

11-9/98



100878049

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): Powerhouse Technologies, Inc.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State (DE)
- Other _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other _____

Execution Date: October 9, 1998

2. Name and address of receiving party(ies):

Name: Lehman Commercial Paper Inc., as Administrative Agent
 Internal Address: _____
 Street Address: 3 World Financial Center
 City: New York State: NY ZIP: 10285

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State New York
- Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designation must be a separate document from Assignment)
 Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) See attached Schedule 6

B. Trademark Registration No.(s) See attached Schedule 6

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Lori E. Lesser, Esq.
 Internal Address: Simpson Thacher & Bartlett

11/12/1998 DMGUYEN 00000090 75149611

01 FC:481 40.00 OP
 02 FC:482 675.00 OP

Street Address: 425 Lexington Avenue

City: New York State: New York ZIP: 10017

6. Total number of applications and registrations involved: 28

7. Total fee (37 CFR 3.41): \$715.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(Attached duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Lori E. Lesser, Esq.
 Name of Person Signing

[Signature]
 Signature

11-5-98

Date

Total number of pages comprising cover sheet: 4

CONTINUATION OF ITEM ONE FROM RECORDATION COVER SHEET

1. Automated Wagering International, Inc. (DE Corporation)
2. Automatic Music Service of Billings, Inc. (MT Corporation)
3. Automation First, Inc. (MT Corporation)
4. Nuevo Sol Turf Club, Inc. (NM Corporation)
5. Piper Lance, Inc. (MT Corporation)
6. Raven's D & R Music, Inc. (MT Corporation)
7. United Tote Company, Inc. (MT Corporation)
8. United Wagering Systems, Inc. (DE Corporation)
9. Video Lottery Consultants, Inc. (MT Corporation)
10. VLC of Nevada, Inc. (NV Corporation)

Schedule 6**REGISTERED AND APPLIED FOR U.S. TRADEMARKS****A report of all U.S. Registered Trademarks used or
owned by Powerhouse Technologies, Inc. and its subsidiaries**

TITLE	APP NO.	REG NO.
AGS Advanced Gaming System & Design Logo	75/149,611	
Alley Cat Keno	75/089,586	2,052,536
AWI	74/469,465	1,929,069
Bonus Keno	75/089,587	2,034,657
CATE	73/698,505	1,570,684
Four-Leaf Poker	75/089,584	
Hearts & Diamonds	74/534,283	2,157,069
IITAS	74/450,657	1,911,163
Jackpot Fever	74/437,320	2,160,723
Kenomax & Design	75/168,312	
Masterlink	74/547,506	2,162,289
Masterlink	74/437,318	1,917,202
Micro Tote 1000	73/299,010	1,317,698
Millennium Series	75/136,048	
Ovation	74/415,249	1,956,729
Poker Duel	75/090,313	2,043,585
Power Keno	75/089,590	2,054,922
Power Series	75/089,585	2,133,222
Powermax & Design	75/168,313	
Red Hot Sevens (7s)	75/133,871	
Red Hot Sevens (7s)	75/133,695	
Swift	74/437,321	
United Totalisator Micro Tote 1000	73/298,987	1,243,556

Schedule 6

TITLE	APP NO.	REG NO.
United Tote System 1000	73/698,312	1,536,143
VLC	74/465,266	1,868,466
VLC & Design (Logo)	74/469,403	1,868,471
Wininstant	74/246,615	2,020,088
Winning Touch	74/432,162	1,877,453

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINED TERMS	2
1.1 Definitions	2
1.2 Other Definitional Provisions	6
SECTION 2. GUARANTEE	6
2.1 Guarantee	6
2.2 Right of Contribution	7
2.3 No Subrogation	7
2.4 Amendments, etc. with respect to the Borrower Obligations	8
2.5 Guarantee Absolute and Unconditional	8
2.6 Reinstatement	9
2.7 Payments	9
SECTION 3. GRANT OF SECURITY INTEREST	9
SECTION 4. REPRESENTATIONS AND WARRANTIES	10
4.1 Representations in Credit Agreement	10
4.2 Title; No Other Liens	10
4.3 Perfected First Priority Liens	11
4.4 Chief Executive Office	11
4.5 Inventory and Equipment	11
4.6 Farm Products	11
4.7 Pledged Securities	11
4.8 Receivables	12
4.9 Contracts	12
4.10 Intellectual Property	13
4.11 Vehicles	13
SECTION 5. COVENANTS	13
5.1 Covenants in Credit Agreement	13
5.2 Delivery of Instruments and Chattel Paper	13
5.3 Maintenance of Insurance	13
5.4 Payment of Obligations	14
5.5 Maintenance of Perfected Security Interest; Further Documentation	14
5.6 Changes in Locations, Name, etc.	15
5.7 Notices	15
5.8 Pledged Securities	15
5.9 Receivables	16
5.10 Contracts	16
5.11 Intellectual Property	17

SECTION 6.	REMEDIAL PROVISIONS	18
6.1	Certain Matters Relating to Receivables	18
6.2	Communications with Obligor; Grantors Remain Liable	19
6.3	Pledged Stock	19
6.4	Proceeds to be Turned Over To Administrative Agent	20
6.5	Application of Proceeds	21
6.6	Code and Other Remedies	21
6.7	Registration Rights	22
6.8	Waiver; Deficiency	23
SECTION 7.	THE ADMINISTRATIVE AGENT	23
7.1	Administrative Agent's Appointment as Attorney-in-Fact, etc	23
7.2	Duty of Administrative Agent	25
7.3	Execution of Financing Statements	25
7.4	Authority of Administrative Agent	25
SECTION 8.	MISCELLANEOUS	26
8.1	Amendments in Writing	26
8.2	Notices	26
8.3	No Waiver by Course of Conduct; Cumulative Remedies	26
8.4	Enforcement Expenses; Indemnification	26
8.5	Successors and Assigns	27
8.6	Set-Off	27
8.7	Counterparts	27
8.8	Severability	28
8.9	Section Headings	28
8.10	Integration	28
8.11	GOVERNING LAW	28
8.12	Submission To Jurisdiction; Waivers	28
8.13	Acknowledgements	29
8.14	Additional Grantors	29
8.15	Releases	29
8.16	WAIVER OF JURY TRIAL	30

FORM OF
GUARANTEE AND COLLATERAL AGREEMENT

GUARANTEE AND COLLATERAL AGREEMENT, dated as of October 9, 1998, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, (the "Grantors"), in favor of LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") from time to time parties to the Credit Agreement, dated as of October 9 (as supplemented or otherwise modified from time to time, the "Credit Agreement") among POWERHOUSE TECHNOLOGIES, INC, a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), LEHMAN BROTHERS INC., as advisor and arranger (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent").

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Administrative Agent for the ratable benefit of the Lenders;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1. DEFINED TERMS

1.1 **Definitions.** (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, Equipment, Farm Products, Instruments, Inventory and Investment Property.

(b) The following terms shall have the following meanings:

"Agreement": this Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Obligations": the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of the Borrower (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Administrative Agent or any Lender (or, in the case of any Hedge Agreement referred to below, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement, this Agreement, the other Loan Documents, any Letter of Credit or any Hedge Agreement entered into by the Borrower with any Lender (or any Affiliate of any Lender) or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"Collateral": as defined in Section 3.

"Collateral Account": any collateral account established by the Administrative Agent as provided in Section 6.1 or 6.4.

"Contracts": the contracts and agreements listed in Schedule 7, as the same may be amended, supplemented or otherwise modified from time to time, including, without limitation, (i) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of any Grantor to damages arising thereunder and (iii) all rights of any Grantor to perform and to exercise all remedies thereunder, in each case to the extent the grant by such Grantor of a security interest pursuant to this Agreement in its right, title and interest in such contract, agreement, instrument or indenture is not prohibited by such contract, agreement, instrument or

indenture without the consent of any other party thereto, would not give any other party to such contract, agreement, instrument or indenture the right to terminate its obligations thereunder, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents); **provided**, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a security interest pursuant to this Agreement in any Receivable or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture to the extent permitted by Section 9-318 of the Uniform Commercial Code in effect in the applicable jurisdiction or other applicable law.

"Copyrights": (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished (including, without limitation, those listed in Schedule 6), all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

"Copyright Licenses": any written agreement naming any Grantor as licensor or licensee (including, without limitation, those listed in Schedule 6), granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"Excluded Assets": collectively (i) the Capital Stock of Video Lottery Consultants, Inc., a Montana corporation, (ii) the Capital Stock of VLC Nevada, Inc., a Nevada corporation (iii) "slot route agreements," "bucket sale agreements" and other agreements pursuant to which VLC of Nevada, Inc. receives a share or percentage of the gaming revenues and (iv) assets now owned or hereafter acquired and used in connection with on-line lottery systems, in each case to the extent that, and for so long as, the inclusion of such property in Collateral would violate any Requirement of Law or Contractual Obligation binding on the Grantor which owns such property.

"General Intangibles": all "general intangibles" as such term is defined in Section 9-106 of the Uniform Commercial Code in effect in the State of New York on the date hereof and, in any event, including, without limitation, with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (i) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of such Grantor to damages arising thereunder and (iii) all rights of such Grantor to perform and to exercise all remedies thereunder, in each case to the extent the grant by such Grantor of a security interest pursuant to this Agreement in its right, title and interest in such contract, agreement, instrument or indenture is not prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, would not give any other party

to such contract, agreement, instrument or indenture the right to terminate its obligations thereunder, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents); provided, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a security interest pursuant to this Agreement in any Receivable or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture.

"Guarantor Obligations": with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document).

"Guarantors": the collective reference to each Grantor other than the Borrower.

"Hedge Agreements": as to any Person, all interest rate swaps, caps or collar agreements or similar arrangements entered into by such Person providing for protection against fluctuations in interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intercompany Note": any promissory note evidencing loans made by any Grantor to the Parent or any of its Subsidiaries.

"Issuers": the collective reference to each issuer of a Pledged Security.

"Licenses": any license, franchise or permit granted by any Governmental Authority.

"New York UCC": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations": (i) in the case of the Borrower, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Patents": (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

"Patent License": all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

"Pledged Notes": all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

"Pledged Securities": the collective reference to the Pledged Notes and the Pledged Stock.

"Pledged Stock": the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect to the extent the pledge of any such Capital Stock acquired after the date hereof does not violate any Requirement of Law.

"Proceeds": all "proceeds" as such term is defined in Section 9-306(1) of the Uniform Commercial Code in effect in the State of New York on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Pledged Securities, collections thereon or distributions or payments with respect thereto.

"Receivable": any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Securities Act": the Securities Act of 1933, as amended.

"Trademarks": (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related

thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof.

"Trademark License": any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

"Vehicles": all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and all tires and other appurtenances to any of the foregoing.

1.2 Other Definitional Provisions. (a) The words "hereof," "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2. GUARANTEE

2.1 Guarantee. (a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under the guarantee contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall

be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrower may be free from any Borrower Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrower on account of the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other Person or against any collateral security or

guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 **Reinstatement.** The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 **Payments.** Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars at the office of the Administrative Agent located at the Payment Office specified in the Credit Agreement.

SECTION 3. GRANT OF SECURITY INTEREST

Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Lenders, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations,:

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Contracts;
- (d) all Documents;
- (e) all Equipment;
- (f) all General Intangibles;

- (g) all Instruments;
- (h) all Intellectual Property;
- (i) all Inventory;
- (j) all Pledged Securities;
- (k) all Investment Property;
- (l) all deposit accounts and other bank accounts;
- (m) all Proceeds of all Licenses;
- (n) all books and records pertaining to the Collateral; and

(o) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided, that (i) notwithstanding the foregoing, the Collateral shall not include any Excluded Assets and (ii) if at any time after the Closing Date any property which was previously an Excluded Asset ceases to be an Excluded Asset, such property shall immediately and automatically constitute Collateral, and the Grantor which owns such property shall promptly take all actions necessary to cause the security interest created hereby in such property to be duly perfected.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Representations in Credit Agreement. In the case of each Guarantor, the representations and warranties set forth in Section 4 of the Credit Agreement as they relate to such Guarantor or to the Loan Documents to which such Guarantor is a party, each of which is hereby incorporated herein by reference, are true and correct, and the Administrative Agent and each Lender shall be entitled to rely on each of them as if they were fully set forth herein, provided that each reference in each such representation and warranty to the Borrower's knowledge shall, for the purposes of this Section 4.1, be deemed to be a reference to such Guarantor's knowledge.

4.2 Title; No Other Liens. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Lenders pursuant to this Agreement and the

other Liens permitted to exist on the Collateral by the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Administrative Agent, for the ratable benefit of the Lenders, pursuant to this Agreement or as are permitted by the Credit Agreement.

4.3 Perfected First Priority Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Administrative Agent in completed and duly executed form (other than the blocked account agreements)) will constitute valid perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Lenders, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and (b) are prior to all other Liens on the Collateral in existence on the date hereof except for (i) unrecorded Liens permitted by the Credit Agreement which have priority over the Liens on the Collateral by operation of law and (ii) Liens described on Schedule 8.

