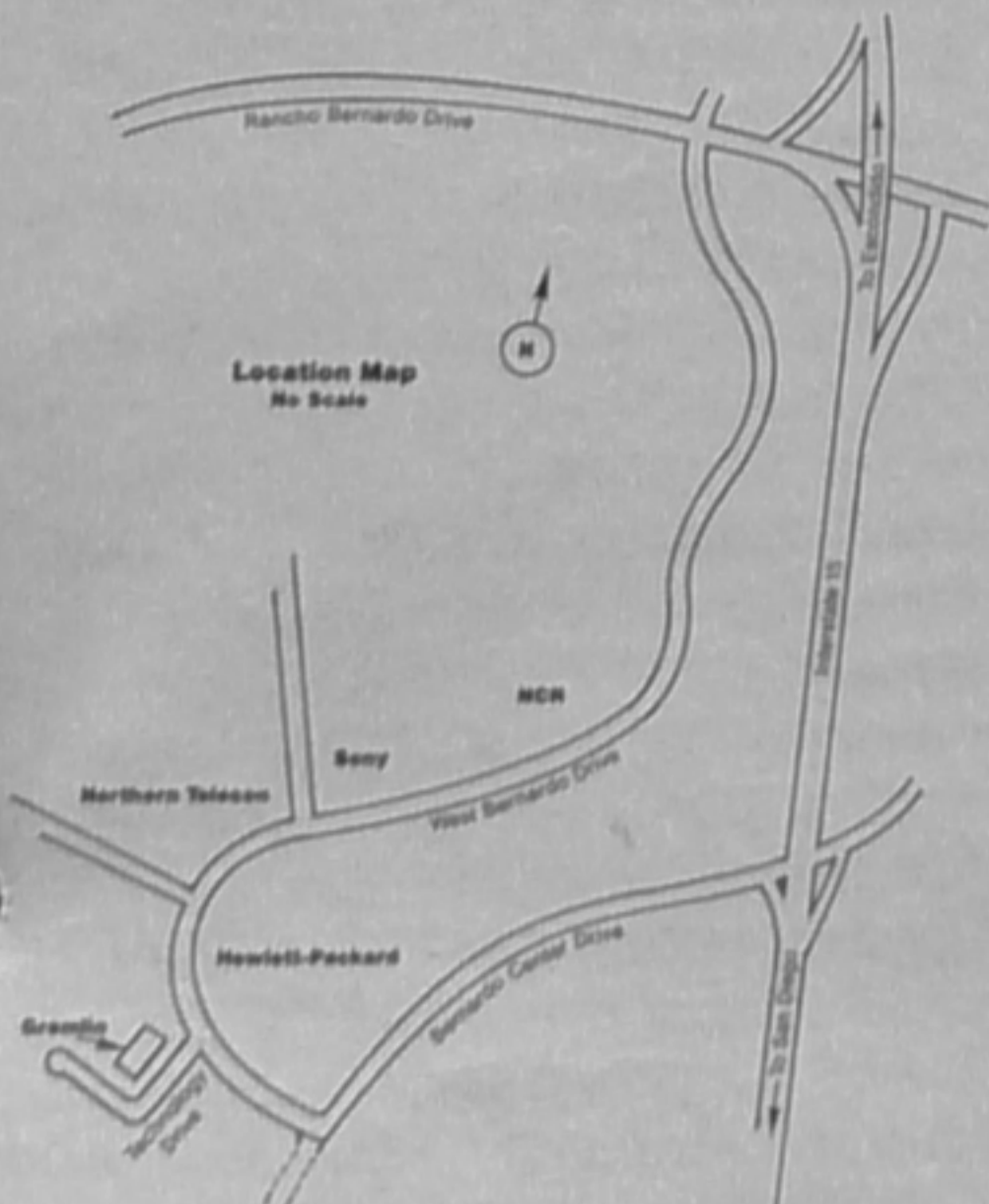
16250 Technology Drive, San Diego, CA 92127

## Directions

From San Diego, travel NORTH on Highway 15. Exit on BERNARDO CENTER DRIVE. Turn left (west) on BERNARDO CENTER DRIVE to TECHNOLOGY DRIVE.

