

Point of ORIGIN

Volume II, No. 26

Friday, October 23, 1992

Austin, TX



Packin' Heat...

Alan Gardner and Mel "Fidel" Green, armed and dangerous at the new building sleep-in. Mel later took care of that nasty facial hair thing and loaned Al some hormones to grow a decent beard of his own.

EA: What's Going On Here, Anyway?

Observations from the conference room

In my role as Point Editor and Information Czar, I'm usually allowed fly-on-the-wall status for management meetings. I don't talk, but I do take notes. So I thought I'd pass along my read of one such get-together this week.

There seems to be a degree of anxiety (albeit a small one, according to the department heads) about what's been taking place on a day-to-day company operating level as a result of the EA deal. The best way to start is to answer some of the questions passed along to Rich, Rob, Fred, Marten and Dallas.

Have we adopted all of the EA employee policies as our own? No. The fact is *nothing* has been decided yet. The EA Playbook, as it's called, was distributed to department heads so they could look it over and pass along ideas. ORIGIN's upper management will take that input to the gang at EA and talk

(See "What's Going On" on next page)

(1)

EA: FYI

Electronic Arts' FY 1993 second quarter revenues jumped 54% from the same period last year. Reported revenues for the quarter which ended September 30, 1992, were \$54,601,000, compared to \$35,420,000 in 1991. Earnings-per-share were \$.22, up 57% from \$.14 last year. According to EA filings, the ORIGIN acquisition contributed \$273,000 to net income for the three months.

EA has announced a joint venture with Victor Musical Industries, Inc., one of the leading entertainment companies of Japan, to create Electronic Arts Victor. EA Victor will convert EA's worldwide library of products into Japanese and create new titles for that market, too. Initial capitalization of the venture is \$10 million, with EA as the majority shareholder. Operations are slated to begin in November, with the first products to be released on the Sega Genesis, SNES, NEC 9801, MS-DOS,

(See "EA: FYI" on back page)

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What's Going On...

it over, then come back again and talk with department heads. The long and short of it is: the policies and procedures process is just beginning. P&P's shouldn't be confused with benefits, which are being treated with a greater sense of urgency to get more money and neat benefits into employees' hands.

When will the company store open? If all of the logistics can be worked out, the inter-company "store" should be open in November, just in time for Christmas shopping. Employees will be awarded points for this year and new points next year. They can be used alone or in conjunction with cash to buy EA and ORIGIN products as well as T-shirts, caps and a host of other stuff. There will be some forms to fill out, a procedure to follow, and some limits on how many items can be acquired, but nothing too painful.

How will the two companies handle their differing management styles? According to UM (upper management), we're not planning on altering the way we create products. The key word is autonomy. ORIGIN is supposed to operate independently from EA and maintain profitability. Final decisions on operations (as well as policies) at ORIGIN remain with ORIGIN UM, particularly Robert. As a new officer of EA and a member of the corporate Board of Directors, he is the only person here who directly reports to a Steering Committee made up of EA and ORIGIN execs. Everybody else should just keep on keepin' on with the current managerial food chain.

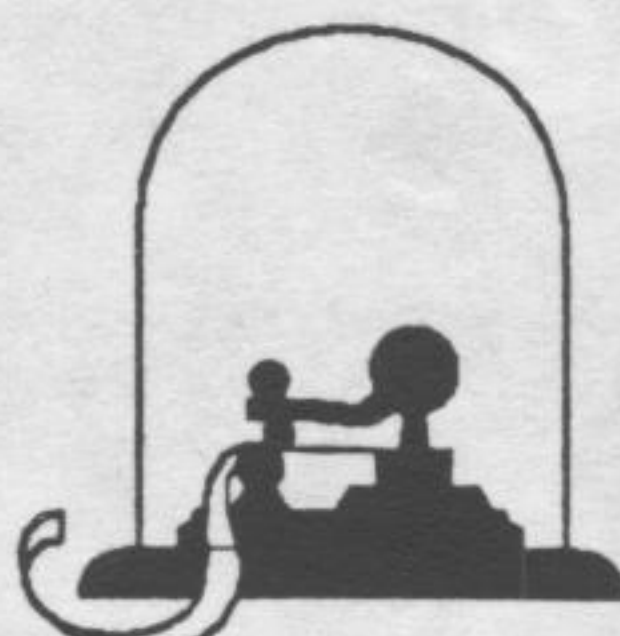
Will ORIGIN employees be able to transfer to EA's other offices here and abroad? There is some long-term potential, but in the short run, we need everybody we have. In fact, we'll soon need even more. Still, transfers are considered an open subject, but not an easy process to go through.