4.4 Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.

4.5 Inventory and Equipment. On the date hereof, the Inventory and the Equipment (other than mobile goods) are kept at the locations listed on Schedule 5.

4.6 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.7 Pledged Securities. (a) The shares of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor (other than Capital Stock constituting Excluded Assets).

(b) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable.

(c) Each of the Pledged Notes constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(d) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Pledged Securities pledged by it hereunder, free of any and all Liens or

options in favor of, or claims of, any other Person, except the security interest created by this Agreement.

4.8 Receivables. (a) No amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(b) In respect of which any notice, consent filing or other action is required in order to create or perfect the security interest created hereby in such Receivables.

(c) The amounts represented by such Grantor to the Lenders from time to time as owing to such Grantor in respect of the Receivables will at such times be accurate.

4.9 Contracts. (a) No consent of any party (other than such Grantor) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement.

(b) Each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(c) No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature.

(d) Neither such Grantor nor (to the best of such Grantor's knowledge) any of the other parties to the Contracts is in default in the performance or observance of any of the terms thereof in any manner that, in the aggregate, could reasonably be expected to have a material adverse effect on the value thereof as Collateral.

(e) The right, title and interest of such Grantor in, to and under the Contracts are not subject to any defenses, offsets, counterclaims or claims that, in the aggregate, could reasonably be expected to have a material adverse effect on the value thereof as Collateral.

(f) Such Grantor has delivered to the Administrative Agent a complete and correct copy of each Contract, including all amendments, supplements and other modifications thereto.

(g) No amount payable to such Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

4.10 Intellectual Property. (a) Schedule 6 lists all Intellectual Property owned by such Grantor in its own name on the date hereof.

(b) On the date hereof, all material Intellectual Property is valid, subsisting, unexpired and enforceable, has not been abandoned and does not infringe the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 6, on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to the knowledge of such Grantor, threatened, on the date hereof (i) seeking to limit, cancel or question the validity of any Intellectual Property or such Grantor's ownership interest therein, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property.

4.11 Vehicles. The aggregate book value of all Vehicles owned by all Grantors does not exceed \$200,000.

SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Administrative Agent and the Lenders that, from and after the date of this Agreement until the Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments shall have terminated:

5.1 Covenants in Credit Agreement. In the case of each Guarantor, such Guarantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Guarantor or any of its Subsidiaries.

5.2 Delivery of Instruments and Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper, such Instrument or Chattel Paper shall be immediately delivered to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

5.3 Maintenance of Insurance. (a) Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory, Equipment and Vehicles against loss by fire, explosion, theft and such other casualties as may be reasonably

satisfactory to the Administrative Agent and (ii) to the extent requested by the Administrative Agent, insuring such Grantor, the Administrative Agent and the Lenders against liability for personal injury and property damage relating to such Inventory, Equipment and Vehicles, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Administrative Agent and the Lenders.

(b) All such insurance shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (ii) name the Administrative Agent as insured party or loss payee, (iii) if reasonably requested by the Administrative Agent, include a breach of warranty clause and (iv) be reasonably satisfactory in all other respects to the Administrative Agent.

(c) The Borrower shall deliver to the Administrative Agent and the Lenders a report of a reputable insurance broker with respect to such insurance substantially concurrently with the delivery by the Borrower to the Administrative Agent of its audited financial statements for each fiscal year and such supplemental reports with respect thereto as the Administrative Agent may from time to time reasonably request.

5.4 Payment of Obligations. Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any interest therein.

5.5 Maintenance of Perfected Security Interest; Further Documentation. (a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.3 and shall defend such security interest against the claims and demands of all Persons whomsoever.

(b) Such Grantor will furnish to the Administrative Agent and the Lenders from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements

under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby.

5.6 Changes in Locations, Name, etc. Such Grantor will not, except upon 15 days' prior written notice to the Administrative Agent and delivery to the Administrative Agent of (a) all additional executed financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule 5 showing any additional location at which Inventory or Equipment shall be kept:

(i) permit any of the Inventory or Equipment to be kept at a location other than those listed on Schedule 5, provided; however, that United Tote Company may temporarily move a non-material portion of its assets to a location not listed on Schedule 5 in the ordinary course of business;

(ii) change the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

(iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Agreement would become misleading.

5.7 Notices. Such Grantor will advise the Administrative Agent and the Lenders promptly, in reasonable detail, of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Administrative Agent to exercise any of its remedies hereunder; and

(b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

5.8 Pledged Securities. (a) If such Grantor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Administrative Agent and the Lenders, hold the same in trust for the Administrative Agent and the Lenders and deliver the same forthwith to the Administrative Agent in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Administrative Agent so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the

Pledged Securities upon the liquidation or dissolution of any Issuer shall be paid over to the Administrative Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Securities or any property shall be distributed upon or with respect to the Pledged Securities pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent, be delivered to the Administrative Agent to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Securities shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Administrative Agent, hold such money or property in trust for the Lenders, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Administrative Agent, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Pledged Securities or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Pledged Securities or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Administrative Agent to sell, assign or transfer any of the Pledged Securities or Proceeds thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Securities issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.8(a) with respect to the Pledged Securities issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, *mutatis mutandis*, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Pledged Securities issued by it.

5.9 Receivables. (a) Other than in the ordinary course of business consistent with its past practice, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof.

(b) Such Grantor will deliver to the Administrative Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 5% of the aggregate amount of the then outstanding Receivables.

5.10 Contracts. (a) Such Grantor will perform and comply in all material respects with all its obligations under the Contracts.

(b) Such Grantor will not amend, modify, terminate or waive any provision of any Contract in any manner which could reasonably be expected to materially adversely affect the value of such Contract as Collateral.

(c) Such Grantor will exercise promptly and diligently each and every material right which it may have under each Contract (other than any right of termination).

(d) Such Grantor will deliver to the Administrative Agent a copy of each material demand, notice or document received by it relating in any way to any Contract that questions the validity or enforceability of such Contract.

5.11 Intellectual Property. (a) Such Grantor (either itself or through licensees) will (i) continue to use each material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Lenders, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(b) Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any material Patent may become forfeited, abandoned or dedicated to the public.

(c) Such Grantor (either itself or through licensees) (i) will employ each material Copyright and (ii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.

(d) Such Grantor (either itself or through licensees) will not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Such Grantor will notify the Administrative Agent and the Lenders immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Administrative Agent after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

SECTION 6. REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Receivables. (a) The Administrative Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications. At any time and from time to time, upon the Administrative Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, subject to the Administrative Agent's direction and control, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such

Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Lenders only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's request, each Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

6.2 Communications with Obligors; Grantors Remain Liable. (a) The Administrative Agent in its own name or in the name of others may at any time communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables or Contracts.

(b) Upon the request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables and parties to the Contracts that the Receivables and the Contracts have been assigned to the Administrative Agent for the ratable benefit of the Lenders and that payments in respect thereof shall be made directly to the Administrative Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Lender of any payment relating thereto, nor shall the Administrative Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Pledged Stock. (a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock and all payments made in respect of the Pledged Notes, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice and to exercise all voting and corporate rights with respect to the Pledged Securities; provided, however, that no vote shall be

cast or corporate right exercised or other action taken which, in the Administrative Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Pledged Securities and make application thereof to the Obligations in the order set forth in Section 6.5, and, subject to the requirements of applicable law (including without limitation licensing approval requirements of regulatory authorities) (ii) any or all of the Pledged Securities shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Securities at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Securities pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Securities directly to the Administrative Agent.

6.4 Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Administrative Agent and the Lenders specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral

Account (or by such Grantor in trust for the Administrative Agent and the Lenders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5 Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds constituting Collateral, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2, in payment of the Obligations in the following order:

First, to pay incurred and unpaid fees and expenses of the Administrative Agent under the Loan Documents;

Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, *pro rata* among the Lenders according to the amounts of the Obligations then due and owing and remaining unpaid to the Lenders;

Third, to the Administrative Agent, for application by it towards prepayment of the Obligations, *pro rata* among the Lenders according to the amounts of the Obligations then held by the Lenders; and

Fourth, any balance of such Proceeds remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

6.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Lenders, may, subject to applicable gaming laws, exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith, subject to regulatory approvals and licensing requirements, sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any

such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the New York UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.7 Registration Rights. (a) If the Administrative Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 6.6, and if in the opinion of the Administrative Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor will subject to applicable law, cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the Administrative Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Each Grantor agrees to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Administrative Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges

and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and the Lenders have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

6.8 Waiver: Deficiency. Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the New York UCC. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any Lender to collect such deficiency.

SECTION 7. THE ADMINISTRATIVE AGENT

7.1 Administrative Agent's Appointment as Attorney-in-Fact, etc (a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, subject to applicable regulatory and licensing requirements, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of

collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Lenders' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Revolving Credit Loans that are Base Rate Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the Lenders hereunder are solely to protect the Administrative Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender to exercise any such powers. The Administrative Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7.3 Execution of Financing Statements. Pursuant to Section 9-402 of the New York UCC and any other applicable law, each Grantor authorizes the Administrative Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent reasonably determines appropriate to perfect the security interests of the Administrative Agent under this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4 Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein

or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 8. MISCELLANEOUS

8.1 **Amendments in Writing.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each affected Grantor and the Administrative Agent, **provided** that any provision of this Agreement imposing obligations on any Grantor may be waived by the Administrative Agent in a written instrument executed by the Administrative Agent in accordance with Section 10.1 of the Credit Agreement.

8.2 **Notices.** All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement; **provided** that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on **Schedule 1.**

8.3 **No Waiver by Course of Conduct; Cumulative Remedies.** Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 **Enforcement Expenses; Indemnification.** (a) Each Guarantor agrees to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in collecting against such Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to the Administrative Agent.

(b) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in

paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 10.5 of the Credit Agreement.

(d) The agreements in this Section shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8.6 Set-Off. Each Grantor hereby irrevocably authorizes the Administrative Agent and each Lender at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Administrative Agent or such Lender to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Administrative Agent or such Lender may elect, against and on account of the obligations and liabilities of such Grantor to the Administrative Agent or such Lender hereunder and claims of every nature and description of the Administrative Agent or such Lender against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as the Administrative Agent or such Lender may elect, whether or not the Administrative Agent or any Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Administrative Agent and each Lender shall notify such Grantor promptly of any such set-off and the application made by the Administrative Agent or such Lender of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Administrative Agent and each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Administrative Agent or such Lender may have.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.12 Submission To Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.13 Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Grantors and the Lenders.

8.14 Additional Grantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 6.10 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

8.15 Releases. (a) At such time as the Loans, the Reimbursement Obligations and the other Obligations shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Administrative Agent shall deliver to such Grantor any Collateral held by the Administrative Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then the Administrative Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of the Borrower, a Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement; **provided** that the Borrower shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in

connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

8.16 WAIVER OF JURY TRIAL. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

POWERHOUSE TECHNOLOGIES, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: CFO and Treasurer

AUTOMATED WAGERING INTERNATIONAL,
INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

AUTOMATIC MUSIC SERVICE OF BILLINGS,
INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

AUTOMATION FIRST, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

NUEVO SOL TURF CLUB INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

PIPER LANCE, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

RAVEN'S D & R MUSIC, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

UNITED TOTE COMPANY, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

UNITED WAGERING SYSTEMS, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

VIDEO LOTTERY CONSULTANTS, INC.

By: Susan J. Carstensen
Name: Susan J. Carstensen
Title: Treasurer

VLC OF NEVADA, INC.

By: RY / Juddell

Name:

Title:

NOTICE ADDRESSES OF GUARANTORS

Automated Wagering International, Inc.
Automatic Music Service of Billings, Inc.
Automation First, Inc.
Nuevo Sol Turf Club Inc.
Raven's D&R Music, Inc.
United Tote Company
United Wagering Systems, Inc.
Video Lottery Consultants, Inc.
VLC of Nevada, Inc.
Piper Lance, Inc.

2311 South 7th Avenue
Bozeman, MT 59715
Attn.: Chief Financial Officer

with a copy to:

115 Perimeter Center Place
Suite 911
Atlanta, GA 30346
Attn: General Counsel

DESCRIPTION OF PLEDGED SECURITIES

Pledged Stock of Subsidiaries:

<u>Subsidiary</u>	<u>Incorporation</u>	<u>Shares Outstanding</u>
Automated Wagering International, Inc.	Delaware	100
Automatic Music Service of Billings, Inc.	Montana	8,760
Automation First, Inc.	Montana	1,000
Nuevo Sol Turf Club Inc.	New Mexico	10,000
Piper Lance, Inc.	Montana	5,000
Raven's D&R Music, Inc.	Montana	9,000
United Tote Company	Montana	1,000
United Wagering Systems, Inc.	Delaware	2,000

FILINGS AND OTHER ACTIONS
REQUIRED TO PERFECT SECURITY INTERESTS

Uniform Commercial Code Filings

For Powerhouse Technologies, Inc.

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
Delaware Secretary of State
Georgia Clerks Cooperative Authority
DeKalb County, Georgia Clerk of Superior Court

For Automated Wagering International, Inc.