If you over-shoot BERNARDO CENTER DRIVE, exit on the RANCHO BERNARDO DRIVE off-ramp. Take the left fork to stoplight. Turn left (west) beyond two stoplights to WEST BERNARDO DRIVE. Proceed south and west to TECHNOLOGY DRIVE.

From Escondido, travel south on Highway 15. Exit on RANCHO BERNARDO DRIVE. Turn right (west) to next stoplight. Turn left (south) and proceed to TECHNOLOGY DRIVE.



## Start Packing

### Gremlin Moves to Rancho Bernardo

At first, everyone believed it. Long delays made skeptics of many. Only the devoted kept faith. Now, it is finally happening. At last. A new year, a new location.

Gremlin begins its move to 16250 Technology Drive in the Rancho Bernardo Technology Park this week. It will join industrial firms like Hewlett-Packard, Sony, NCR, Burroughs and Northern Telecom, all in the same general area. Over four week-ends in February, employees now in five buildings scattered throughout Kearny Mesa will come together under one roof—123,000 square feet. The Wood Products Division will remain at 7077 Consolidated Way in Miramar. The Software and R&D Departments in the Annex will move back into Plant 1 at 8401 Aero Drive. The Traffic Department now at 3556 Ruffin Road south will move to Plant II on 9454 Chesapeake Drive. All moves will be made over the week-end.

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## History of Gremlin Industries, Inc.

After finding that developing a radio telephone that could be carried in a briefcase, the first ever licensed by the government, was not a sure way to financial success, a handsome redhead decided to use his talents and inclination towards manufacturing timing and oceanographic monitoring equipment using state-of-the-art computer electronics. Two years later, in 1972, he was asked by a San Diego amusement games operator to repair an electronic game. He became intrigued with the possibility of designing a device with more complex and challenging game play. As a result he then decided to manufacture wall games. That entrepreneur was FRANK FOGLEMAN.

Carl Grindle, owner of the nearby Harlan Laboratories, became his partner. Grindle later sold out to two of his employees, GERALD L. HANSEN and GENE A. CANDELORE. The company applied for incorporation in Delaware because there was less red tape there. A man in the office of the corporation commission phoned and asked for the firm name. No name had been selected.

CANDELORE thought of Grindle and Fogleman as half owners and mumbled, "Just call it Grindleman Industries." The bureaucrat in Delaware heard it as "Gremlin" and it was thusly recorded.

In 1973, the company began production of its first commercial entertainment device, a wall game called "Play Ball."

By 1975, the company had expanded to the point that it had outgrown a number of temporary facilities, on Convoy Court, and moved into its present headquarters

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## Gremlin Moves

Reporting to the new location on February 8 will be Printed Circuit Board and Sub-Assembly and the Test Department. The physical move is scheduled for February 6. The following week, February 13, Plant 1, first floor (except for final assembly) will be moving—Receiving, Receiving Inspection, Materials Stockroom and Customer Service Stockroom.

On February 22 all of the offices in plant will begin operations in Rancho Bernardo, the move being made on February 20. Final Assembly will move on February 27.

The new facilities at Rancho Bernardo were originally built by ITEL to house its large computer manufacturing operation. Because of unexpected business reverses ITEL abandoned its plans to expand into San Diego and the building was never completed and occupied. In the meantime, Gremlin had been looking for new quarters to house its expanding coin operated video game manufacturing activities. The ITEL building was a fortunate find.

Almost 12 months were to pass before arrangements to lease the building were completed. During this time period the 123,000 square feet, which had been adequate, became too small. The result is the requirement to leave the Engineering Department behind in Plant 1 and to convert Plant 2 into warehousing and shipping.