Speaking of growth, that's one of the changes that affects everyone. What's going to happen? No doubt that the EA deal hastens a lot of plans that are in the works. But keep in mind that ORIGIN has grown by a

factor of 100% each of the last two years, so the management in place right now is more than experienced in dealing with expansion.

During the psychology portion of the meeting, three factors were noted as adding to the anxiety: all the excitement of the merger itself, the Christmas season hurtling mercilessly toward us, and the fact that so many products are nearing completion simultaneously. All in all, UM tried to stress to MM (middle management) that employees shouldn't worry about any upheavals. "Relax," Richard said. "The global picture will not change drastically. We're going through a short period of exploration." The focus is still on getting games finished and out the door. Robert added, "Any small changes that employees *do* see will be positive ones, mainly in valuable new benefits for each person."

Ticker



A look at the market as of press time (2:00) this afternoon.

ERTS	35.25	+.625
SIER	12.5	-.125
MPRS	12.5	+.5
BROD	34.75	Unchanged

Mark Your Calendars

November 16-20

COMDEX in Las Vegas (get those demos ready)

November 26-27

Closed for Thanksgiving

December 9

Company Dinner at Green Pastures (formal)

December 21-25

Closed for Christmas

January 1

Closed for New Year's Day

January 7-10

Winter CES (even more demos)

Road Shows

The Sales Gang's been racking up more of those frequent flyer miles in the last month, showing off the fall releases to our mega-distributors: SoftKat, Merisel and Ingram. They've also been hitting the large resellers like Fry's Electronics, Costco, Ballards, Egghead, MicroAge, Insight, Price Club and Fred Meyer Stores. According to U.S. Sprint poster child **Karl Kabler**, everybody was impressed with the lineup and different products appealed to different buyers. Privateer was the big winner with larger accounts such as Egghead and SoftKat. There's a possible bundling opportunity for our CD stuff with Insight Distribution (it's a fast-growing hardware distributor which is moving into software). Insight might decide to bundle Wing 2 Deluxe with its CD-ROM, and that could mean 5,000 per month!

At Price Club's consumer show October 2-3, the response was fantastic (as usual). Right now, Price Club's moving 250+ of the promotional Wing Commander release every week.

Last week, salesman-at-heart **Fred Schmidt** joined the troupe for the Software, Etc. show in Denver. They cranked out 29 training sessions in just one and one-half days, teaching more than 250 store managers about our products. Karl said they were all drooling, especially over ORIGIN FX.

Other comments reportedly voiced by Etc. managers: "ORIGIN titles have absolutely *the best* music and sound in the business," "Underworld is still outselling Ultima VII" (by ratios of 2-, 3-, or 4-to-1, they said), and "Do another ORIGIN music CD!"

SPA/DC

Fred, Mike, Marten and Galen also just returned from the Software Publishers Association Conference in the nation's capital. The trip was part educational/part appearance. We

(Continued on next page)



But is it art?

Micael Priest and an unidentified scalp model pose at Micael's 20th anniversary of his 21st birthday.

Road...

wanted to make sure that the rest of the industry saw that ORIGIN is not covered in the corporate digestive juices of the behemoth, EA. Not to worry, though. To a person, everyone who spoke of the deal did so glowingly.