Delaware Secretary of State
New Jersey Secretary of State
Bergen County, New Jersey, County Clerk
Minnesota Secretary of State
Ramsey County, Minnesota County Recorder
Pennsylvania Secretary of the Commonwealth
Florida Department of State
Georgia Clerks Cooperative Authority
Montana Secretary of State
South Dakota Secretary of State
Maryland State Department of Assessments and Taxation

For Automated Music Service of Billings, Inc.

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
Yellowstone County, Montana, Clerk and Recorder

For Automation First, Inc.

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
Park County, Montana, Clerk and Recorder

For Ravens D & R Music, Inc.

Montana Secretary of State

Gallatin County, Montana, Clerk and Recorder

For Video Lottery Consultants, Inc.

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
Delaware Secretary of State
Kent County, Delaware, Recorder of Deeds
New Castle County, Delaware, Recorder of Deeds
New Jersey Secretary of State
Mississippi Secretary of State
Harrison County, Mississippi, Chancery Clerk
Texas Secretary of State
Oregon Secretary of State
Rhode Island Secretary of State

For VLC of Nevada, Inc.

Nevada Secretary of State
Washoe County, Nevada, County Recorder
Clark County, Nevada, County Recorder
Rhode Island Secretary of State
Newport, Rhode Island, City Clerk
Providence, Rhode Island, Town Clerk
Oregon Secretary of State
Montana Secretary of State
Multnomah County, Oregon, County Recorder

For United Wagering Systems, Inc.

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
Delaware Secretary of State
Maryland Department of Assessments and Taxation
Baltimore County, Maryland, County Clerk of the Circuit Court

For United Tote Company

Montana Secretary of State
Gallatin County, Montana, Clerk and Recorder
California Secretary of State
San Diego County, California, County Recorder
Indiana Secretary of State
Texas Secretary of State
Maryland Department of Assessments and Taxation
Baltimore County, Maryland, County Clerk of the Circuit Court
New Mexico Secretary of State

Kentucky Secretary of State

For Nuevo Sol Turf Club Inc.

New Mexico Secretary of State

Dona Ana County, New Mexico, County Clerk

Texas Secretary of State

El Paso County, Texas, Office of the Clerk of El Paso County

For Piper Lance Inc.

Montana Secretary of State

Patent and Trademark Filings

U.S. Patent & Trademark Office

Actions with respect to Pledged Stock

Delivery of pledged stock certificates together
with stock powers duly endorsed by the appropriate grantor.

Other Actions

Filing of the Aircraft Mortgage with the Federal Aviation Administration Office
in Oklahoma City, Oklahoma maintained for the purpose of filing mortgages on aircraft.

LOCATION OF JURISDICTION OF ORGANIZATION AND CHIEF EXECUTIVE OFFICE

Company	Jurisdiction	Chief Executive Office
Automated Wagering International, Inc.	Delaware	115 Perimeter Center Place Suite 911 Atlanta, GA 30346
Automatic Music Service of Billings, Inc.	Montana	2311 South 7th Avenue Bozeman, MT 59715
Automation First, Inc.	Montana	2311 South 7th Avenue Bozeman, MT 59715
Nuevo Sol Turf Club Inc.	New Mexico	101 Futurity Drive Sunland Park, NM 88063
Piper Lance, Inc.	Montana	2311 South 7th Avenue Bozeman, MT 59715
Powerhouse Technologies, Inc.	Delaware	115 Perimeter Center Place Suite 911 Atlanta, GA 30346
Raven's D&R Music, Inc.	Montana	2311 South 7th Avenue Bozeman, MT 59715
United Tote Company	Montana	9515 Deereco Road, Suite 200 Timonium, MD 21093-2153
United Wagering Systems, Inc.	Delaware	9515 Deereco Road, Suite 200 Timonium, MD 21093-2153
Video Lottery Consultants, Inc.	Montana	2311 South 7th Avenue Bozeman, MT 59715
VLC of Nevada, Inc.	Nevada	751 Pilot Road, Suite D Las Vegas, NV 89119

LOCATION OF INVENTORY AND EQUIPMENT

GRANTOR	LOCATION OF INVENTORY OR EQUIPMENT	<u>Subsidiary</u>
POWERHOUSE TECHNOLOGIES, INC. (Including all wholly-owned subsidiaries)		
-Raw material, Work in Process, & FGI	Montana	AWI, UT, VLC,
-Assembly equipment	Montana	VLN
-Computers, furniture and fixtures	Montana	
-Route operations equipment	Montana	
-Lottery operations equipment	Montana	AFI, AMS, D&R
		AWI
-Lottery operations equipment, furniture and fixtures	South Dakota	AWI
	Minnesota	AWI
-Lottery operations equipment, furniture and fixtures	Pennsylvania	AWI
	Maryland	AWI
-Lottery operations equipment, furniture and fixtures	Florida	AWI
-Lottery operations equipment, furniture and fixtures		
-Lottery operations equipment, furniture and fixtures		
-Lottery operations equipment, furniture and fixtures		
-Lottery operations equipment, furniture and fixtures	Delaware	
	Delaware	VLC
-Gaming machines		
Gaming machines	Oregon	VLC
Gaming machines	Rhode Island	VLC
Gaming machines/equipment, furniture and fixtures	Nevada	VLN
Gaming machines/equipment, furniture and fixtures	Mississippi	VLC
R&D equipment	New Jersey	AWI
R&D equipment	Minnesota	AWI
R&D equipment	California	UT

Equipment for racetracks is rotatable and held at any point in time in these states:

Alabama, Arizona, Colorado,
Delaware
Florida, Idaho, Indiana, Iowa,
Kansas
Kentucky, Louisiana, Maine,
Michigan
Montana, New Hampshire, New
Mexico
New York, Ohio, Oklahoma,
Oregon
Rhode Island, South Dakota,
Texas, Vermont
Washington

Racetrack facility and equipment

New Mexico

Legend:

AFI is Automation First Inc., AMS is Automatic Music Service of Billings, Inc., AWI is Automated Wagering International, Inc., D&R is Raven's D&R Music, Inc., SP is Nuevo Sol Turf Club, UT is United Tote Company, VLC is Video Lottery Consultants, Inc., VLN is Video Lottery Consultants of Nevada, Inc.

**REGISTERED and APPLIED FOR TRADEMARKS
AND
REGISTERED PATENT REPORT**
A report of all Registered Trademarks and Patents used or
owned by Powerhouse Technologies, Inc. and its subsidiaries.

STATUS: APPLIED FOR

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
AGS ADVANCED GAMING SYSTEM & DESIGN (LOGO)	TRADEMARK	CANADA	APPLIED FOR	820800		
AGS ADVANCED GAMING SYSTEM & DESIGN (LOGO)	TRADEMARK	U.S.A.	APPLIED FOR	75/149,611		
BONUS KENO	TRADEMARK	MONTANA	APPLIED FOR	T018854(164-02)		
DIAMOND MINE	TRADEMARK	AUSTRALIA	APPLIED FOR	757021		
FOUR-LEAF POKER	TRADEMARK	U.S.A.	APPLIED FOR	75/089,6584		
KENOMAX & DESIGN	TRADEMARK	U.S.A.	APPLIED FOR	75/168,312		
MASTERLINK	TRADEMARK	U.S.A.	APPLIED FOR	74/547/506		
MILLENIUUM SERIES	TRADEMARK	U.S.A.	APPLIED FOR	75,136,048		
MILLINEUM SERIES	TRADEMARK	AUSTRALIA	APPLIED FOR	711969		
POKERMAX & DESIGN	TRADEMARK	U.S.A.	APPLIED FOR	75/168,313		
RED HOT 7'S	TRADEMARK	AUSTRALIA	APPLIED FOR	758856		
RED HOT SEVENS (7s)	TRADEMARK	U.S.A.	APPLIED FOR	75/133,871&695		
SWIFT	TRADEMARK	U.S.A.	APPLIED FOR	74/437/321		
VLC	TRADEMARK	SOUTH AFRICA	APPLIED FOR	97,18190		
VLCS	TRADEMARK	AUSTRALIA	APPLIED FOR	707457		
WINNING TOUCH	TRADEMARK	CANADA	APPLIED FOR	885894		
WINNING TOUCH	TRADEMARK	SOUTH AFRICA	APPLIED FOR	09718191		

REGISTERED and APPLIED FOR TRADEMARKS

AND

REGISTERED PATENT REPORT

A report of all Registered Trademarks and Patents used or owned by Powerhouse Technologies, Inc. and its subsidiaries.

STATUS: REGISTERED CR

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
MASTERLINK INSTANT GAMING MODULE	COPYRIGHT	U.S.A.	REGISTERED CR		7/24/96	4,425,948
MASTERLINK ONLINE GAMING MODULE	COPYRIGHT	U.S.A.	REGISTERED CR		7/5/96	TX4332718
MASTERLINK VIDEO GAMING MODULE	COPYRIGHT	U.S.A.	REGISTERED CR		7/11/96	4,425,082

STATUS: REGISTERED PATENT

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
DEVICE & METHOD FOR DISPLAYING FINAL GAMING RESULT	PATENT	U.S.A.	REGISTERED PATENT	692,575	6/16/98	5,766,074
GRAPHICS PROCESSOR ENHANCEMENT SYSTEM HAVING A PROCESSOR CONNECTED THROUGH DATA AND LOWER ADDRESS LINES	PATENT	U.S.A.	REGISTERED PATENT		9/24/96	5,559,950
METHOD & APPARATUS FOR DIRECTLY GENERATING A RANDOM FINAL OUTCOME OF A GAME	PATENT	U.S.A.	REGISTERED PATENT		4/30/96	5,511,784
TRANSACTION DOCUMENT READER	PATENT	U.S.A.	REGISTERED PATENT	751,771	5/16/95	5,416,308
VIDEO LOTTERY SYSTEM AND VALIDATION UNIT	PATENT	AUSTRALIA	REGISTERED PATENT	13379/95	12/13/94	678673
VIDEO LOTTERY SYSTEM W/IMPROVE D SITE CONTROLLER & VALIDATION UNIT	PATENT	U.S.A.	REGISTERED PATENT		4/6/96	5,505,449
VIDEO LOTTERY SYSTEM WITH IMPROVED SITE CONTROLLER & VALIDATION UNIT	PATENT	U.S.A.	REGISTERED PATENT	171,117	3/21/95	5,398,932

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
VLC ELECTRONIC GAME HOUSING	PATENT	U.S.A.	REGISTERED PATENT		2/9/93	333,164

REGISTERED and APPLIED FOR TRADEMARKS
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STATUS: REGISTERED TM

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
AGS ADVANCED GAMING SYSTEM & DESIGN (LOGO)	TRADEMARK	AUSTRALIA	REGISTERED TM		8/19/97	715320
AGS ADVANCED GAMING SYSTEM & DESIGN (LOGO)	TRADEMARK	AUSTRALIA	REGISTERED TM	71530	8/19/97	715320
ALLEY CAT KENO	TRADEMARK	U.S.A.	REGISTERED TM	75/089,586	4/15/97	2,052,536
AWI	TRADEMARK	EUROPE	REGISTERED TM	1558282 U.K.	1/4/94	1558252
AWI	TRADEMARK	U.S.A.	REGISTERED TM	74/469,465	10/24/95	1,929,069
BLACK GOLD	TRADEMARK	NORWAY	REGISTERED TM	965498	7/24/97	183811
BONUS KENO	TRADEMARK	U.S.A.	REGISTERED TM	75/089,587	1/28/97	2,034,657
CATE	TRADEMARK	U.S.A.	REGISTERED TM	73/698,505	12/12/89	1,570,684
HEARTS & DIAMONDS	TRADEMARK	U.S.A.	REGISTERED TM	74/534,283	5/12/98	2157089
ITAS	TRADEMARK	U.S.A.	REGISTERED TM	74/450/657	8/15/95	1,911,163
JACKPOT FEVER	TRADEMARK	U.S.A.	REGISTERED TM	74/437,320	5/26/98	2160723
KENO WILD	TRADEMARK	MONTANA	REGISTERED TM	018969-T164(40)	6/24/96	018969
MASTERLINK	TRADEMARK	CANADA	REGISTERED TM	760458	8/21/97	481065
MASTERLINK	TRADEMARK	U.S.A.	REGISTERED TM	74/437/318	9/5/95	1,917,202
MICRO TOTE 1000	TRADEMARK	U.S.A.	REGISTERED TM	73/299,010	2/5/85	1,317,698
OVATION	TRADEMARK	U.S.A.	REGISTERED TM	74/415/249	2/13/96	1,956,729
POKER DUEL	TRADEMARK	U.S.A.	REGISTERED TM	75/090,313	3/11/97	2,043,585
POLLY & ROGER	TRADEMARK	U.S.A.	REGISTERED TM		11/18/97	748888
POWER KENO	TRADEMARK	MONTANA	REGISTERED TM	T018853(164-01)	4/22/96	T018853