Orchestrating the leasing arrangements, remodeling and furnishings was P.W. GORRIE, VP, Administration/Controller. He was responsible for lease arrangements, contract negotiations and financial accountabilities. Directing the day by day activities was in the capable hands of RALPH HAWKINSON, Manager of Facilities. He coordinated the work with all contractors and sub-contractors and is directly responsible for the scheduling and for the physical moves.

Nielson Construction Company was the major contractor who not only built the original building but also did the renovations. Berg

Electrical Company did the electrical work, Goodale Company did the fencing and racks, San Diego Fire Equipment Company the automatic fire sprinkling system, and Signalman Company the security system. Design Focus was responsible for the interior decorating and R.W. Smith Company the cafeteria.

The telephone system will be a Pacific Telephone Dimension 100 with quiet dialing. Musicale Company is providing piped in music and the paging system. Commercial Maintenance System will provide maintenance services, California Protective Services will provide security and Regal Cafeterias will operate the lunchroom.

The new building is completely air-conditioned. All office areas are carpeted. There are three vending areas with refrigerator and microwave ovens for employees. Regal Cafeterias will operate a cafeteria where hot foods may be purchased. The production area will have automatic insertion machines, the most modern test equipment and complete conveyor system in the final assembly area. The receiving and storage areas are accessible by forklifts. There are two training rooms and several conference rooms.

Employees will enter the building through a single employee entrance. An auxiliary entrance will be open during the beginning and ending of each shift. A security guard will be stationed at each exit. Vendors will be admitted through the main employee entrance and escorted to a waiting room. Visitors may enter through the main lobby which leads to the executive offices.

Immediately adjacent is the employment entrance and interview rooms where applicants will be screened and interviewed. Personnel working in the administrative areas may use the main lobby entrance.

New identification badges will be issued prior to the move and must be shown to the guards to gain admittance. Temporary identification badges may be issued by the security guards upon authorization from Personnel.

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## History of Gremlin

at 8401 Aero Drive. It was here, in 1976, that Gremlin designed and introduced a self-contained business computer which offered highly sophisticated color graphics capability plus flexible general purpose business usage.

In 1978, the company was acquired by SEGA Enterprises in Century City, Los Angeles, a corporation with over 25 years of experience in the amusement industry. With this acquisition Gremlin became affiliated with a "sister" manufacturing company, Sega-Japan Manufacturing in Tokyo, Japan

### SEGA Enterprises, Ltd.

SEGA Enterprises, Ltd. began as an importer, distributor and operator of commercial amusement equipment and games. In the 1960's the company was one of the first distributors in Japan to design and manufacture its own games. Sega was acquired in 1970 by Gulf & Western Industries, Inc. and Sega subsequently became a public U.S. Corporation. One of the original entrepreneurs, David Rosen, was elected Chairman and Chief Executive Officer of the successor U.S. Company, Sega Enterprises, Inc. with corporate headquarters in Los Angeles, California.

Today, Sega Enterprises, Ltd. is the umbrella for four distinct, yet related, businesses:

- Sega Manufacturing
- Sega Operations
- Sega Distribution
- Esco Trading Co., Inc.  
(a subsidiary of  
Sega Enterprises, Ltd.)

Sega Manufacturing is the Japanese counterpart of Gremlin Industries, Inc. It is a world leader in the design of commercial computer video and specialized amusement games such as "Grand Derby," a highly sophisticated computer horse racing game.

Sega Operations is one of the world's largest operators of commercial amusement equipment with approximately 37,000 machines on location in Japan. Locations

include leased game centers, hotels, restaurants, department stores and other retail outlets. The Company maintains branch offices in all major Japanese cities to place and service its equipment.

In Japan, manufacturers typically handle their own distribution. Sega Distribution services a large domestic and worldwide customer base with a full line of Sega-manufactured products complemented by items from other domestic and foreign commercial amusement game manufacturers.