On to the seminars. Here's a Reader's Digest version of some of the notable things discussed:

Many felt that the future of software distribution could drastically change. Even though CD-ROM will continue its strong growth, they feel that floppies will remain a big part of the picture. Bundling will become even more prevalent as hardware manufacturers seek to add value. Moreover, some said that public access "bulletin boards" of some sort may evolve over which consumers will get their software electronically, bypassing the retail stores altogether.

Looking at hardware, the prognosis is good for PDAs (personal digital assistants) or so-called "palmtop" computers like the Hewlett-Packard HP95 or the Sharp Wizard. Those companies are striving to increase the ability to capture information from a variety of sources, organize it in simpler ways, and move it to different equipment, such as another PDA, a computer or a recorder. Wireless, infrared transmis-

sion is already a reality for some PDAs. Analysts predict that as the units get smaller and more affordable, they'll just about replace the paper notepad most of us have next to our computers for jotting quick items.

Finally, one of the more thought-provoking items about technology. While the country is talking (and worrying) about the North American Free Trade Agreement and whether it will ship jobs to Mexico, Jim Bazell, the president of EduQuest, raised the possibility that the boom in telecommunications might make white-collar jobs an exportable as well. He cited the fact that many white-collar executives no longer need to be in metropolitan nerve centers like New York and Chicago because they can keep in touch and actually work via computer and modem. That kind of decentralization may have its own long-term effects.

NEWS.TXT

(OAKHURST, CA)—Sierra On-Line has released King's Quest VI: Heir Today, Gone Tomorrow. According to an SOL press release, players with sound cards can hear a sampling of "Girl in the Tower," the game's love ballad. Inside each box will be a list of radio stations which have received the full version of the song, along with numbers for their request lines. The idea is to make "Girl in the

The opening animation of King's Quest VI takes 1.2 gigabytes of hard disk space, but it has been modified to fit on two high-density floppy disks.

Tower" the first computer game song to get commercial airplay. Here's another bonus: limited edition lithographs entitled "Lord of the Dead," autographed by Roberta Williams, will be available for \$300 each. The press release goes on to say that the opening "cartoon," in its original 3-D rendered design, takes up 1.2 gigabytes of hard disk space. But it has been modified to fit on two

high-density floppy disks. A CD-ROM version of the game is planned for early 1993.

(SANTA CLARA, CA)—Intel Corp. reported \$1.43 billion in sales for its third quarter, which ended September 26. Industry analysts say the fierce PC price war has been a boon to chip makers. Intel's sales are up 20% from the same period last year. And a glimpse of things to come: Intel says, for the first time, its 486 products are outselling its 386 offerings.

(CARLSBAD, CA)—Stac Electronics, Inc. stock has plunged following the news that Microsoft will include data-compression technology with DOS 6.0. Stac went public this past May, offering shares at \$12 each. They soared to a high of \$15.75 in June. At press time this morning, Stac was trading at \$3.50. In the company's initial public offering prospectus, it noted: "There can be no assurance that Microsoft or personal-computer manufacturers will not incorporate a competitive data-compression technology in their products."

Positive I.D.

The British Invasion continues. Three programmers have been imported to help us out with cartridge development. Axel Brown, Robert Walker ("Rab") and Julian Alden-Salter hail from Imagitec in England. According to C++ Czar Thomas Blom, Axel (who's been with us before) is a SNES whiz, and Rab and Julian are Sega gods.

Justin McKinnerney also came aboard this week. He'll be doing "anything he can do" programming-wise to help out with Serpent Isle and Arthurian Legends.

MIS has a new LAN Pro, Kathie ("Kat") Lambdin. She'll start Monday as Network Services Manager. Kat designed, built—and for the last two years—single-handedly managed a big intrastate NetWare 386 LAN for the State of Texas. Now the real challenge begins...