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STATUS: REGISTERED TM

NAME	IP TYPE	COUNTRY	STATUS	APPLICATION #	REGISTER DATE	REGISTRATION #
POWER KENO	TRADEMARK	U.S.A.	REGISTERED TM	75/089,590	4/22/97	2,054,922
POWER SERIES	TRADEMARK	U.S.A.	REGISTERED TM	75/089,585	1/27/98	2,133,222
UNITED TOTALISATOR MICRO TOTE 1000	TRADEMARK	U.S.A.	REGISTERED TM	73-298987	6/28/83	1,263,556
UNITED TOTE SYSTEM 1000	TRADEMARK	U.S.A.	REGISTERED TM	73-698312	4/25/89	1536143
VIDEO LOTTERY CONSULTANTS	TRADEMARK	AUSTRALIA	REGISTERED TM		3/13/91	A551964
VIDEO LOTTERY CONSULTANTS, INC.	TRADEMARK	AUSTRALIA	REGISTERED TM	551964	3/31/91	A551964
VLC	TRADEMARK	AUSTRALIA	REGISTERED TM	551,965	3/13/91	B551965
VLC	TRADEMARK	U.S.A.	REGISTERED TM	74,465,266	12/20/94	1,868,466
VLC & DESIGN (LOGO)	TRADEMARK	AUSTRALIA	REGISTERED TM	551,966	3/13/91	A551966
VLC & DESIGN (LOGO)	TRADEMARK	U.S.A.	REGISTERED TM	74/489,403	12/20/94	1,868,471
VLCS	TRADEMARK	NORWAY	REGISTERED TM		5/15/97	182074
WININSTANT	TRADEMARK	U.S.A.	REGISTERED TM	74/246,615	12/3/96	2,020,088
WINNING TOUCH	TRADEMARK	AUSTRALIA	REGISTERED TM	649,489	12/29/94	649,489
WINNING TOUCH	TRADEMARK	NORWAY	REGISTERED TM	962973	6/12/97	182668
WINNING TOUCH	TRADEMARK	U.S.A.	REGISTERED TM	74/432,162	2/7/95	1,877,453

CONTRACTS

State of Delaware
Delaware Lottery

Contract to provide on-line lottery services
and video lottery central system

State of Florida
Florida Lottery

Contract to provide on-line lottery services

State of Maryland
Maryland Lottery

Contract to provide on-line lottery services

State of Minnesota
Minnesota Lottery

Contract to provide on-line lottery services

State of Montana
Montana Lottery

Contract to provide on-line lottery services

Commonwealth of Pennsylvania
Pennsylvania Lottery

Contract to provide on-line lottery services

State of South Dakota
South Dakota Lottery

Contract to provide on-line lottery services

EXISTING PRIOR LIENS

<u>Debtor</u>	<u>Secured Party</u>	<u>Jurisdiction</u>	<u>File No.</u>	<u>Description of Collateral</u>
Automated Wagering Int'l	Canon Financial Services, Inc.	NJ	1788567	Equipment
Automated Wagering Int'l	Canon Financial Services, Inc.	NJ	1791670	Equipment
Automated Wagering Int'l	Canon Financial Services, Inc.	NJ	1805533	Equipment
Automated Wagering Int'l	Canon Financial Services, Inc.	NJ	1795244	Equipment
Automated Wagering Int'l	IBM Credit Corporation	NJ	1855976	Equipment
Powerhouse Technologies, Inc.	U.S. Bank of N.A.	GA-DeKalb Co.	44-97000124	Securities Acct (LOC)
Powerhouse Technologies, Inc.	U.S. Bank of N.A.	Montana	499318	Securities Acct (LOC)
Powerhouse Technologies, Inc.	U.S. Bank of N.A.	MT-Gallatin Co.	38656	Securities Acct (LOC)
Powerhouse Technologies, Inc. f/k/a Video Lottery Technologies, Inc.	IBM Credit Corporation	MT	452613	Equipment
Powerhouse Technologies, Inc. f/k/a Video Lottery Technologies, Inc.	GE Capital	MT	454605	Equipment
United Tote Company	Sanwa Business Credit Corp.	TX	195578*	Service Contracts
United Tote Company	Sanwa Business Credit Corp.	TX	200994*	Equipment
United Tote Company	Sanwa Business Credit Corp.	TX	100125*	Equipment
United Tote Company	Sanwa Business Credit Corp.	MT	394262*	Equipment
United Tote Company	Sanwa Business Credit Corp.	MT	508924*	Equipment
United Tote Company	Sanwa General Equipment Leasing Inc.	MT	392840*	Service Contracts

* Has been satisfied, however, release documentation is not available as of the date of the closing. Company is in the process of having liens removed.

Debtor	Secured Party	Jurisdiction	File No.	Description of Collateral
United Tote Company	Sanwa Business Credit Corp.	MT	389774*	Equipment

OTHER

State Tax Lien on United Tote Company by State of California dated July 6, 1998 in the amount of \$201.75

State Tax Lien on Nuevo Sol Turf, Inc. by State of New Mexico filed November 21, 1991 in the amount of \$683.14

Lease of Real Property between Nuevo Sol Turf Club Inc. and United Tote Co. and Bank of the Rio Grand, N.A., recorded October 10, 1996 (for ATM machine)

ACKNOWLEDGEMENT AND CONSENT**

The undersigned hereby acknowledges receipt of a copy of the Guarantee and Collateral Agreement dated as of October 9, 1998 (the "Agreement"), made by the Grantors parties thereto for the benefit of Lehman Commercial Paper Inc., as Administrative Agent. The undersigned agrees for the benefit of the Administrative Agent and the Lenders as follows:

1. The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.
2. The undersigned will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.8(a) of the Agreement.
3. The terms of Sections 6.3(a) and 6.7 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(a) or 6.7 of the Agreement.

[NAME OF ISSUER]

By _____

Title _____

Address for Notices:

Fax: _____

** This consent is necessary only with respect to any Issuer which is not also a Grantor.

ASSUMPTION AGREEMENT, dated as of _____, 199_, made by _____, a _____ corporation (the "Additional Grantor"), in favor of Lehman Commercial Paper Inc., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

WITNESSETH:

WHEREAS, Powerhouse Technologies, Inc. (the "Borrower"), the Lenders and the Administrative Agent have entered into a Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrower and certain of its Affiliates (other than the Additional Grantor) have entered into the Guarantee and Collateral Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement") in favor of the Administrative Agent for the benefit of the Lenders;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.15 of the Guarantee and Collateral Agreement, hereby becomes a party to the Guarantee and Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in Schedules _____ *** to the Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Guarantee and Collateral Agreement

*** Refer to each Schedule which needs to be supplemented.

is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____

Name:

Title:

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered to you pursuant to Section 6.2 of the Credit Agreement, dated as of October 9, 1998, as amended, supplemented or modified from time to time (the "Credit Agreement"), among POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), LEHMAN BROTHERS INC., as advisor and arranger (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent"). Terms defined in the Credit Agreement and not otherwise defined herein are used herein with the meanings so defined.

1. I am the duly elected, qualified and acting [Chief Financial Officer] [Vice President - Finance] of the Borrower.

2. I have reviewed and are familiar with the contents of this Certificate.

3. I have reviewed the terms of the Credit Agreement and the Loan Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and condition of the Borrower during the accounting period covered by the financial statements attached hereto as Attachment 1 (the "Financial Statements"). Such review did not disclose the existence during or at the end of the accounting period covered by the Financial Statements, and I have no knowledge of the existence, as of the date of this Certificate, of any condition or event which constitutes a Default or Event of Default [, except as set forth below].

4. Attached hereto as Attachment 2 are the computations showing compliance with the covenants set forth in Section 7.1, 7.2, 7.5 7.6, 7.7, 7.8 and 7.15 of the Credit Agreement.

IN WITNESS WHEREOF, I execute this Certificate this _____ day of _____,

_____.

POWERHOUSE TECHNOLOGIES, INC.

By: _____

Title:

The information described herein is as of _____, 199__,
and pertains to the period from _____ __, 19_ to _____ __, 19__.

[Set forth Covenant Calculations]

FORM OF CLOSING CERTIFICATE

Pursuant to subsection 5.1(____) of the Credit Agreement dated as of October 9, 1998 (the "Credit Agreement"; terms defined therein being used herein as therein defined), among POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to the Credit Agreement (the "Lenders"), LEHMAN BROTHERS INC., as advisor and arranger (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent"), the undersigned [INSERT TITLE OF OFFICER] of [INSERT NAME OF COMPANY] (the "Company") hereby certifies as follows:

1. The representations and warranties of the Company set forth in each of the Loan Documents to which it is a party or which are contained in any certificate furnished by or on behalf of the Company pursuant to any of the Loan Documents to which it is a party are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

2. _____ is the duly elected and qualified Corporate Secretary of the Company and the signature set forth for such officer below is such officer's true and genuine signature.

3. No Default or Event of Default has occurred and is continuing as of the date hereof or after giving effect to the Loans to be made on the date hereof. [Borrower only]

4. The conditions precedent set forth in Section 5.1 of the Credit Agreement were satisfied as of the Closing Date except as set forth on Schedule I hereto. [Borrower only]

The undersigned Corporate Secretary of the Company certifies as follows:

5. There are no liquidation or dissolution proceedings pending or to my knowledge threatened against the Company, nor has any other event occurred adversely affecting or threatening the continued corporate existence of the Company.

6. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization.

7. Attached hereto as Annex 1 is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company on _____; such resolutions have not in any way been amended, modified, revoked or rescinded, have been in full force and

effect since their adoption to and including the date hereof and are now in full force and effect [and are the only corporate proceedings of the Company now in force relating to or affecting the matters referred to therein.]

8. Attached hereto as Annex 2 is a true and complete copy of the By-Laws of the Company as in effect on the date hereof.

9. Attached hereto as Annex 3 is a true and complete copy of the Certificate of Incorporation of the Company as in effect on the date hereof, and such certificate has not been amended, repealed, modified or restated.

10. The following persons are now duly elected and qualified officers of the Company holding the offices indicated next to their respective names below, and such officers have held such offices with the Company at all times since the date indicated next to their respective titles to and including the date hereof, and the signatures appearing opposite their respective names below are the true and genuine signatures of such officers, and each of such officers is duly authorized to execute and deliver on behalf of the Company each of the Loan Documents to which it is a party and any certificate or other document to be delivered by the Company pursuant to the Loan Documents to which it is a party:

<u>Name</u>	<u>Office</u>	<u>Date</u>	<u>Signature</u>
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IN WITNESS WHEREOF, the undersigned have hereunto set our names as of the date set forth below.

Name:
Title:

Name:
Title:

Date: _____, 199__

[Waived Conditions Precedent]

[Describe any conditions precedent waived on
Closing Date and terms of any waiver]

[Board Resolutions]

[By-Laws]

[Certificate of Incorporation]

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Powerhouse Technologies, Inc., (the "Borrower"), the Lenders named therein, Lehman Brothers, Inc., as Arranger, Lehman Commercial Paper Inc., as Syndication Agent, Lehman Commercial Paper Inc., as administrative agent for the Lenders (in such capacity, the "Administrative Agent") and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility"; collectively, the "Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facilities and (i) requests that the Administrative Agent, upon request by the Assignee, exchange the attached Notes for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange the attached Notes for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to subsection 3.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Agents or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agents by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to subsection 2.18(d) of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) [to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date] [to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.]

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1
to Assignment and Acceptance

Name of Assignor: _____

Name of Assignee: _____

Effective Date of Assignment: _____

<u>Credit Facility Assigned</u>	<u>Principal Amount Assigned</u>	<u>Commitment Percentage Assigned</u>
	\$ _____	_____%

[Name of Assignee]

[Name of Assignor]

By: _____
Title:

By: _____
Title:

Accepted:

LEHMAN COMMERCIAL PAPER INC, as
Administrative Agent

Consented To:

POWERHOUSE TECHNOLOGIES, INC.

By: _____
Title:

By: _____
Title:

LEHMAN COMMERCIAL PAPER INC., as
Syndication Agent

By: _____
Title:

MATTERS TO BE COVERED IN LEGAL OPINIONS

I. OPINION OF ROGERS & HARDIN

A. Each of the Loan Parties (i) has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the state of Delaware, (ii) has the corporate power and authority to execute and deliver each of the Loan Documents to which it is a party, to perform its obligations under each such Loan Document and to grant the security interests to be granted by it pursuant to the Security Documents and, in the case of the Borrower, to borrow under the Credit Agreement and (iii) has duly authorized, executed and delivered each Loan Document to which it is a party.

B. The execution and delivery by any Loan Party of the Loan Documents to which it is a party, the granting by it of the security interests to be granted by it pursuant to the Security Documents and, in the case of the Borrower, its borrowings in accordance with the terms of the Loan Documents, and performance of its payment obligations thereunder (i) will not result in any violation of (A) the Certificate of Incorporation or By-Laws of such Loan Party and (B) assuming that proceeds of borrowings will be used in accordance with the terms of the Credit Agreement, any Federal or Georgia statute or the Delaware General Corporation Law or any rule or regulation issued pursuant to any Federal or Georgia statute or the Delaware General Corporation Law or any order known to us issued by any court or governmental agency or body and ii) will not breach or result in a default under or result in the creation of any lien upon or security interest in the Loan Parties' properties pursuant to the terms of any agreement or instrument (other than the security interests created by the Security Documents).