With the acquisition in 1979 of Esco Trading Co., Inc., Japan's largest independent distributor of coin-operated amusement games, Sega Enterprises, Ltd. significantly increased its share of the worldwide distribution market. Esco Trading ships product from a wide range of commercial amusement game manufacturers to an international list of customers as well as servicing domestic operators.

Sega Enterprises, Ltd. is headquartered in a 75,000-square-foot, company-owned facility in Tokyo and employs 1,200 persons throughout Japan.

**Sega Center®**

Sega operates 15 Sega Center family entertainment centers, including one in Fashion Valley and Seaport Village in San Diego. These centers range in size from 1,500 to 4,500 square feet. Each center offers an assortment of 50-80 amusement games, predominantly computer video games.

In 1975, Sega became one of the first U.S. amusement game center operations to introduce the use of tokens in lieu of coins. It also offers Segacard,™ a cardholder club which currently entitles members to free tokens each week at any Sega Center of P J Pizzazz, double token days, special events, and a monthly newsletter called "Extended Play.™"

**P J PIZZAZZ™**

The second P J Pizzazz opened in Gardena, California in December. It followed an earlier center located in West Covina, California.

The futuristic P J Pizzazz "Formula" incorporates a unique dining experience featuring a variety of pizzas and other delectable foods from an inviting menu, special live entertainment, two large-screen video projection systems, a special birthday party room, and a full complement of the latest in sophisticated video games and related attractions.

**Hot Meals at Rancho Bernardo**

Hot lunches featuring a special menu, as well as hamburgers and omelettes from the grill, two kinds of soup, and a variety of salads will tempt you in the new cafeteria. Regal Cafeterias will provide the services in a lunchroom, spacious when compared to our old one. The Administrative Department will monitor the cafeteria operations.

Seating for over 90 employees with a panoramic view of the North County setting should permit leisurely dining. In addition, the

**Gulf & Western**

Eighty-five percent of Sega stock is owned by the giant conglomerate Gulf & Western Industries, Inc., owner of such diverse companies as Paramount Pictures, Kayser-Roth (clothing), Madison Square Garden, Simmons (mattresses), Simon and Schuster (publishing), Consolidated Cigar, and Associates (financial services).

cafeteria will cater food for group meetings.

There will be three vending machine lunchroom areas to give easy access during breaks. Refrigerators, microwave ovens and tables and chairs are also available for those of you who may bring lunches from home. We will print menus one month in advance so that you will know what the day's special is. Breakfast will be served in the cafeteria every day.

**Luncheon Menu for Rancho Bernardo Cafeteria**

**FEBRUARY 8-12**

- \$2.25 MON-STEAK SANDWICH . . . on French Roll, tomato, lettuce, buttered vegetable
- 2.25 TUE -MEATLOAF . . . mashed potatoes, gravy, vegetable, dinner roll
- 2.25 WED-CHICKEN A LA KING . . . on steamed rice, vegetable, dinner roll
- 1.75 THU -SPAGHETTI & MEAT SAUCE . . . with Garlic Bread
- 1.75 FRI -FISH & CHIPS

**FEBRUARY 15-19**

- \$2.25 MON-BREADED CHICKEN FRIED STEAK . . . mashed potatoes, vegetables, dinner roll
- 2.25 TUE -LASAGNA . . . with Garlic Bread and salad
- 2.00 WED-GRILLED SALAMI AND MOZZARELLA CHEESE . . . on Sourdough bread with French Fries
- 2.25 THU -SWEET & SOUR BEEF . . . on steamed rice, vegetable, dinner roll
- 2.25 FRI -BEEF STROGANOFF CREPES . . . with cheese sauce, vegetables, dinner roll