(Continued on page 5)

New in the Library

Xtra Drive software/IIT
 Links 386 Pro w/Barton Creek/Access
 Design your own Railroad/
 Abracadata
 Rampart/EA
 Heart of China/Dynamix/Sierra
 Robosport/Maxis (4 copies)
 Secret of the Silver Blades/SSI
 Intel 486DX PC advert. pack
 Microsoft WIN NT
 Screenery
 Super Stor Pro/addstor
 Magic Candle/Mindcraft
 Magic Candle 2/Mindcraft
 Keys to Maramon/Mindcraft
 Rules of Engagement/Mindcraft
 Breach 2/Mindcraft
 Siege/Mindcraft
 PowerMonger/EA
 Birds of Prey/EA
 Might & Magic III & IV/New World
 Computing
 Harpoon/Three Sixty-EA
 Harpoon N. Atl. Convoy Battleset 2/
 Three Sixty-EA
 Theatre of War/Three Sixty-EA
 Ultima VII
 Forge of Virtue

Coming Soon:

Wing Commander: Freedom Flight
 (Nov.)
 Quest for Clues VI:
 The Book of Swords (Dec.-Jan.)
 More Avatar Adventures (Jan.-Feb.)

Within one month of game releases:

Strike Commander Playtester's Guide
 Balancing the Scales:
 The Serpent Isle Cluebook
 Gems of Enlightenment:
 Underworld II Clue Book

Did You Know...

A group called Avatar
 Investors Assoc. holds
 316,400 shares of EA stock.

Dear Point Man

Dear Point Man:

There's some confusion about EA's stock deal—specifically, what's the difference between the option plan and the employee stock purchase plan?

Signed,

Ivan Boesky

Dear Ivan:

What is this? Wall Street Week? Anyway, here goes:

First of all, remember that the two programs are completely separate and independent. Let's start with the stock option plan. Every employee is awarded a certain number of shares with a locked-in price which is determined on the day the EA Board of Directors approved the grant. Basically, these are shares set aside for you at no cost to you. If you decide to "exercise your option," you take ownership of the shares and, under certain circumstances and procedures, may simultaneously turn around and sell them at whatever price the stock may be trading at on the day you take possession. and pocket the difference. For example, if you had 100 shares valued at \$28 at time of grant and exercised the option on a day when the EA stock price was trading around \$30, you'd make \$200, assuming that you're 100% vested. (\$30-\$28 X 100 shares). What seems to screw everybody up is "vesting." All that really means is that you can't immediately exercise all of your options on Day One. You get access to the shares little by little (2% a month), so that at the end of 50 months, you have access to all of your options. To put it simply, after one year, you could exercise 24% of your options, after two years-48%, after three years-72%, and after four years-96%. Why spread it out? As incentive for you to stay with the company. If you're awarded additional fresh options periodically, you may never want to quit.

Now let's look at the Employee Stock Purchase Plan (ESPP). Forget any option grant lock-in price for shares you've already received; it doesn't mean a thing here (remember, these are separate programs). In the stock purchase plan, once you have enrolled (which only happens twice a year), you can have a percentage of your total after-tax compensation (up to 10%) withheld from your paycheck. At the end of every six months, EA takes a look at the lowest price its stock sold for during that period, knocks another 15% off of the price, and allows you to buy shares at that discounted price. Unlike the other plan, these are 100% vested real shares that you actually pay for and take possession of right away. They're yours to hold or sell or whatever. The advantage is obvious: you're able to buy shares of stock at bargain-basement prices—considerably lower than what the average Joe Blow can get.