C. No consent, approval, authorization, order, filing, registration or qualification of or with any Federal or Georgia governmental agency or body or any Delaware governmental agency or body acting pursuant to the Delaware General Corporation Law is required for the execution and delivery by any Loan Party of the Loan Documents to which it is a party, the borrowings by any Loan Party in accordance with the terms of the Loan Documents or the performance by the Loan Parties of their respective payment obligations under the Loan Documents or the granting of any security interests under the Security Documents, except filings required for the perfection of security interests granted pursuant to the Security Documents.

[The foregoing assumes all parties are Delaware Corporations. If this assumption is incorrect, counsel in the appropriate jurisdiction should cover issues in paragraph 1,2, and 3 that are governed by the law of the state of incorporation.]

D. The courts of Georgia would give effect to the provisions of the Loan Documents whereby the parties thereto have agreed that the Loan Documents shall be governed

by, and construed and interpreted in accordance with, the laws of the Sate of New York. If, however, the courts of Georgia were to apply the laws of Georgia as the governing law in respect of any Loan Document, then, assuming that each of the Loan Documents is a valid and legally binding obligation of each of the Lenders parties thereto, each Loan Document constitutes and each Note delivered to a Lender after the date hereof, assuming the due execution and delivery by the Loan Party which is the maker of such Note, will constitute, the valid and legally binding obligation of each Loan Party which is a party thereto, enforceable against such Loan Party in accordance with its terms.

E. To our knowledge there is no action, suit or proceeding before or by any court, arbitrator or governmental agency, body or official, now pending, to which any Loan Party is a party or to which the business, assets or property of any Loan Party is subject and no such action, suit or proceeding is threatened to which any Loan Party or the business, assets or property of any Loan Party would be subject that in either case questions the validity of the Loan Documents.

F. No Loan Party is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

G. Each of the Financing Statements listed in Schedule ___ hereto (the "Financing Statements") is in appropriate form for filing in the filing offices listed in Schedule ___ (the "Filing Offers").

H. The UCC Search Reports listed in Schedule _____ hereto set forth the proper filing offices and the proper debtors necessary to identify those persons who under the Uniform Commercial Code have on file financing statements in [specify States] (each, an "Opinion State") against the Loan Parties covering the Collateral in which a security interest is perfected by filing a financing statement under the Uniform Commercial Code as in effect in the Opinion State[s] as of the effective dates therefor set forth on Schedule ___ hereto.

[UCC issues for states other than Georgia which are not covered by other state counsel may be covered by Rogers & Hardin based solely on review by applicable UCC provisions of the relevant states.]

I. The Guarantee and Collateral Agreement creates in favor of the Administrative Agent for the benefit of the Lenders a security interest in the collateral described therein in which a security interest may be created under Article 9 of each Opinion State UCC (the "Security Agreement Article 9 Collateral").

J. Upon the filing in the Filing Offices of the Financing Statements, the Administrative Agent will have a perfected security interest for the benefit of the Lenders in that portion of the Security Agreement Article 9 Collateral in which a security interest is perfected by filing a financing statement under each Opinion State UCC.

K. The security interest of the Administrative Agent for the benefit of the Lenders in that portion of the collateral described in the Guarantee and Collateral Agreement as

instruments will be a perfected security interest upon delivery of such instruments to the Administrative Agent in the State of New York.

L. All of the shares of capital stock described on Schedule 2 to the Guarantee and Collateral Agreement (except for directors' qualifying shares) are owned of record by the Borrower or a Subsidiary of the Borrower, as described on such Schedule 2.

M. The Guarantee and Collateral Agreement creates in favor of the Administrative Agent for the benefit of the Lenders a security interest under each Opinion State UCC in the investment property identified on Schedule 2 to the Guarantee and Collateral Agreement (the "Pledged Securities").

N. The Administrative Agent will have a perfected security interest in the Pledged Securities for the benefit of the Lenders upon delivery to the Administrative Agent for the benefit of the Lenders of the certificates representing the Pledged Securities in registered form, indorsed in blank by an effective indorsement or accompanied by undated stock powers with respect thereto duly indorsed in blank by an effective indorsement. Assuming the Administrative Agent and each of the Lenders does not have notice of any adverse claim to the Pledged Securities, the Administrative Agent will acquire the security interest in the Pledged Securities for the benefit of the Lenders free of any adverse claim.

O. The [Borrower] [relevant Subsidiary] is licensed under the laws of the Opinion State to _____ [describe terms of license]; and such license is in full force and effect.

P. [AWI] is a party to [describe contract with Opinion State] (the "Contract"). Although the Contract prohibits assignment by [AWI] of its rights and obligations under the Contract, neither the Contract nor the laws of the Opinion State prohibit the creator by AWI of a security interest in the Contract pursuant to the Guarantee and Collateral Agreement, to the extent such security interest relates to money due or to become due to AWI pursuant to the Contract.

The foregoing opinions may be subject to such qualifications, exceptions and limitations as shall be reasonable and customary.

II. OPINIONS OF LOCAL COUNSEL

A. The execution and delivery by any Loan Party of the Loan Documents to which it is a party, its borrowings in accordance with the terms of the Loan Documents, performance of its payment obligations thereunder and granting of the security interests to be granted by it pursuant to the Security Documents will not result in any violation of any Federal or statute of the State of _____ (the "Opinion State"), or any rule or regulation issued pursuant to any statute of the Opinion State.

B. No consent, approval, authorization, order, filing, registration or qualification of with any Opinion State governmental agency or body is required for the execution and delivery by any Loan Party of the Loan Documents to which it is a party, the borrowings by the Borrower in accordance with the terms of the Loan Documents or the performance by the Loan Parties of their respective payment obligations under the Loan Documents or the granting of any security interests under the Security Documents, except filings required for the perfection of security interests granted pursuant to the Security Documents.

C. Each of the financing statements listed on Schedule ____ (the "Financing Statements") is in appropriate form for filing in the filing offices listed on Schedule ____ (the "Filing Offices").

D. The UCC Search Reports listed on Schedule ____ set forth the proper filing offices and the proper debtors necessary to identify those persons who under the Uniform Commercial Code have on file financing statements in the Opinion State against the Loan Parties covering the Collateral in which a security interest is perfected by filing a financing statement under the Uniform Commercial Code as in effect in the Opinion State (the "Opinion State UCC") as of the effective dates therefor set forth on Schedule ____.

E. The Guarantee and Collateral Agreement creates in favor of the Administrative Agent for the benefit of the Lenders a security interest in the collateral described therein in which a security interest may be created under Article 9 of the Opinion State UCC (the "Security Agreement Article 9 Collateral").

F. Upon the filing in the Filing Offices of the Financing Statements, the Administrative Agent will have a perfected security interest for the benefit of the Lenders in that portion of the Security Agreement Article 9 Collateral in which a security interest is perfected by filing a financing statement under the Opinion State UCC.

G. The [Borrower] [relevant Subsidiary] is licensed under the laws of the Opinion State to _____ [describe terms of license]; and license is in full force and effect.

H. [AWI] is a party to [describe contract with Opinion State] (the "Contract"). Although the Contract prohibits assignment by [AWI] of its rights and obligations under the Contract, neither the Contract nor the laws of the Opinion State prohibit the creator by AWI of a

security interest in the Contract pursuant to the Guarantee and Collateral Agreement, to the extent such security interest relates to money due or to become due to AWI pursuant to the Contract.

- I. The Mortgage listed on Schedule ___(the "State Mortgage"):
 - A. constitutes a legal, valid and binding obligation of _____[mortgagor] enforceable against _____ in accordance with its terms;
 - B. is in proper form for recording;
 - C. complies as to form with all existing Requirements of Law; and
 - D. creates in favor of the Administrative Agent for the ratable benefit of the Lenders a legal, valid and binding lien on the real property and fixtures described in such State Mortgage, enforceable as such against the Borrower and, when recorded in the applicable office listed on Schedule ___, all other Persons.

The facts that (a) the State Mortgage secures obligations arising under a revolving line of credit and (b) the Revolving Credit Loans may from time to time be repaid in full or in part and reborrowed in accordance with the terms of the Credit Agreement will not result in a subordination of the liens of any State Mortgage to any other lien on the real property and fixtures described in such State Mortgage or otherwise impair the priority of the lien of such State Mortgage.

J. The courts of the Opinion State will enforce those provisions in the Guarantee and Collateral Agreement and the State Mortgages which provide that the validity, construction and enforceability of such documents will be governed by the laws of the State of New York, except that the courts of the Opinion State may apply the internal law of the State to determine the perfection and effect of perfection of the liens created under such documents and the application of remedies in enforcing such liens with respect to property located in the State.

The foregoing opinions may be subject to such qualifications, exceptions and limitations as shall be reasonable and customary.

III. OPINIONS OF COUNSEL IN STATES WITH LOTTERY CONTRACTS

Section 9-318(4) of the Uniform Commercial Code in effect in the State of _____ provides as follows:

Such provision of the State UCC is applicable to the provisions of the Guarantee and Collateral Agreement whereby [AWI] grants a security interest (the "Security Interest") in all Accounts and General Intangibles for money due or to become due under the [describe Contract] (the "State Lottery Contract"). There is no other provision of the laws of the State of _____ (including, without limitation, any laws relating to gambling, gaming or lotteries) that conflicts with such provision of the State UCC, as such provision applies to the grant by [AWI] of the Security Interest, nor does such grant of the Security Interest require any consent or authorization of, notice to, or filing or registration with, any governmental authority of the State of _____. Accordingly, insofar as the laws of the State of _____ are applicable, the Security Interest is a valid and enforceable security interest in all right, title and interest of [AWI] in Accounts and General Intangibles for money due and to become due under the State Lottery Contract. Assuming that the chief executive office of [AWI] is located in a jurisdiction other than the State of _____, no filing or registration with any governmental authority of the State of _____ is required under the laws of the State of _____ to perfect the Security Interest.

IV. OPINIONS OF AIRCRAFT COUNSEL

A. the Agreement, as supplemented by the Agreement Supplement, creates a duly perfected first priority security interest in the aircraft in favor of the Agent, it being understood that no opinion is herein expressed as to the validity, priority or enforceability of such security interest under local law or as to the recognition of the perfection of such security interest as against third parties in any legal proceeding outside the United States;

B. none of the Agreement, the Agreement Supplement, or the Security Assignment are required to be refiled with the FAA or filed or recorded in any other place within the United States in order to perfect, or maintain the perfection of the security interest in the Aircraft (insofar as such assignment affects an interest covered by the recording system established by the FAA pursuant to 49 U.S.C. Section 44107), all as created by the Agreement, as supplemented by the Agreement Supplement, and the Security Assignment; and

C. no authorization, approval, consent, license or order of, or registration with, or the giving of notice to, the FAA is required for the valid authorization, delivery and performance of the Agreement, as supplemented by the Agreement Supplement, or the Security Assignment, except for such filings as are referred to above.

FORM OF TERM NOTE

THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

\$ _____

New York, New York
_____, 1998

FOR VALUE RECEIVED, the undersigned, POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "**Borrower**"), hereby unconditionally promises to pay to _____ (the "**Lender**") or its registered assigns at the Payment Office specified in the Credit Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, the principal amount of (a) _____ DOLLARS (\$____), or, if less, (b) the unpaid principal amount of the Tranche [A] [B] Term Loan made by the Lender pursuant to Section 2.1 of the Credit Agreement. The principal amount shall be paid in the amounts and on the dates specified in Section 2.3 of the Credit Agreement. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.13 of the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of the Tranche [A] [B] Term Loan and the date and amount of each payment or prepayment of principal with respect thereto, each conversion of all or a portion thereof to another Type, each continuation of all or a portion thereof as the same Type and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute *prima facie* evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in any such endorsement shall not affect the obligations of the Borrower in respect of the Tranche [A] [B] Term Loan.

This Note (a) is one of the Term Notes referred to in the Credit Agreement dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto, Lehman Commercial Paper Inc., as Administrative Agent, Lehman Brothers, Inc., as Arranger and Lehman Commercial Paper Inc., as Syndication Agent, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and

mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured and guaranteed as provided in the Loan Documents. Reference is hereby made to the Loan Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 10.6 OF THE CREDIT AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

POWERHOUSE TECHNOLOGIES INC.