**FEBRUARY 22-26**

- \$2.25 MON-BEEF FRENCH DIP . . . Au Jus, cole slaw
- 2.25 TUE -VEAL CUTLET . . . mashed potatoes, vegetables, dinner roll
- 1.75 WED-TUNA CASSEROLE . . . with Tossed Green Salad
- 1.95 THU -BEEF BURRITOS . . . with refried beans and salad
- 1.75 FRI -SLOPPY JOES . . . garnished with tomato and lettuce

# Rancho Bernardo to Feature Modern Phone System

The telephone system at Rancho Bernardo is the Pacific Telephone Dimension 100 PBX electronics communications system. All incoming calls will come directly to individuals, bypassing the normal switchboard. This is known as direct dial.

The multi-button telephones will be replaced by a single instrument without sacrificing flexibility. This system will permit you to transfer calls or pick up incoming calls ringing on another instrument. Should you plan to be away from your desk you may program your instrument so that an incoming call will ring automatically on another instrument which you have selected. Upon your return you may return all future calls to yourself. Another option is the ability for an incoming call to move to a second phone after a selected number of rings on the number that is called. An incoming call can be placed upon hold while you dial another number without losing the call or several calls may be combined into a conference call.

These and other features of the new telephone system will be explained to you once the move has been completed. Training of operators is taking place now. Because Rancho Bernardo is in a toll call zone from San Diego, direct lines have been installed. The offices at 8401 Aero Drive, Plant 2 and Wood Products Division will all be tied into the Rancho Bernardo system. Paging will also be possible from each station.

Please note that there are two telephone numbers on your identification badges. Should you have need to call from San Diego without incurring a toll charge you should dial 695-3660. If you are calling from North County please use 485-0910.

There will also be a central intercom/music system.

**TELEPHONES**  
 (From San Diego, toll free)  
**695-3660**  
 (From North County)  
**485-0910**

## Rancho Bernardo Telephone Numbers

(To call from outside the plant, use the prefix "485")

DEPARTMENT	EXT.	DEPARTMENT	EXT.
Accounts Payable	4321	Manufacturing Lab	4347
Accounts Receivable	4323	Office Supplies	4507
Cost Accounting	4351	Payroll	4329
Credit Collection	4326	PCB Assembly	4364
Customer Service	4443	Personnel	4336
Data Processing	4312	Production Control	4480
Employment	4342	Purchasing	4418
Executive Area	4307	Quality Control	
Facilities Engineering	4459	Engineering	4313
Final Assembly	4348	Receiving	4392
Final Assembly		Receiving Inspection	4363
Stock Room	4503	Safety	4459
Final Assembly--		Sales/Marketing	4423
Quality Control	4304	Security	4463
Inspection Test	4359	Shipping	4403
Inventory Control	4398	Stock Room	4506
Liaison Engineering	4465	Sub-Assembly	4364
Main Lobby	4519	Sub-Assembly, Q.C.	4303
Maintenance Services	4459	Test	4411
Manufacturing	4382	Tool Crib	4541
Manufacturing Engineering	4431	Twx/Fac	4399

# Mileage Reimbursement

To assist those employees who will have to drive farther because of the move to Rancho Bernardo, a mileage reimbursement has been approved. An allowance of \$25.00 per month or \$50.00 per month will be made depending upon the distance an employee has to travel to and from work.

To receive this payment which will be given at the end of each quarter (three months) an employee must be on a list prepared by Personnel and be an employee at the time of payment. These monies are considered to be earned income and subject to tax withholding. This program will last for one year.

Should an employee move from one area to another during the year, he will continue to receive the allowance as relocation assistance.

Group A includes employees who live south of a line extending from Ardath Road, La Jolla, to Route 5 and east in the Linda Vista/Mission Valley area to Fletcher Hills and Bradley Avenue in El Cajon. Carlton Hills, Santee and Lakeside area residents are included.

Group B has been selected at that line south of Rancho Santa Fe east to Mira Mesa Boulevard, Scripps/Mira Mesa Ranch and to Mission Gorge Road.