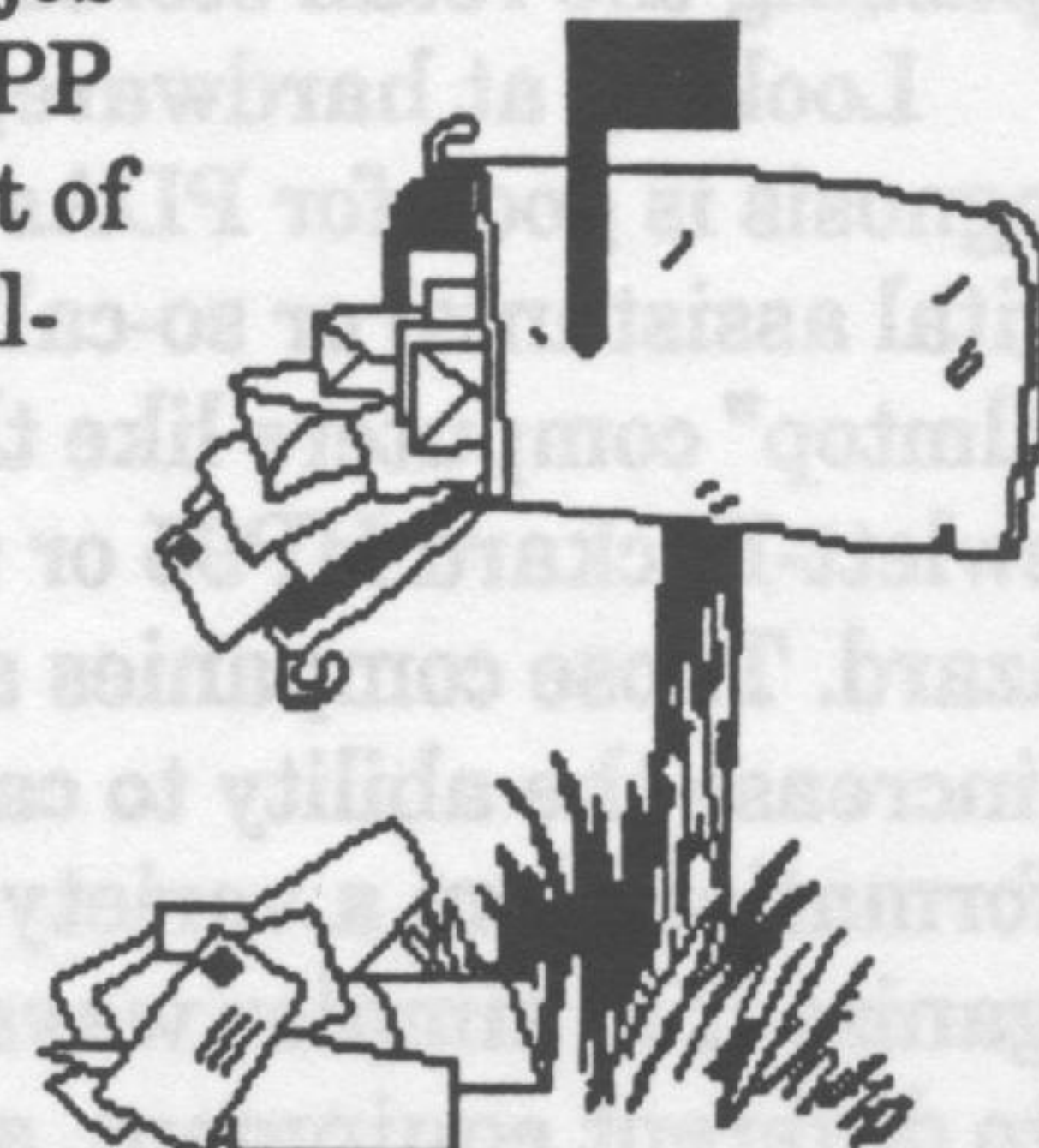
Those are the basic differences. Ruth Kennedy, EA's legal counsel, and Barbara Wallace, EA's stock administrator, will be coming to town in the next few weeks to answer more detailed questions. Stock option grants have already been distributed to most employees and will continue to be provided to existing employees who may be promoted to new job classifications, as well as to new employees. The ESPP program will be covered in more detail after the first of the year, as we get closer to the next available enrollment period (which is around February-March).