By: _____
Name:
Title:

LOANS, CONVERSIONS AND REPAYMENTS OF BASE RATE LOANS

Date	Amount of Base Rate Loans	Amount Converted to Base Rate Loans	Amount of Principal of Base Rate Loans Repaid	Amount of Base Rate Loans Converted to Eurodollar Loans	Unpaid Principal Balance of Base Rate Loans	Notation Made By

Date	Amount of Base Rate Loans	Amount Converted to Base Rate Loans	Amount of Principal of Base Rate Loans Repaid	Amount of Base Rate Loans Converted to Eurodollar Loans	Unpaid Principal Balance of Base Rate Loans	Notation Made By

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to Base Rate Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By

051113-1107-02617-98A5ME0Q-SCA

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to Base Rate Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By

FORM OF REVOLVING CREDIT NOTE

THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

\$ _____

New York, New York
_____, 1998

FOR VALUE RECEIVED, the undersigned, POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "**Borrower**"), hereby unconditionally promises to pay to _____ (the "**Lender**") or its registered assigns at the Payment Office specified in the Credit Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, on the Revolving Credit Termination Date the principal amount of (a) _____ DOLLARS (\$____), or, if less, (b) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the Borrower pursuant to Section 2.4 of the Credit Agreement. The Borrower further agrees to pay interest in like money at such Payment Office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.13 of the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Revolving Credit Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute *prima facie* evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in any such endorsement shall not affect the obligations of the Borrower in respect of any Revolving Credit Loan.

This Note (a) is one of the Revolving Credit Notes referred to in the Credit Agreement dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto, Lehman Commercial Paper Inc., as Administrative Agent, Lehman Brothers, Inc., as Arranger, and Lehman Commercial Paper Inc., as Syndication Agent and Canadian Imperial Bank of Commerce, as Documentation Agent, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured and guaranteed as provided in the Loan Documents. Reference is hereby made to the Loan Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon

which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more of the Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 10.6 OF THE CREDIT AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

POWERHOUSE TECHNOLOGIES, INC.

By: _____

Name:

Title:

LOANS, CONVERSIONS AND REPAYMENTS OF BASE RATE LOANS

Date	Amount of Base Rate Loans	Amount Converted to Base Rate Loans	Amount of Principal of Base Rate Loans Repaid	Amount of Base Rate Loans Converted to Eurodollar Loans	Unpaid Principal Balance of Base Rate Loans	Notation Made By

Date	Amount of Base Rate Loans	Amount Converted to Base Rate Loans	Amount of Principal of Base Rate Loans Repaid	Amount of Base Rate Loans Converted to Eurodollar Loans	Unpaid Principal Balance of Base Rate Loans	Notation Made By

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to Base Rate Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By

053113-1107-02617-98A5ME00-SCA

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to Base Rate Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By

FORM OF
PREPAYMENT OPTION NOTICE

Attention of []]
Telecopy No. []]

[Date]

Ladies and Gentlemen:

The undersigned, LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders, refers to the Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), LEHMAN BROTHERS INC., as advisor and arranger (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), and LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Administrative Agent hereby gives notice of an offer of prepayment made by the Borrower pursuant to Section 2.10(d) of the Credit Agreement of the Tranche B Prepayment Amount. Amounts applied to prepay the Tranche B Term Loans shall be applied pro rata to the Tranche B Term Loan held by you. The portion of the prepayment amount to be allocated to the Tranche B Term Loan held by you and the date on which such prepayment will be made to you (should you elect to receive such prepayment) are set forth below:

- (A) Total Tranche B Term Loan Prepayment Amount _____
- (B) Portion of Tranche B Term Loan Prepayment
Amount to be received by you _____
- (C) Prepayment Date (10 Business Days after the
date of this Prepayment Option Notice) _____

IF YOU DO NOT WISH TO RECEIVE ALL OF THE TRANCHE B TERM LOAN PREPAYMENT AMOUNT TO BE ALLOCATED TO YOU ON THE MANDATORY PREPAYMENT DATE INDICATED IN PARAGRAPH (B) ABOVE, please sign this notice in the space provided below and indicate the percentage of the Tranche B Term Loan Prepayment Amount otherwise payable which you do not wish to receive. Please

return this notice as so completed via telecopy to the attention of [_____] at _____, no later than [10:00] a.m., New York City time, on the Prepayment Date, at Telecopy No. [_____]. **IF YOU DO NOT RETURN THIS NOTICE, YOU WILL RECEIVE 100% OF THE TRANCHE B TERM LOAN PREPAYMENT ALLOCATED TO YOU ON THE MANDATORY PREPAYMENT DATE.**

LEHMAN COMMERCIAL PAPER INC.,
as Administrative Agent

By: _____

Name:

Title:

[Lender]

By: _____

Name:

Title:

Percentage of Tranche B

Prepayment Amount

Declined: _____%

FORM OF EXEMPTION CERTIFICATE

Reference is made to the Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among POWERHOUSE TECHNOLOGIES, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), LEHMAN BROTHERS INC., as advisor and arranger (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), and LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent") and CANADIAN IMPERIAL BANK OF COMMERCE., as Documentation Agent (in such capacity, the "Documentation Agent"). Capitalized terms used herein that are not defined herein shall have the meanings ascribed to them in the Credit Agreement. _____ (the "Non-U.S. Lender") is providing this certificate pursuant to subsection 2.18(d) of the Credit Agreement. The Non-U.S. Lender hereby represents and warrants that:

1. The Non-U.S. Lender is the sole record and beneficial owner of the Loans or the obligations evidenced by Note(s) in respect of which it is providing this certificate.
2. The Non-U.S. Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In this regard, the Non-U.S. Lender further represents and warrants that:
 - (a) the Non-U.S. Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and
 - (b) the Non-U.S. Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any Governmental Authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements;
3. The Non-U.S. Lender is not a 10-percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code; and
4. The Non-U.S. Lender is not a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code.

IN WITNESS WHEREOF, the undersigned has duly executed this certificate.

[NAME OF NON-U.S. LENDER]

By: _____
Name:

Title:

Date: _____

053113-1107-02617-98A5MB0Q-SCA

TRADEMARK
REEL: 1813 FRAME: 0358

FORM OF LENDER ADDENDUM

Reference is made to the Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Powerhouse Technologies, Inc., the banks and other financial institutions from time to time parties thereto as Lenders, Lehman Brothers Inc., as Arranger, Lehman Commercial Paper Inc., as Syndication Agent and Lehman Commercial Paper Inc., as Administrative Agent, and Canadian Imperial Bank of Commerce., as Documentation Agent. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Upon execution and delivery of this Lender Addendum by the parties hereto as provided in Section 10.17 of the Credit Agreement, the undersigned hereby becomes a Lender thereunder having the Commitments set forth in Schedule 1 hereto, effective as of the Closing Date.

THIS LENDER ADDENDUM SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

This Lender Addendum may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page hereof by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lender Addendum to be duly executed and delivered by their proper and duly authorized officers as of this ____ day of ____, 1998.

[NAME OF LENDER]

By: _____

Name:

Title:

Accepted and agreed:

POWERHOUSE TECHNOLOGIES, INC.

By: _____

Name:

Title:

LEHMAN COMMERCIAL PAPER INC., as
Syndication Agent

By: _____

Name:

Title:

LEHMAN COMMERCIAL PAPER INC., as
Administrative Agent

By: _____

Name:

Title:

COMMITMENTS AND NOTICE ADDRESS

Name and Notice
Address of Lender

Revolving
Credit Commitment

Tranche A Term
Loan Commitment

Tranche B Term Loan
Commitment

FORM OF REVOLVING CREDIT
COMMITMENT INCREASE SUPPLEMENT

Reference is made to the Credit Agreement, dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Powerhouse Technologies, Inc., the banks and other financial institutions from time to time parties thereto as Lenders, Lehman Brothers Inc., as Arranger, Lehman Commercial Paper Inc., as Syndication Agent, Lehman Commercial Paper Inc., as Administrative Agent, and Canadian Imperial Bank of Commerce, as Documentation Agent. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Increasing Lender identified on Schedule 1 hereto (the "Increasing Lender"), the Administrative Agent and the Borrower agree as follows:

- i. The Increasing Lender hereby irrevocably increases its Revolving Credit Commitment to the Borrower by the amount set forth on Schedule 1 hereto (the "Increased Commitment") pursuant to Section 2.8(c) of the Credit Agreement. From and after the Effective Date (as defined below) the Increasing Lender will be a Lender under the Credit Agreement with respect to the Increased Commitment as well as its existing Revolving Credit Commitment under the Credit Agreement.
- ii. The Administrative Agent (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto. The Borrower, upon request by the Increasing Lender, in accordance with Section 2.6(e) will issue a Note or Notes payable to the Increasing Lender and in amounts which reflect the aggregate Revolving Credit Commitment of the Increasing Lender after giving effect to this Increase Supplement.
- iii. The Increasing Lender (a) represents and warrants that it is legally authorized to enter into this Increase Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof (or, if no such financial statements have been delivered, copies of the financial statements delivered pursuant to Section 4.1 thereof), each other Loan Document and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Increase Supplement; (c) agrees that it will, independently and without reliance upon any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such

powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agents by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to subsection 2.18(e) of the Credit Agreement.

iv. The effective date of this Increase Supplement shall be the Effective Date of the Increased Commitment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Increase Supplement by each of the Increasing Lender and the Borrower, it will be delivered to the Administrative Agent for acceptance and recording by it pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

v. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Increased Commitment (including payments of principal, interest, fees and other amounts) to the Increasing Lender for amounts which have accrued on and subsequent to the Effective Date.

vi. From and after the Effective Date, the Increasing Lender shall be a party to the Credit Agreement and, to the extent provided in this Increase Supplement, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof.

vii. This Increase Supplement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Increase Supplement to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1
to Increasing Lender Supplement

Name of Increasing Lender: _____

Effective Date of Increased Commitment: _____

Principal
Amount of
Increased Commitment:

Total Amount of Commitment
of Increasing Lender
(including Increased Commitment):

\$ _____

\$ _____

[INCREASING LENDER]

POWERHOUSE TECHNOLOGIES, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Accepted:
LEHMAN COMMERCIAL PAPER INC.,
as Administrative Agent

By: _____
Name:
Title:

FORM OF
NEW LENDER SUPPLEMENT

Reference is made to the Credit Agreement dated as of October 9, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Powerhouse Technologies, Inc., the banks and other financial institutions from time to time parties thereto as Lenders, Lehman Brothers Inc., as Arranger, Lehman Commercial Paper Inc., as Syndication Agent, Lehman Commercial Paper Inc., as Administrative Agent, and Canadian Imperial Bank of Commerce, as Documentation Agent. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The New Lender identified on Schedule 1 hereto (the "New Lender"), the Administrative Agent and the Borrower agree as follows:

viii. The New Lender hereby irrevocably makes a Revolving Credit Commitment to the Borrower of the amount set forth on Schedule 1 hereto (the "New Commitment") pursuant to Section 2.8(d) of the Credit Agreement. From and after the Effective Date (as defined below) the New Lender will be a Lender under the Credit Agreement with respect to the New Commitment.

ix. The Administrative Agent (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto. The Borrower, upon request by the New Lender, in accordance with Section 2.6(e) will issue a Note or Notes payable to the New Lender and in amounts which reflect the aggregate Revolving Credit Commitment of the New Lender after giving effect to this New Lender Supplement.

x. The New Lender (a) represents and warrants that it is legally authorized to enter into this New Lender Supplement; (b) represents that it is a financial institution regulated by a Governmental Authority of the United States of America or a State thereof, or is a wholly-owned subsidiary of or is managed by such a financial institution; (c) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof (or, if no such financial statements have been delivered, copies of the financial statements delivered pursuant to Section 4.1 thereof), each other Loan Document and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this New Lender Supplement; (d) agrees that it will, independently and without reliance upon any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (e) appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such powers and discretion under

the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agents by the terms thereof, together with such powers as are incidental thereto; and (f) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to subsection 2.18(d) of the Credit Agreement.

xi. The effective date of this New Lender Supplement shall be the Effective Date of the New Commitment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this New Lender Supplement by each of the New Lender and the Borrower, it will be delivered to the Administrative Agent for acceptance and recording by it pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

xii. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the New Commitment (including payments of principal, interest, fees and other amounts) to the New Lender for amounts which have accrued on and subsequent to the Effective Date.

xiii. From and after the Effective Date, the New Lender shall be a party to the Credit Agreement and, to the extent provided in this New Lender Supplement, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof.

xiv. This New Lender Supplement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this New Lender Supplement to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1
to New Lender Supplement

Name of New Lender: _____

Effective Date of New Commitment: _____

Principal Amount of New Commitment: \$ _____

[NEW LENDER]

POWERHOUSE TECHNOLOGIES, INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Accepted:
LEHMAN COMMERCIAL PAPER INC.,
as Administrative Agent

By: _____

Name:
Title:

PARTICIPATION AGREEMENT

This Participation Agreement is entered into as of October 8th, 1998 between LEHMAN COMMERCIAL PAPER, INC., a Delaware corporation ("Participant") and U.S. BANK NATIONAL ASSOCIATION , a national banking association ("U.S. Bank").