# Parking Regulations

There is ample parking for all employees in the new area. The following rules have been posted:

- a. Vehicles shall not be parked on West Bernardo Drive, Technology Place or Technology Drive. These streets have been designated "No Parking" zones by the San Diego Police Department. Violating vehicles are subject to ticketing or tow-away charges.

- b. Vehicles shall not be operated at speeds exceeding 5 miles per hour, while in the Gremlin Industries parking lot. Drag or other forms of racing are expressly forbidden in parking areas.
- c. Employees are requested to park their vehicles heading into the parking stall. **Do not back in.**
- d. Employees are asked to park in the designated lanes. Except for parking lanes specifically assigned, all parking in the employee area is on a first-come basis. Do not park diagonally taking up two parking stalls.

## Entrances

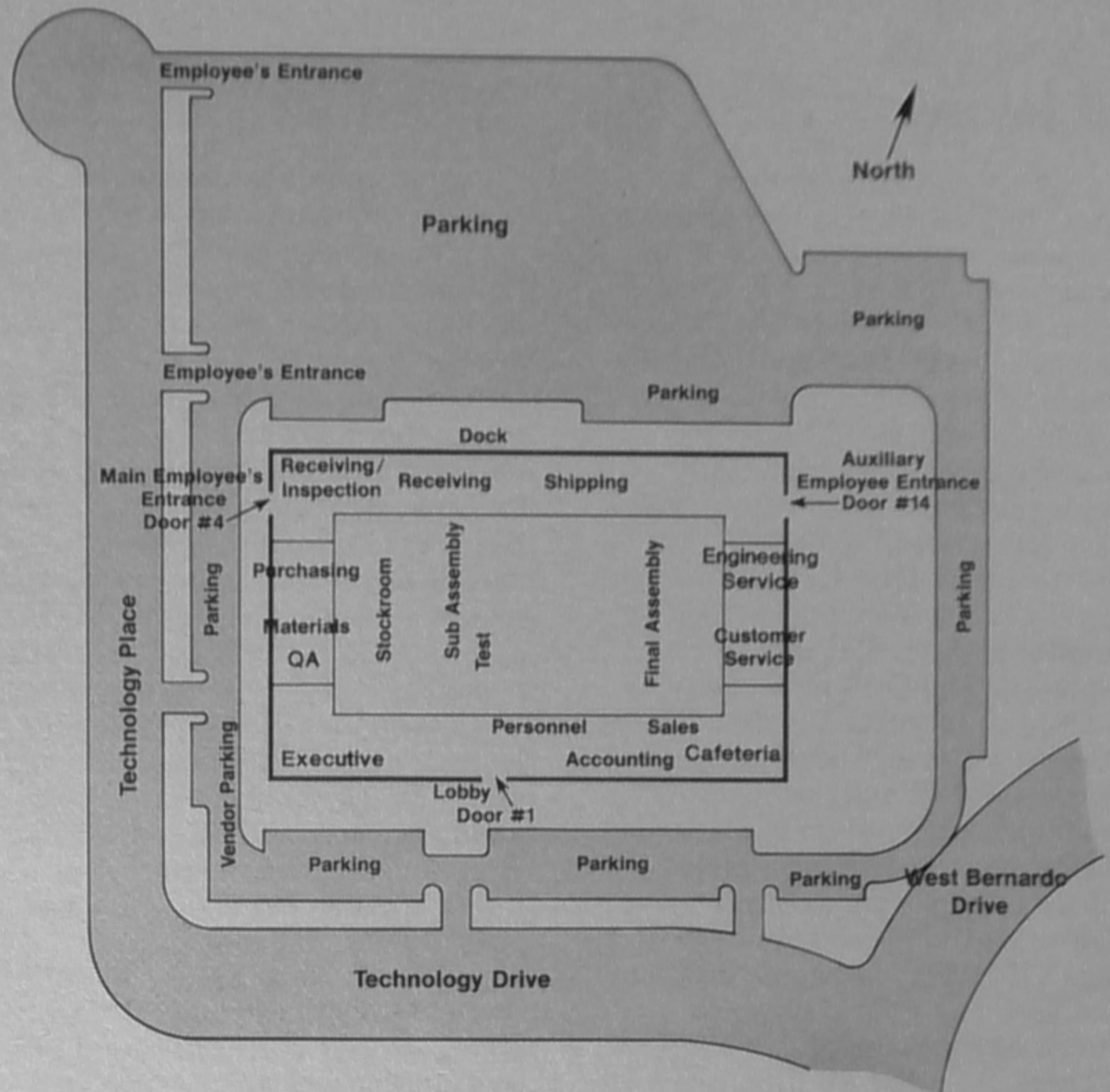
Security personnel will be stationed at the three building entrances to be used for entry/exit purposes. These entrances are:

- a. **Door #1**—Reception/Lobby (southeast side of building) Open: 6:45 a.m. to 5:00 p.m., Mondays through Fridays. To be used by: Executive Secretarial, Personnel, Marketing, Export, Accounting and Data Processing employees.
- b. **Door #4**—Main Employee Entrance (northwest corner of building) Open: 6:00 a.m. to 12:00 p.m., Mondays through Fridays. Open as needed after 12:00 p.m. daily and on Saturdays and Sundays. To be used by all employees, other than "a" above.
- c. **Door #14**—Employee Shift-Change Entrance (northeast corner of building) Open: 6:30 to 8:00 a.m. and 3:00 to 4:00 p.m. on Mondays through Fridays. Can be used by all employees, other than "a" above.

### ADMITTANCE TO RANCHO BERNARDO BUILDING:

Admittance to the Gremlin Industries building will be by valid identification badges. The badges will be worn in plain sight, above the waist line, preferably on the left

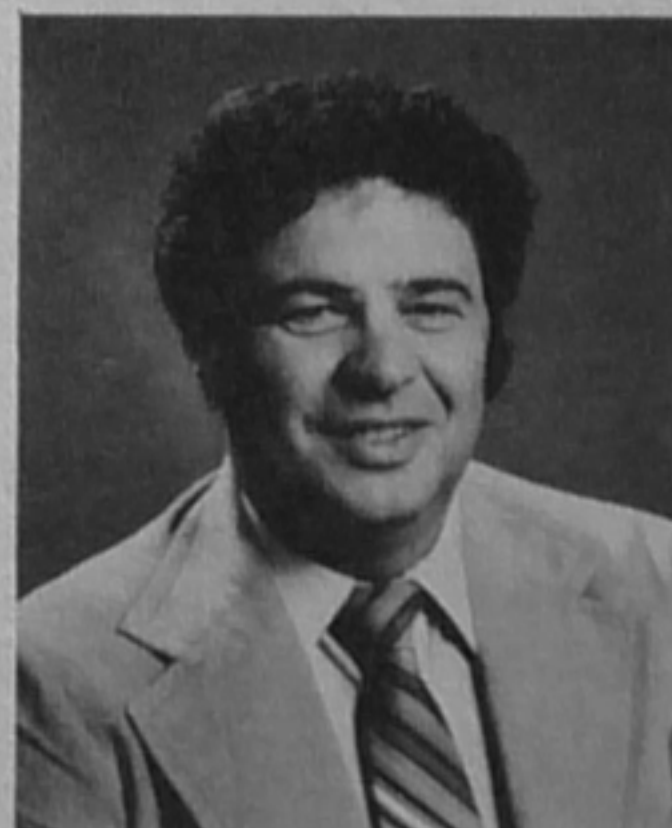
## Plant Layout



## Gremlin Officers



G.L. Hansen



G.A. Candelore



R.W. Gorrie

side of the body. Badges shall be worn at all times while in the building. Employees seeking admittance who do not have their badges shall be detained at the entrance until their supervisor or department manager comes to the entrance to verify admittance and a temporary identification badge issued.