Dear Point Man,

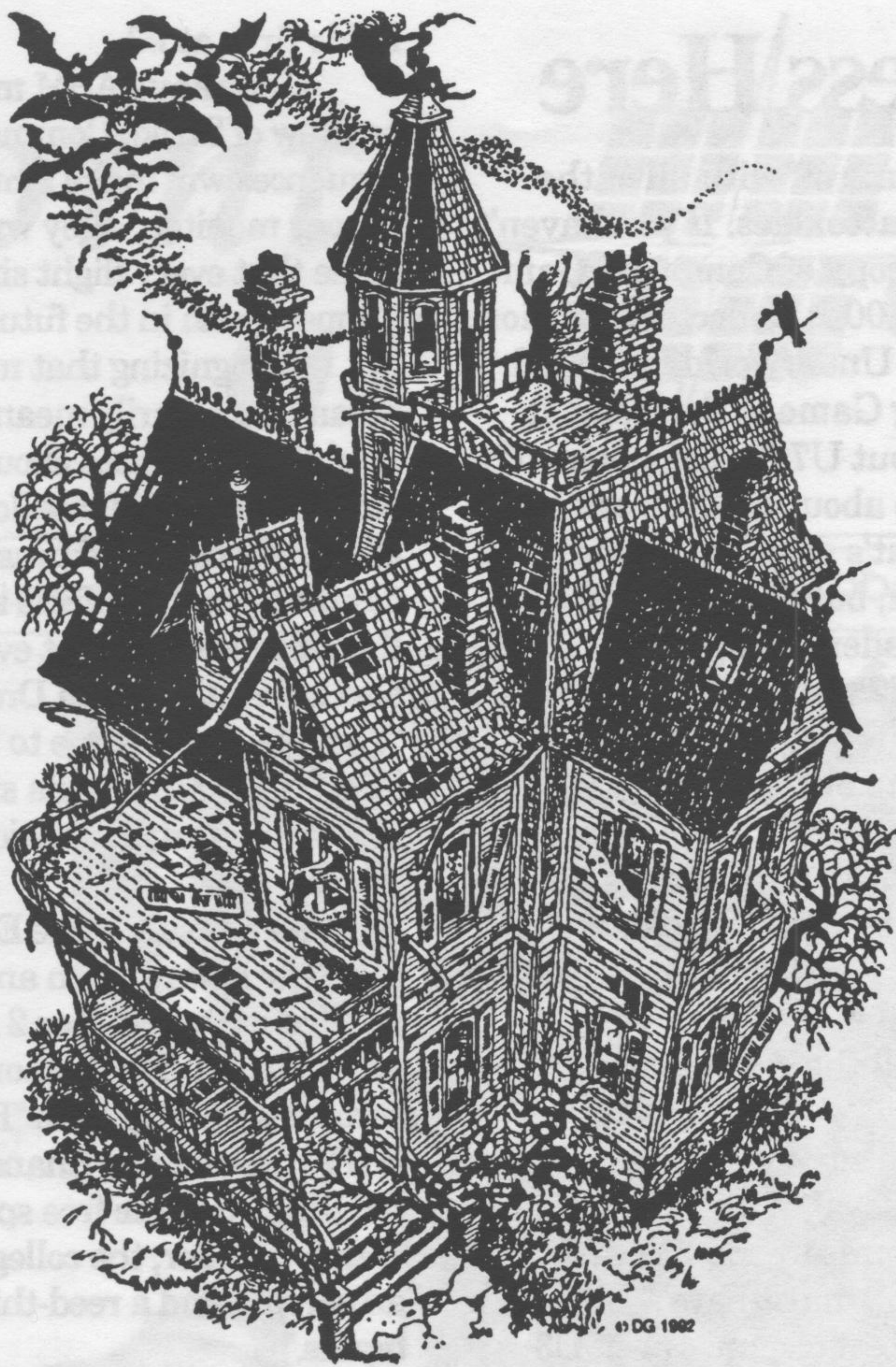
Why is Rebecca(the Strange)Heidt's right eyelash half white?

Signed,

Just Wondering



(Learn the shocking answer on the back page)



Haunting Questions

Britannia Manor's been taking on that eerie feeling. Next week, Richard will once again beckon unsuspecting victims to enter what's become the biggest, baddest haunted house ever.

At the heart of the evil will be a familiar face. The Guardian will have his minions working to build the Black Gate so he can come through it to rule Austin and wreak his revenge on Lord British for foiling his entry to Britannia. The final stop of the real-life quest rivals the Ultima VII end game in terms of production values.