Preliminary Statement

U.S. Bank, as the "Administrative Bank" and as the sole "Bank" party thereto, has entered into a Credit Agreement, dated as of February 16, 1995 (together with any and all other agreements, documents, instruments, whether heretofore or hereafter executed and delivered by the Borrower or any other obligor in connection with the Credit Agreement and as such documents may have been or may hereafter be amended, restated or modified from time to time, the "U.S. Bank Credit Agreement") with Powerhouse Technologies, Inc., a Delaware corporation f/k/a Video Lottery Technologies, Inc. (the "Borrower") pursuant to which U.S. Bank has made loans (collectively, the "U.S. Bank Loans" and individually, a "U.S. Bank Loan") and issued the letters of credit described on Schedule A attached hereto and incorporated herein by reference (collectively, the "U.S. Bank Letters of Credit" and individually, a "U.S. Bank Letter of Credit").

In connection with the issuance of a U.S. Bank Letter of Credit, the Borrower executed and delivered to U.S. Bank an Application and Agreement for Standby Letter of Credit described on said Schedule A with respect to such U.S. Bank Letter of Credit (collectively, the "U.S. Bank L/C Agreements" and individually, a "U.S. Bank L/C Agreement").

The Participant, as Agent and a "Lender" party thereto, has entered into a Credit Agreement, dated as of October _____, 1998 (together with any and all other agreements, documents, instruments, whether heretofore or hereafter executed and delivered by the Borrower or any other obligor in connection with such Credit Agreement and as such documents may have been or may hereafter be amended, restated or modified from time to time, the "Lehman Credit Agreement") with the Borrower pursuant to which the Participant and the other "Lender" parties thereto have agreed to make loans or other financial accommodations to the Borrower (collectively, the "Lehman Loans" and individually, a "Lehman Loan") for the purpose of, among other things, refinancing the U.S. Bank Loans.

The Borrower has requested that U.S. Bank terminate the U.S. Bank Credit Agreement but that U.S. Bank maintain the U.S. Bank Letters of Credit outstanding without requiring the Borrower to post cash collateral for the entire amount available to be drawn on the U.S. Bank Letters of

As a condition precedent to doing so, U.S. Bank has required that:

- (1) the Borrower execute and deliver to U.S. Bank the Amendment No. 1 to each U.S. Bank L/C Agreement described in said Schedule A pursuant to which, among other

things, the Borrower and U.S. Bank have agreed that such U.S. Bank L/C Agreement: (a) shall survive the termination of the U.S. Bank Credit Agreement and the "Loan Documents" described therein; and (b) sets forth the Borrower's covenants and obligations with respect to the U.S. Bank Letter of Credit issued pursuant thereto; and

(2) the Borrower cause the Participant to execute and deliver to U.S. this Agreement.

To induce U.S. Bank to terminate the U.S. Bank Credit Agreement and the other "Loan Documents" described therein, other than the U.S. Bank L/C Agreements, and to release its collateral, other than cash collateral (the "Collateral") securing the Borrower's payment of its obligations under the U.S. Bank L/C Agreements (collectively the "Letter of Credit Obligations") prior to the payment in full of the Letter of Credit Obligations or discharge thereof, Participant has agreed to purchase a 100% participation interest in the U.S. Bank Letters of Credit and in the Letter of Credit Obligations relating to the U.S. Bank Letters of Credit.

In consideration of the premises and the mutual covenants contained herein, U.S. Bank and the Participant hereby covenant and agree as follows:

1. Purchase and Sale of Participation Interests.

(a) Concurrently with the execution hereof, U.S. Bank shall be deemed to have sold and transferred to Participant, and Participant shall be deemed irrevocably and unconditionally to have purchased and received from U.S. Bank, without recourse or warranty, an undivided interest (the "Participation") equal to 100% (such percentage is hereinafter called the Participant's "Percentage") in: (i) all U.S. Bank Letters of Credit and the Letter of Credit Obligations arising therefrom or relating thereto (collectively, the "Credit"); and (ii) all existing and future property and interests in property of the Borrower securing payment and performance of such Letter of Credit Obligations (the "Collateral").

(b) Except as otherwise provided in Section 3 or 4, the Participation includes a pro rata interest, equal to the Participant's Percentage of all amounts ("Payments") which are actually received by U.S. Bank or the Participant from, or for the account of, the Borrower on account of or with respect to the Credit, whether from: (i) the Borrower; (ii) the Collateral; or (iii) any other source, including, without limitation, recovery from litigation.

(c) The relationship between the Participant and U.S. Bank is and shall be that of a purchaser and seller of a property interest (i.e., an outright, partial assignment of an interest in the Credit and the Collateral) and not a creditor-debtor relationship. Accordingly, U.S. Bank shall hold possession of and legal title to the U.S. Bank L/C Agreements and all of the Participant's rights with respect to the Credit and the Collateral shall be held and exercised by U.S. Bank in its own name subject to the terms of this Agreement, but all such action by U.S. Bank shall, to the extent of the Participation, be taken by U.S. Bank as trustee for the Participant, and all Payments, Collateral and documents which at any time may come into U.S. Bank's possession shall at all times be held by U.S. Bank in trust and as agent for

the Participant, to the extent of the Participation; provided, that, upon Participant's payment of its purchase price for its Participation in a demand for payment under a U.S. Bank Letter of Credit in accordance with Section 2 hereof, U.S. Bank shall be deemed to have assigned to Participant, without recourse or warranty, the Letter of Credit Obligations arising from U.S. Bank's payment of such demand for payment and Participant shall directly collect such Letter of Credit Obligations from Borrower and apply such collections to the payment of such Letter of Credit Obligations without U.S. Bank being the recipient of, or the intended beneficiary of, such collection or a transferee from Participant of any portion of such collection except to the extent that Participant has distributed a portion of such collection to U. S. Bank in accordance with Section 3 hereof. Participant shall indemnify and hold harmless U.S. Bank from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time (including, without limitation, at any time following the payment of any of the Letter of Credit Obligations) be imposed on, incurred by or asserted against U.S. Bank in any way relating to or arising out of Participant's collection of any Letter of Credit Obligations except to the extent that Participant has distributed a portion of such collection to U. S. Bank in accordance with Section 3 hereof. All of Participant's indemnification obligations provided for in this subsection (c) shall survive the termination of this Agreement.

(d) Upon Participant's request and at Participant's sole cost and expense including, without limitation, payment of U.S. Bank's reasonable attorney's fees and legal expenses, U.S. Bank shall execute and deliver to Participant a separate assignment of any Letter of Credit Obligation which is deemed to have been assigned to Participant pursuant to Section 1(c) hereof.

2. Funding of Participation.

(a) U.S. Bank shall promptly notify Participant of each demand for payment under a U. S. Bank Letter of Credit, the amount thereof (including, without, limitation, all of customary fees, charges or expenses which U.S. Bank may assess in connection with such payment), the date on which such payment is to be made and the amount of Participant's Percentage thereof. By not later than 12:00 noon. (Minneapolis time) on the date on which such payment is to be made by U.S. Bank (provided that Participant shall have received notice from U.S. Bank of the amount of such payment not later than 10:00 a.m. (New York time) on the date of such payment, Participant shall pay to U.S. Bank in immediately available funds as and for the purchase price of Participant's Participation therein, Participant's Percentage of such demand for payment. Participant's obligation to make such amounts available to U.S. Bank shall be irrevocable and shall not be subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances , provided, that Participant shall not be required to reimburse U.S. Bank hereunder for any amount for which the Borrower would not be required to reimburse U.S. Bank pursuant to the relevant U.S. Bank L/C Agreement.

(b) If and to the extent Participant shall not have made such amount available to U.S. Bank on any such date, Participant agrees, upon demand, to pay interest on such amount to U.S. Bank for the account of U.S. Bank for each day from and including the date on which such payment was to be made to but excluding the date such payment is made at a rate per annum equal to the rate payable equal to the Reference Rate plus 2.00 % per annum.

(c) Participant agrees with U.S. Bank that Participant's purchase of its Participation shall be with its own funds and not with the funds of the Borrower and Participant shall indemnify and hold harmless U.S. Bank from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time (including, without limitation, at any time following the payment of any of the Letter of Credit Obligations) be imposed on, incurred by or asserted against U.S. Bank in any way relating to or arising out of Participant's failure to use its own funds to purchase its Participation. All of Participant's indemnification obligations provided for in this subsection (c) shall survive the termination of this Agreement.

(d) U.S. Bank and Participant agree that U.S. Bank shall not be required to apply any Collateral to reduce the Letter of Credit Obligations when calculating the amount of Participant's purchase price and that U.S. Bank may retain all such Collateral until the Participant has purchased its Participation in all of the Letter of Credit Obligations arising from, or relating to the U. S. Bank Letters of Credit , whereupon U.S. Bank shall deliver such Collateral to Participant in the form held by U.S. Bank, without recourse or warranty , provided, that when the aggregate amount of the Letter of Credit Obligations has been reduced to an amount equal to or less than the amount of cash collateral held by U.S. Bank in respect of the Letter of Credit Obligations, U.S. Bank will apply such cash collateral toward payment of the Letter of Credit Obligations before making any demand on Participant hereunder.

3. Allocation of Payments.

(a) Distributions with respect to the Credit and the Participation shall be made and payable only out of Payments actually received in good funds by U.S. Bank or, if the Payment has been collected by Participant in accordance with the proviso clause to Section 1(c), by Participant.

(b) It is understood and agreed that the Participant shall have no interest in, and shall not be entitled to receive any part of the customary fees, charges or expenses which U.S. Bank may assess in connection with the issuance, extension (but only if such extension is approved by the Participant in accordance with Section 7 hereof), amendment or payment of any U.S. Bank Letter of Credit in accordance with any U.S. Bank L/C Agreement (all such fees, charges and expenses being hereinafter collectively referred to as "Fees").

(c) All Payments received by U.S. Bank or Participant, as the case may be, shall be retained by the recipient or distributed to the non-recipient party, as applicable, and

applied by the parties in the following order unless a Payment is required to be otherwise applied by agreement, direction of the payor or law: (1) first, to Fees, which shall be retained by U.S. Bank or, if Participant is the recipient of such Payment, distributed to U.S. Bank, (2) second, to Extraordinary Expenses (as defined in Section 10 hereof), which shall be distributed to the Participant to the extent of its Percentage thereof provided that Participant is in compliance with its obligations under Section 10 hereof, (3) third, to the outstanding Letter of Credit Obligations, which shall be distributed to the Participant provided the Participant is in compliance with its obligations under Section 2(a) hereof; provided, that, U. S. Bank may set off against any amount distributable to Participant the amount, if any, which Participant is obligated to pay to U.S. Bank under this Agreement.

(d) If any of the Payments received by, or distributed to, U.S. Bank are later returned or repaid by U.S. Bank to the Borrower or its representative or successor in interest, whether by court order, settlement or otherwise, the Participant shall, upon notice U.S. Bank, immediately pay to U.S. Bank the Participant's Percentage of all Payments so returned or repaid together with any interest which U.S. Bank may be required to pay in connection therewith. All of Participant's obligations provided for in this subsection (d) shall survive the termination of this Agreement.

4. Allocations of Fees and Letter of Credit Commission Between Participant and U.S. Bank.

(a) As consideration for U.S. Bank's expenses and efforts in servicing the U.S. Bank L/C Agreement, the Participant agrees that the Participant does not own and shall have no claim to any Fees.

(b) On the date hereof, U.S. Bank agrees to pay the Participant an amount equal to \$0.00 as Participant's share of the "Letter of Credit Commission" previously paid by the Borrower to U.S. Bank pursuant to the U.S. Bank Credit Agreement. U.S. Bank shall retain as its share of such Letter of Credit Commission and as compensation for its services and the costs and expenses herein agreed to be borne by it, the difference, if any, between the total of such Letter of Credit Commission received by U.S. Bank and the share thereof allocated and paid to the Participant in accordance with this Section 4(b).

5. Access to Information; Independent Investigation.

The Participant acknowledges that the Participant has independently, and without reliance upon any representations of U.S. Bank, and based on (i) the financial information provided to the Participant by the Borrower, (ii) various information provided to the Participant by the Borrower, and (iii) such other financial statements, documents and information as the Participant deemed appropriate, made and relied upon its own credit analysis and judgment to execute this Agreement and purchase the Participation. The Participant also acknowledges that it will, independently and without reliance upon U.S. Bank, and based on such financial statements, documents and information as the Participant deems appropriate at the time, continue to make and rely upon its own credit decision in taking or not taking action under this Agreement.

6. Documents and Other Agreements Regarding Administration of the Loans.

In order to enable U.S. Bank to better administer and enforce the U.S. Bank L/C Agreements on its own behalf, and as trustee for the Participant, and as an inducement to U.S. Bank to enter into this Agreement and to sell the Participation to the Participant hereunder, the Participant acknowledges and agrees that it is in the Participant's best interest that: (i) U.S. Bank hold for itself, and as bailee for the Participant, all executed original copies of the U.S. Bank L/C Agreements, at its offices at U.S. Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302 or such other office of U.S. Bank as U.S. Bank shall determine to be appropriate; (ii) U.S. Bank not be required to segregate from its own funds Payments allocable to the Participant hereunder; and (iii) U.S. Bank not be required to maintain separate, internal records with respect to the Participant's Participation (other than Participation Reports). The agreements of the Participant in the preceding sentence notwithstanding, all Payments and Collateral which are not for any reason disbursed to, or applied for the benefit of, the Participant in accordance with Sections 3 or 4 hereof, but which are otherwise allocable to the Participant hereunder, will be held by U.S. Bank as agent and in trust for the Participant, subject at all times to the Participant's rights hereunder. Upon written notice from the Participant, U.S. Bank will permit the Participant's agents, at any reasonable time during business hours, to examine the copies of the U.S. Bank L/C Agreements which are in U.S. Bank's possession and U.S. Bank's books and records relating to the U.S. Bank Letters of Credit and U.S. Bank will, upon the Participant's request, and at the Participant's expense, furnish to the Participant copies of such documents and agreements relating to the U.S. Bank Letters of Credit as U.S. Bank may have in its possession.