### GremlinNews

A Sega/Gremlin Employee Newsletter  
 Editor—Bert Nishimura  
 Assoc. Editor—C. Johnson  
 Photography—Ron Stein,  
 Lanny Persinger  
 Production—C. Johnson

## Message From Chairman of Board



I am pleased to announce that after one year of planning and preparation we are now ready to occupy our new facility in Rancho Bernardo. This modern automated facility reflects the growth and the future of Sega Enterprises.

During fiscal 1981, the United States was a strong expansion marketplace for video games. We have introduced the G-80 electronics system; Colorbeam, the world's first X-Y color (vector) monitor system; and speech synthesis. The G-80 technology enabled us to introduce the Convert-a-Game™ and ConvertaPak™ marketing programs. This system enables our customers to create new games simply by replacing existing Convert-a-Game electronics with Sega's ConvertaPak game kits. The cost savings to our customers should be substantial.

There are other exciting plans on the drawing board. The new technologies that are being introduced will, I believe, expand our entertainment capabilities and foster even greater business opportunities in the future. The new location should help us immeasurably in taking advantage of these opportunities.

On this happy occasion I would like to express my appreciation to all of our employees for their efforts in making Sega/Gremlin a leading name in the video game leisure/amusement industry.

**David Rosen**  
Chairman/President  
Sega Enterprises, Inc.  
February, 1982

## Message From Vice-Chairman



I grew up in East Tennessee, received my education there in electronics engineering and came to California in the mid '50s, working in the aerospace industry. In 1959 I decided to try my hand as a businessman, and learned that it is mostly hard work, and suffering with rewards few and far between, for most struggling small businessmen. After spending the decade of the '60s in designing and manufacturing instruments for the aerospace industry, I concluded that it might be easier operating outside all of the government restrictions by making a shift into commercial products. The concept was valid, however, the commercial business world has its own pressures and hurdles. When Gremlin got started in 1970 I had one part time employee and 400 square feet of rented space in the Smyth Building where we have turned around our special products for the past year or so. When you mix perseverance and dedication with several years of time, opportunity will usually come your way. Gremlin has certainly had its share of opportunity. I am proud that the company has grown to its current level providing jobs and challenges to many people in San Diego.

I am sure there are people in our organization who will try their hand at carving a path through the frontiers of business and science. After ten years in the game business, we feel Gremlin will find the second decade one with a great deal more stability and reward. Your dedication and perseverance will make this truly Gremlin's decade.

**H. Frank Fogleman**  
Vice Chairman  
of the Board

## Message From the President



I am eagerly looking forward to our move to Rancho Bernardo as Gremlin Industries can now realize the many advantages of having all its manufacturing facilities under one roof. The new facility is not large enough for the entire company so Traffic and Warehousing and Wood Products will still be located outside the Rancho Bernardo area, as will the Engineering Department for another few months.

The amusement machine industry has come a long way since the late 1920's when simple mechanical "pinball" games started the industry. "Pinball" got its name from rows of "pins" which served as the obstacle course for steel balls which the player tried to trap in special holes on the game board. Electro-mechanical and electro-optical games came next. It was not until the early 1970's that commercial game manufacturers coupled television technology with solid-state electronics. The result was the first of a series of video "paddle" games. By the mid-70's, microprocessor technology became the "state-of-the-art" and as component costs came down, the new technology was eagerly embraced by high technology game companies. The computer video game industry is now one of the leading segments of the entire leisure time industry and Gremlin is truly a leader in this business.

The move to new, larger quarters reflects the dramatic growth which has taken place at Gremlin. This has been possible only because of our dedicated employees. The new year holds much promise for all of us. To all of you, I want to extend the deep appreciation of the company and its management.

**Duane M. Blough**  
President