A few new things have been added this year. Lightwave Research, a local company which does lighting and special effects for rock concerts, has loaned about \$80,000 worth of lights and laser beams to the house. As part of the fire ritual, there will also be equipment in place to unleash fire balls 40 feet into the air.

One other change may not be as popular. There will be no complimentary passes available to ORIGIN employees. In fact, there are not even complimentary passes for the 150 or so people who've put in about 3 person-years on construction during the last month. Richard offers up his sincerest apologies, but explains, "When we did the last house in 1990, more than half of all those who toured were on complimentary passes. That's really not the aim of the Haunted House. It's designed for the public, so we had to bite the bullet and do away with passes this time around."

Richard offers up some suggestions. Anybody who wants to take a half-day of vacation time (excluding the Strike and Serpent teams) can stand in line for a group of four on Thursday or Friday. All party members have to be there at 5:00. The gates open at 6:00 and tours begin at 7:00. Likewise, all ORIGIN employees can make it a day in line on Saturday, since there are no work conflicts. Bear in mind that the house can only accomodate 200 guests each night.

I.D. ...

QA's undergone an almost entirely new face-lift. **Jason Smith** has lived in Austin for about 10 years now, but he hopes to head off to the University of Colorado next year. Meanwhile, he'll be working on Serpent Isle and Game Boy stuff. **Starr Long** just graduated from Louisiana State University in technical theatre. She does the lighting for her friend's band, Nogood Boyo (Starr says everyone needs to see this band). She'll also be working on Serpent Isle and Game Boy. **Al Moreno** describes himself as "a game enthusiast, aspiring artist and occasional student." He manages a local band called Milk Trout and plays bass. **Greg Hynson** started Monday. He was a federal contractor for the government, but was never far away from computer gaming. "I always played ORIGIN games, even from 6th grade, on the Commodore all the way to IBM. It's been a lifetime opportunity to meet Richard Garriott and friends," Greg says.

Bon retour parmi nous, Betty Peltier-Weber! Betty's back with us again in the Translation Department, working on Serpent Isle.

Billy Cain is one of those guys who seem tailor-made for ORIGIN. First of all, he used to work at Lucy in Disguise, our unofficial costume center. Second, he was with a band here called Culture Shock—another bass player. Finally, he was the 1982 State Champion in Defender, a stand-up arcade game. 7-11 ran the contest and Billy won the full-size game itself.



To get to Britannia Manor:

Take 2222 west (away from town) past Loop 360. The first traffic light is City Park Road. Take a left on City Park Road and follow it 1.3 miles to the first paved right (Westcliff). Take a right on Westcliff. It will dead-end at Two Coves Drive. Take a left on Two Coves Drive. Britannia Manor is the one on the left at the end of the cul-de-sac.



EA: FYI...

FM Towns and leading CD-ROM platforms. Victor Musical Industries is a wholly owned subsidiary of JVC which publishes video, music and entertainment software products. VMI's annual sales last year were \$445 million.

EA has also signed a multi-year licensing agreement with Sega Enterprises, Ltd. to publish for the new Sega-CD, which is scheduled for introduction into the U.S. market in November. EA has created a CD group which will be headed by Stewart Bonn and Luc Barthelet. All other entertainment development will be under senior vice president Bing Gordon. EA has not announced which games will be produced for the new platform or when they will be released.

Point Man...

Dear Wondering:

I went right to the source for this one. Here's Rebecca's answer:

"It is a scar from a motorcycle accident. When I was about 9, my dad decided to teach me how to ride a dirt bike. I wiped out, and got really bad road rash on my face and tore my eyelid halfway off. I went to the Emergency Room and my mom made them call a plastic surgeon to fix my eyelid. When they took all the bandages off, I didn't have any gnarly

*"As far as facial
disfigurements go, I'd have
to say I lucked out"*

scars on my face but my eyelashes were growing in pure white. They said I was lucky any grew back at all.