7. U.S. Bank's Representations, Duty of Care and Responsibility to Participant.

The Participant accepts the full risk of non-payment of the Participation and agrees that U.S. Bank shall not be responsible for the performance or observance by the Borrower of any of the terms, covenants or conditions of the U.S. Bank L/C Agreements or for the inspection or policing of any of the Collateral. The Participant specifically acknowledges that U.S. Bank has made no warranty or representation to the Participant with respect to the due execution, legality, accuracy, authenticity, completeness, validity, enforceability or collectibility of the U.S. Bank L/C Agreements (including, without limitation, any warranty or representation of the Borrower contained therein) or the U.S. Bank Letters of Credit, or with respect to the solvency or financial condition of the Borrower or the future existence or value of any of the Collateral. Notwithstanding anything to the contrary contained herein or in any law applicable generally to transactions of the type evidenced by this Agreement, the Participant and U.S. Bank agree that U.S. Bank shall be obligated to manage and supervise the Credit and the U.S. Bank L/C Agreements only in accordance with its usual practices, modified from time to time as it deems appropriate under the circumstances, and U.S. Bank shall be entitled to take all actions with respect to the Credit as if there were no participants and as if U.S. Bank were solely involved in the Credit and the U.S. Bank L/C Agreements except that U.S. Bank agrees that it will: (i) consult with Participant prior to agreeing to amend, modify or waive any material term or condition of any U.S. Bank Letter of Credit; and (ii) not agree, without obtaining Participant's prior written consent, to any amendment, modification or waiver of the U.S. Bank L/C Agreements, any U.S. Bank Letter of Credit or any Letter of Credit Obligation which would reduce the principal of, or rate of interest on, any Letter of Credit Obligation or postpone the

date fixed for the payment thereof or which would extend the expiry date of any U.S. Bank Letter of Credit or would permit any drawing in excess of the stated amount of the applicable U.S. Bank Letter of Credit. The Participant further agrees that U.S. Bank shall not be liable to the Participant under any circumstances except for actual losses, if any, suffered by the Participant hereunder which are proximately caused either by U.S. Bank's gross negligence, willful misconduct or bad faith; subject only to such limited liability, the Participant hereby exonerates and releases U.S. Bank now and hereafter from any existing or future obligation or liability to the Participant, express or implied, for any (i) loss of, release of, depreciation of, or failure to realize upon any of the Collateral; (ii) failure to collect or receive payment of the Letter of Credit Obligations; (iii) mistake, omission or error of judgment in: (a) honoring, or failing to honor, any demand for payment on any U.S. Bank Letter of Credit, or (b) making or failing to make any examinations, appraisals, audits or checkups of the Borrower's affairs or the Collateral.

8. **Waivers and Release of Rights Under the Loan Agreements.** U.S. Bank reserves the right, in its sole discretion, at any time or times hereafter, without giving prior notice to the Participant or obtaining Participant's consent except as provided in Section 7 hereof, (i) to release any of the Collateral, (ii) to resolve any discrepancy in any demand for payment on any U.S. Bank Letter of Credit with the terms and conditions thereof, (iii) to consent to any action or failure to act by the Borrower, (iv) to exercise or refrain from exercising any powers or rights which U.S. Bank may have as a matter of law, or under, or in respect of the U.S. Bank L/C Agreements, including, without limitation, the right to enforce the obligations of the Borrower, and (v) to take any other action allowed under the U.S. Bank L/C Agreements or applicable law. U.S. Bank will use its best efforts to give the Participant notice of the occurrence of any material Event of Default of which U.S. Bank shall have actual knowledge; but the Participant agrees that U.S. Bank's failure to give the Participant any such notice shall not result in any liability on U.S. Bank's part to the Participant.

9. **Additional Credit to Borrower.**

U. S. Bank agrees that it will not extend additional credit to the Borrower (other than in connection with honoring a demand for payment on a U.S. Bank Letter of Credit) without first obtaining Participant's prior written consent.

10. **Expenses.**

(a) Except as set forth herein, all routine costs and expenses of monitoring the U.S. Bank Letters of Credit and collecting the Letter of Credit Obligations shall be borne by U.S. Bank.

(b) Upon demand by U.S. Bank, the Participant shall pay its Percentage of all Extraordinary Expenses incurred by U.S. Bank in connection with the Credit and not recovered from the Borrower. The term "Extraordinary Expense" means all costs, expenses (including, without limitation, attorney's fees and legal expenses), taxes, costs and expenses of appeals, and out-of-pocket advances (not including ordinary overhead expenses or salary expenses for U.S. Bank's clerical or supervisory personnel) which are incurred by U.S. Bank at any time or times hereafter, in connection with (i) the collection or enforcement of the

Letter of Credit Obligations; (ii) the preservation of the Collateral; (iii) the sale, disposition or other realization upon or the recovery of possession of the Collateral; or (iv) the filing and prosecution of a complaint with respect to any of the above matters or the defense of any claim, actual or threatened, by the Borrower, a receiver or trustee in bankruptcy for the Borrower, any third party, for, or on account of, or with respect to the U.S. Bank L/C Agreements, whether to recover damages for business interference, for liabilities for debts of the Borrower, including, without limitation, taxes, for alleged preferences or fraudulent conveyances or transfers received or alleged to have been received from the Borrower as a result of the Credit or in connection with any Payments, or otherwise, and shall include the amount of any recovery from U.S. Bank in such litigation or proceeding, whether by settlement or pursuant to a judgment. All of Participant's obligations provided for in this subsection (b) shall survive the termination of this Agreement.

11. U.S. Bank's Books and Records to be Presumed Correct.

U.S. Bank's books and records and all entries thereon, and statements received by the Participant from U.S. Bank with respect to the Credit, will at all times (i) evidence both the Participant's interest and U.S. Bank's interest in the Credit; (ii) identify the same as such; and (iii) subject to the Participant's express right to rebut the presumption by conclusively demonstrating the existence of an error on the part of U.S. Bank, be presumed to be correct, prima facie evidence of the amount of the Credit and the Participant's interest therein. For the purposes of this Agreement, "U.S. Bank's books and records" shall include: any book, register, statement of account, copy statement of account, contract of loan, letter of undertaking, bill signed by U.S. Bank, index, sheet of paper coil, any device for storing data used by electronic computer, the printouts of such computers and other device for storing data used by U.S. Bank. For the purposes of this Section 11, "entries" shall be deemed to include any entry or copy thereof whether recorded or copied in handwriting or by typewriter and whether recorded or copied by a method of typing, duplication, photography (including microfilm) or by means of any mechanical, electrical or electronic device or by means of electronic recording or by any other method of recording or presentation of words or figures or of any other symbols.

12. Sharing of Setoffs and Collateral.

(a) U.S. Bank agrees that, so long as any portion of the Credit remains outstanding, any payment to U.S. Bank by way of set-off of the Borrower's accounts shall be applied to the Borrower's Letter of Credit Obligations and shall be shared with the Participant in accordance with Section 3 hereof.

(b) The Participant agrees that any security interest granted by the Borrower to the Participant at any time or times hereafter in all or any part of the Collateral shall be subordinate in all respects to the security interests of U.S. Bank, irrespective of the actual date or order of filing of any financing statements or other means of perfection under applicable law, or the date of extension of credit by U.S. Bank. U.S. Bank hereby expressly appoints the Participant as U.S. Bank's agent for the purpose of perfecting U.S. Bank's security interest in any of the Collateral which may at any time come into the possession of

the Participant, and the Participant hereby agrees to hold any such Collateral for U.S. Bank's benefit and, upon request, to deliver such Collateral to U.S. Bank.

(c) The Participant shall have no interest in any property taken as security for any credit, loan or financial accommodation made or furnished to the Borrower by U.S. Bank in which the Participant has no Participation, or in any property now or hereafter in U.S. Bank's possession or under U.S. Bank's control or in any deposit held or other indebtedness owing by U.S. Bank which may be or might become security for performance and payment of the Borrower's obligations and liabilities under and in connection with the U.S. Bank L/C Agreements by reason of the general description contained in any general loan or collateral agreement, collateral note or other instrument held by U.S. Bank or by reason of any right of setoff, counterclaim, banker's lien or otherwise, except that if such property, deposit, indebtedness or the proceeds thereof shall be applied to the payment or reduction of any Letter of Credit Obligation owing by the Borrower, then the Participant shall be entitled to its Percentage of such application.

13. Participant's Right to Terminate.

The Participant may not terminate its obligations hereunder unless and until all U.S. Bank Letters of Credit have: (i) expired in accordance with their respective terms, (ii) been returned to U.S. Bank with written instructions from the beneficiary thereof to cancel the relevant U.S. Bank Letter of Credit; and/or (iii) been drawn upon to the maximum stated amount thereof and, if so drawn upon, all Letter of Credit Obligations have been paid.

14. Method for Making Payments Hereunder.

Unless otherwise agreed in writing from time to time hereafter, all payments which the Participant is required to make to U.S. Bank or which U.S. Bank is required to make to the Participant under this Agreement shall be made by wire transfer, or in other immediately available funds so that the recipient of the payment receives the funds no later than the day the payment is due. If for any reason such payments are not made when due, U.S. Bank and the Participant shall make such adjustments as may be equitable under the circumstances to compensate the recipient for the delay in payment.

15. Notices.

All notices or other communications to any party in connection with this Agreement shall be in writing and shall be sent by manual delivery, telegram, telex, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified on the signature page hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by telegram, telex or facsimile transmission, from the first Business Day after the date of sending if sent by overnight courier, or from two Business Day after the date of mailing if mailed.

16. Governing Law; Successors.

This Agreement shall be binding upon and shall inure to the benefit of the legal representatives, successors and assigns of the respective parties hereto and shall be governed by and interpreted in accordance with the laws of the State of Minnesota., without giving effect to conflict of laws principles thereof, but giving effect to federal laws of the United States applicable to national banks.

17. Consent to Jurisdiction.

AT THE OPTION OF U.S BANK, THIS AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN MINNEAPOLIS OR ST. PAUL, MINNESOTA; AND THE PARTICIPANT CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE PARTICIPANT COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, U.S BANK, AT ITS OPTION, SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

18. Waiver of Jury Trial.

EACH OF U.S. BANK AND THE PARTICIPANT WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (a) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, OR (b) ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

19. Participant's Compliance with Law; Resale or Assignment of Participation.

The Participant hereby warrants and represents to U.S. Bank that (i) the Participant's execution and delivery of this Agreement and purchase of the Participation does not constitute a violation by the Participant of any agreement, law, statute, decree or decision (including any legal lending limits) which is binding on the Participant; and (ii) the Participant is acquiring the Participation for its own account and , except as contemplated by the Lehman Credit Agreement, will not sell, pledge, encumber, assign, or subparticipate its Participation, or any part thereof, to any person without U.S. Bank's prior written consent unless any such sale, pledge, encumbrance, assignment or subparticipation is to the parent or an affiliate of the Participant. U.S. Bank may deal exclusively with the Participant concerning the Participation notwithstanding U.S. Bank's knowledge of and/or consent to the Participant's sale, transfer, assignment or subparticipation of the

Participation. U.S. Bank and the Participant hereby agree that any such transfer of an interest in the Participation, except as contemplated by the second preceding sentence. The Participant and U.S. Bank further agree it is their intent that the Participation shall not be, and shall not be construed to be, a "security" under any federal or state securities laws.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by their duly authorized officers as of the day first written above.

U.S. BANK NATIONAL ASSOCIATION

By: _____

Richard J. Mikos (print name)

Title: Vice President

Address:

U.S. Bank Place MPFP 1802
601 Second Avenue South
Minneapolis, Minnesota 55402-4302

Attention: Mr. Richard Mikos

Reference: Powerhouse Technologies, Inc.

Telephone: (612) 973-2134

Fax No.: (612) 973-2148

LEHMAN COMMERCIAL PAPER, INC.

By: _____

(print name)

Title: _____

Address:

3 World Trade Center
10th Floor
New York, New York 10285

Attention: Mr. Michael O'Brien

Reference: Powerhouse Technologies, Inc.

Telephone:

Fax No.:

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LEHMAN COMMERCIAL PAPER, INC.

By: _____

(print name)
Title: _____

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3 World Trade Center
10th Floor
New York, New York 10285
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Telephone:
Fax No.:

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