"As far as facial disfigurements go, I would have to say I lucked out. I like the way it looks. People ask me all the time, 'Where did you get your eyelashes done? How can I do that?' In the back of my mind, I would like to offer to rub their face against some pavement, and see how things turn out. When I tell them it is a scar from an accident, they either don't believe me, or get really embarrassed for asking."

Press Here

Let's start off with all of the awards and accolades. If you haven't picked up a copy of Computer Gaming World's 100th Collector's Edition, check it out. Underworld is named Role-Playing Game of the Year. It had to beat out U7 for the honor. The editors write about Underworld: "It's the game that's safer than being in a real dungeon, but doesn't seem like it." In the readers' poll, Underworld's holding the #2 spot, following Civilization and nudging Wing 2 to #3. Wing 2 has its own place in the spotlight as a finalist for Action Game of the Year. (Lemmings takes the title). Overall, ORIGIN holds a commanding visibility in terms of product excellence. Thanks and congrats to all the development teams.

In a sci-fi survey in the same issue, Evan Brooks says, "Wing Commander set new standards in graphics and gameplay. It's a 'must-have'." In CGW's review of the best of games past, U3 shows up in the top 5 games of '84 and '85. U4 shows up in both '86 and '87. U6 shows up in '90 and '91. Two separate articles deal with the EA/ORIGIN deal, both referring to it as the "ultimate value." "To exploit future platforms," the editors write, "[Electronic Arts] will need recognizable, marketable products with solid technology. ORIGIN provides both."

We've been informed that Underworld and Wing 2 make this year's Games 100 List which will be published in the magazine's December issue. (More applause.) With a circulation of 200,000, Games claims to be the largest general-interest game and puzzle publication in the world.

Jennie Evans must have slipped something in the editors' drinks at Gen 4 in France. They put a blowout preview of Strike Commander in the October issue—31 screen shots on 3 pages! The text says things like: "The mountains are so pretty you want to go on vacation" and "Remember Falcon? Here's Strike Commander, much more beautiful and much more captivating." In the same issue, Underworld is #1 in the readers' poll. Wing 2

holds firm at #3.

Germany's ASM magazine has a preview of Strike Commander. "These sequences will make a movie theatre out of your monitor," they write. "This is the game that every flight simulator has to compete with in the future."

Recognizing that multimedia doesn't necessarily mean CD-ROM, Paul Benson writes about Wing 2 in November's PC Home Journal: "An absolutely beautiful musical score and dazzling graphic effects are the openers, then it proceeds to get even better." He also looks at Martian Dreams and says, "You'll find this game to be an engaging interactive multimedia simulation with spectacular art, animation and musical scores."

As a result of the Entrepreneurs of the Year Award, Rich and Rob are profiled in the October 2 Austin Business Journal. The author, Amy Smith, sums it up pretty well: "Robert Garriott is the conservative financial wizard in a tie. Richard is the free spirit, the creative leader, the college dropout with an earring and a reed-thin pair of braids."

Jennie will be buzzing over from England with several "euro-journo's," as she calls them. They are from PC Format and PC Review in the U.K., Gen 4 in France, and Power Play in Germany. They'll be checking out Strike, Privateer, Serpent Isle and ORIGIN FX. Also keep an eye out for Stephen Poole, editor of Game Players PC Entertainment here in the U.S. He'll be working on the big Strike Commander exclusive to run in January (on the cover, too).

Privateer will hit the cover of Strategy Plus in February. That issue will also feature designer notes from our own wordsmith, Anthony Nichols. Plans call for Underworld II to be on either the January or February cover of Computer Game Review. And Serpent Isle has a good chance of snagging the cover of Computer Gaming World in January or February. Media blitz!

Finally, this Sunday's issue of the Austin American Statesman promises to be a collector's edition. There will be a full-blown feature story from theater critic Michael Barnes about the Haunted House, (since Wednesday night benefits Zach Scott), and also a full-blown ORIGIN profile from business writer Kirk Ladendorf.